
Economic Opportunities Analysis for Lakeview and Paisley in Lake County



June 2019

Prepared for:

Lake County
Town of Lakeview
City of Paisley

FINAL REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060

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Acknowledgments

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|---|--|
| <p>Advisory Committee Ginger Casto, Rural Development Specialist, SCOEDD Betty Riley, Executive Director, SCOEDD Larry Holzgang, Regional Development Officer, Business Oregon Jessica Bogardus, Director, Chamber of Commerce Roberta Vanderwall, Town Manager, Lakeview</p> | <p>Dan Antle, Planning Commissioner, Lakeview Ralph Paull, Mayor, City of Paisley Dan Henderson, Business Owner Bobbie Hickey, Business Representative Bobby Carlon, Business Owner Ken Kestner, Former County Commissioner</p> |
| <p>State of Oregon Scott Edelman, Regional Representative, DLCD</p> | <p>Kirstin Greene, Economic Development Specialist, DLCD</p> |
| <p>Lake County Darwin Johnson, Planning Director</p> | <p>Town of Lakeview Janine Cannon, Planning Official</p> <p>City of Paisley Melissa Walton, City Recorder</p> |
| <p>ECONorthwest Consulting Staff Beth Goodman, Project Director</p> | <p>Margaret Raimann, Associate</p> |

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Darwin Johnson
 Lake County Planning Director
 513 Center Street
 Lakeview, Oregon 97630
 541-947-6036
djohnson@co.lake.or.us

Beth Goodman
 ECONorthwest
 222 SW Columbia, Suite 1600
 Portland, OR 97201
 503-222-6060
goodman@econw.com

Table of Contents

| | |
|---|------------------|
| SUMMARY | VI |
| HOW MUCH BUILDABLE EMPLOYMENT LAND DO LAKEVIEW AND PAISLEY CURRENTLY HAVE? | VI |
| HOW MUCH GROWTH ARE LAKEVIEW AND PAISLEY PLANNING FOR? | VII |
| HOW MUCH LAND WILL BE REQUIRED FOR EMPLOYMENT? | VII |
| DO LAKEVIEW AND PAISLEY HAVE ENOUGH LAND TO ACCOMMODATE EMPLOYMENT GROWTH? | VIII |
| WHAT TYPES OF BUSINESS DO THE CITIES IN LAKE COUNTY WANT TO ATTRACT? | VIII |
| WHAT ARE THE RECOMMENDATIONS TO SUPPORT ECONOMIC DEVELOPMENT IN LAKE COUNTY? | X |
| <u>1. INTRODUCTION</u> | <u>1</u> |
| BACKGROUND | 1 |
| FRAMEWORK FOR AN ECONOMIC OPPORTUNITIES ANALYSIS | 2 |
| ORGANIZATION OF THIS REPORT | 3 |
| <u>2. FACTORS AFFECTING FUTURE ECONOMIC GROWTH</u> | <u>4</u> |
| FACTORS THAT AFFECT ECONOMIC DEVELOPMENT | 4 |
| SUMMARY OF THE EFFECT OF NATIONAL, STATE AND REGIONAL TRENDS ON ECONOMIC DEVELOPMENT IN LAKE COUNTY | 10 |
| LAKE COUNTY’S STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS | 21 |
| TARGET INDUSTRIES | 36 |
| <u>3. EMPLOYMENT GROWTH AND SITE NEEDS</u> | <u>39</u> |
| FORECAST OF EMPLOYMENT GROWTH AND COMMERCIAL AND INDUSTRIAL LAND DEMAND | 39 |
| SITE NEEDS FOR POTENTIAL GROWTH INDUSTRIES | 46 |
| <u>4. BUILDABLE LANDS INVENTORY</u> | <u>49</u> |
| LAND BASE | 49 |
| VACANT BUILDABLE LAND | 51 |
| <u>5. LAND SUFFICIENCY AND CONCLUSIONS</u> | <u>57</u> |
| LAND SUFFICIENCY | 57 |
| CONCLUSIONS AND RECOMMENDATIONS | 59 |
| <u>APPENDIX A. NATIONAL, STATE, AND REGIONAL AND LOCAL TRENDS</u> | <u>68</u> |
| NATIONAL TRENDS | 68 |
| STATE TRENDS | 75 |
| REGIONAL AND LOCAL TRENDS | 80 |
| <u>APPENDIX B. BUILDABLE LANDS INVENTORY</u> | <u>97</u> |
| METHODS AND DEFINITIONS | 97 |

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Summary

This report presents an economic opportunities analysis consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as “an analysis of the community’s economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends” and states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

The primary goals of the EOA are to (1) project the amount of land needed to accommodate the future employment growth within the Lakeview and Paisley Urban Growth Boundary (UGB), between 2019 and 2039, (2) evaluate the existing employment land supply within the cities to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land.

How much buildable employment land do Lakeview and Paisley currently have?

Exhibit 1 shows commercial and industrial land in the Lakeview and Paisley Growth Boundaries (UGBs) with development capacity (lands classified vacant or partially vacant). The results show Lakeview has about 216 unconstrained buildable acres within the UGB and Paisley has about 26 unconstrained buildable acres.

Exhibit 1. Employment acres by plan designation, Lakeview and Paisley UGBs, 2018

| Plan Designation | Total Buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|---|-----------------------|--------------------------------|--|
| City of Lakeview Designations | | | |
| Central Commercial | 0.1 | 0.1 | 0 |
| Central Commercial - Highway Commercial | 59 | 40 | 19 |
| General Industrial | 140 | 138 | 2 |
| Industrial Commercial | 12 | 0 | 12 |
| Quarry | 6 | 5 | 0.4 |
| Total | 216 | 183 | 33 |
| City of Paisley Designations | | | |
| Commercial | 1 | 1 | 0 |
| Rural Center | 25 | 22 | 3 |
| Total | 26 | 23 | 3 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

How much growth are Lakeview and Paisley planning for?

Goal 9 requires that cities provide for an adequate supply of commercial and industrial sites consistent with plan policies. To meet this requirement, Lakeview and Paisley need an estimate of the amount of commercial and industrial land that will be needed over the 2019-2039 planning period. Exhibit 2 presents the forecast of employment growth by land use type in Lakeview and Paisley from 2019 to 2039.

- Lakeview’s employment base was 2,236 employees in 2019. The forecast shows that by 2039, Lakeview will have 2,512 employees, an increase of 272 jobs over the planning period.
- Paisley’s employment base was 104 employees in 2019. The forecast shows that by 2039, Paisley will have 117 employees, an increase of 13 jobs over the planning period.

Exhibit 2. Forecast of employment growth by land use type, Lakeview and Paisley UGBs, 2019–2039

| Land Use Type | 2019 | | 2039 | | Change 2019 to 2039 |
|------------------------------|--------------|-------------|--------------|-------------|---------------------|
| | Employment | % of Total | Employment | % of Total | |
| Lakeview UGB | | | | | |
| Industrial | 423 | 19% | 528 | 21% | 105 |
| Retail Commercial | 264 | 12% | 297 | 12% | 33 |
| Office & Commercial Services | 627 | 28% | 728 | 29% | 101 |
| Government | 922 | 41% | 955 | 38% | 33 |
| Total | 2,236 | 100% | 2,512 | 100% | 272 |
| Paisley UGB | | | | | |
| Private Employment | 28 | 27% | 35 | 30% | 7 |
| Government | 76 | 73% | 82 | 70% | 6 |
| Total | 104 | 100% | 117 | 100% | 13 |

Source: ECONorthwest
 Note: The shaded percentages denote an assumption about the future change in the share of employment (as a percent of total) by land use type.

How much land will be required for employment?

The forecasts for land needed to accommodate employment growth in each city are as follows:

- In Lakeview, the forecast growth of 272 new employees will result in demand for about 23 gross acres of vacant employment land.
- In Paisley, the forecast growth of 13 new employees will result in demand for about 1 gross acre of vacant employment land.

Do Lakeview and Paisley have enough land to accommodate employment growth?

Exhibit 3 compares the supply of suitable employment land with the demand for employment land in the Lakeview and Paisley UGBs.

Exhibit 3. Comparison of the Capacity of Unconstrained Vacant Land with Employment Land Demand by Land Use Type, Lakeview and Paisley UGBs, 2019–2039

| Land Use Type | Land Supply (Suitable Gross Acres) | Land Demand (Gross Acres) | Land Sufficiency (Deficit) |
|---------------------|---------------------------------------|------------------------------|-------------------------------|
| Lakeview UGB | | | |
| Industrial | 145 | 11 | 134 |
| Commercial | 71 | 12 | 59 |
| <i>Total</i> | <i>216</i> | <i>23</i> | <i>193</i> |
| Paisley UGB | | | |
| Commercial | 1 | 1 | 0 |
| Rural Center | 25 | | 25 |
| <i>Total</i> | <i>26</i> | <i>1</i> | <i>26</i> |

Source: ECONorthwest

What types of business do the cities in Lake County want to attract?

The industries identified as having potential for growth in Lake County are:

- Natural resource manufacturing.** Lake County has opportunity for growth in natural resource industries such as wood products manufacturing, mining, and agricultural and forestry support activities. Perlite is the primary export of mining activities in the County, and improvements to rail and natural gas infrastructure would provide opportunities for businesses in this industry to grow. Smaller businesses related to wood products manufacturing or value-added forest products could also build upon existing industries. Finally, biochar (a type of soil amendment) presents another opportunity for use of biomass.
- Renewable energy resource production.** The construction of Red Rock Biofuels will help to grow the biomass industry in Lakeview and could present opportunities for new businesses to support production at the facility. Geothermal and solar energy are also strong industries in Lake County. Solar energy opportunities predominantly relate to development of “solar farms,” where solar panel arrays are used to produce solar energy. Geothermal energy production could also grow by using the existing geothermal well in Paisley, as well as other geothermal energy production in other parts of Lake County.

- **Manufacturing.** Lake County has opportunities for growth in other types of manufacturing (beyond natural resource and renewable energy manufacturing). These types of manufacturing include secondary wood products manufacturing, food and beverage manufacturing (especially those that do not have significant wastewater effluent), and other types of manufacturing.
- **Services for visitors.** Lake County is a popular destination for fishing and hunting, and the County has worked to increase access for other tourism opportunities including biking, hiking, skiing, and promotion of western heritage and geological resources. Lakeview passed a hotel tax to help support tourism promotion, which may help to attract both more visitors as well as residents. Both Lakeview and Paisley lack adequate accommodations for visitors. This presents an opportunity for RV or tiny home parks and hotels, such as redevelopment of the historic hotel site in Paisley. Other services for visitors, such as restaurants or specialty retail, are opportunities, especially if tourism continues to grow. The 30-acre mill site in Paisley could be a potential site for these accommodations, depending on the outcome of the Brownfield evaluation.

A focus on “magnet tourism,” or a cluster of amenities that draws visitors for a specific reason, will help to identify the unique aspects of tourism in Lake County. The focus areas identified in the Travel Oregon Rural Tourism Studio helped to identify these focal areas for magnet tourism including: outdoor recreation, geology, and western culture.

- **Services for residents.** As Lake County’s population grows, demand for services for residents will grow. These services include retail, restaurants, personal services (like hairdressers), financial services, medical services, and other services. Additionally, the demand for child care services will increase to meet the need for families in Lake County. These types of services present opportunities for entrepreneurship and microenterprise development in Lake County and its communities. Specifically, the Town of Lakeview may be able to provide space for a potential child care provider after making needed improvements.
- **Housing for seniors.** Housing for seniors with services (i.e., medical services or housekeeping services) may be an important type of services to support Lake County’s aging population. An aging population in Lake County will also increase the need for in-home caregivers, presenting another opportunity for entrepreneurs and microenterprise development.

What are the recommendations to support economic development in Lake County?

The following are recommendations that apply to Lake County, the Town of Lakeview, and the City of Paisley, for actions that can be taken together:

- **Identify opportunities to diversify Lake County’s economic base.** Diversifying Lake County’s economy will require coordinating economic development efforts with the county and communities, as well as with local and regional economic development organization listed below. We make this recommendation to the county and communities to work together on this issue because it is going to take resources (staff and financial resources) that could be pooled together among the county and communities. The County and communities should consider the following actions:
 - *Update the Economy Element of the Comprehensive Plan.* The information in the Comprehensive Plans about the economy for Lakeview and Paisley is very outdated. This report presents an updated factual basis for the Comprehensive Plans. We recommend that Lakeview and Paisley both revise their existing Comprehensive Plan policies for economic development and adopt this report as an appendix to their Comprehensive Plan.
 - *Identify champions for economic development.* Pursuing economic development will require champions for economic development. They could be led by a county-wide economic development specialist, but each community will also need champions to move forward and create support for economic development efforts. The local champions could be elected or appointed official or city staff. A first step in identifying champions could be to convene work sessions among local leaders to align policy decisions, using the recommendations in this EOA as a starting point. This group can work to identify which implementation action items should move forward, as well as the prioritization of those action items.
 - *Develop an Economic Development Strategy.* Diversifying Lake County’s economic base will require deliberate effort (led by the economic development champions) and would benefit from development of an Economic Development Strategy. The strategy should focus on specific and achievable actions that the county and communities can take within the next five years (some of which are suggested in this report) and should have broader focus than land use, considering issues such as workforce development and collaborating with businesses to support business growth. The Strategy should have actions that address county-wide issues as well as actions for each community. Coordinating actions in the local strategy with South Central Oregon Economic Development District’s (SCOEDD) five-year Comprehensive Economic Development Strategy (CEDS) can help to identify funding and partnerships for infrastructure, workforce development, resources for businesses, and other economic development needs in the County.

- *Develop and implement the one-year action plan for economic development and recreation.* The County is currently working on a one-year action plan for economic development in Lake County. It outlines actions for entrepreneurship, forestry, education, and training. The County should continue to develop this one-year action plan, along with the five-year Strategy and the SCOEDD regional strategy, and update it as needed. Part of implementation of the plan will be coordination with key partners will help to ensure that the County is not taking on more responsibility than staff's capacity.
- *Coordinate and market opportunities for growth in Lake County.* A key part of the economic development strategy will be coordinating local economic development champions and stakeholders with regional and state partners on economic development, including SCOEDD, Business Oregon, the Department of Land Conservation and Development (DLCD), and other State agencies that are part of the South Central Oregon Regional Solutions Team. For example, the communities should work with Business Oregon to ensure that vacant commercial and industrial sites (for sale or lease) are listed on the Oregon Prospector website and that Business Oregon staff are aware of key development opportunities in the communities. Other partnership examples include working with Business Oregon and the Lake County Chamber of Commerce on recruitment and retention efforts or working to incorporate the community of Christmas Valley to engage businesses and residents there on strategic planning for economic development and rural infrastructure.
- **Identify actions to grow tourism and attract visitors to Lake County throughout the year.** Tourism in Lake County is focused in the late spring through early fall. Growing Lake County's economy will include increasing tourism across the year. The easiest times to increase tourism may be in the "shoulder" seasons in the mid-spring and mid-fall. Increasing tourism in the "shoulder" seasons will require giving visitors a reason to come to Lake County when they normally would not. Lake County can continue to build on work completed for Travel Oregon's rural tourism studio for the Oregon Outback for ideas and actions to grow tourism across the county, focusing on "magnet tourism" opportunities such as outdoor recreation, geology, and western heritage. Specific activities to build upon based on these broad "magnet tourism" categories are the trail system linking to the Oregon Timber Trail, road and mountain biking on the Oregon Desert Trail, snowshoeing and skiing, four-wheeling, hang gliding, gemstone mining, and the rodeo.
- **Address workforce issues.** A key challenge for businesses in Lake County is attracting reliable and sober workers. One approach to addressing this issue is teaching life skills to young people at the high school or post-high school training offered by a nonprofit organization. In addition, businesses in Lake County will need workers who are semi-skilled and skilled. Trade skills and other training is offered by community colleges. Lake County is not fully served by a community college and may not have the capacity for teaching life skills, though the County may explore options to expand training program opportunities in their partnership with Klamath Community College. Making

these types of training available and easily accessible in the County will require substantial and on-going effort. The County should also work to ensure that these opportunities are made available to all community members, including culturally specific services to historically underrepresented community members such as Native American and Spanish speaking community members. The County and communities can work together to identify champions of these efforts, working with the school district and tapping resources from across South Central Oregon.

Other factors in attracting the needed workforce in Lake County are access to adequate workforce housing and ensuring quality child care is available. The County and communities should work with development partners to plan for housing that is affordable at all income levels, specifically focused on incomes of workers in Lake County. The County and communities may have opportunities to support development of child care facilities, especially Lakeview.

The conclusions and recommendations about commercial and industrial land sufficiency for Lakeview are:

- **Lakeview is forecast to grow in both commercial and industrial employment sectors.** Lakeview is planning for growth of 272 new jobs in the city over the 2019 to 2039 period. About 105 of the jobs will be in industrial land uses, 101 in office and commercial services, and 33 in retail. Growth of these jobs will result in demand for about 12 gross acres of commercial land and 11 gross acres of industrial land.
- **Lakeview has enough employment land to accommodate growth.** Exhibit 35 shows Lakeview has enough land for employment growth over the next 20 years, with 59-acre surplus of Commercial land and a surplus of 134 acres for industrial land.

Lakeview will need to coordinate with Lake County for development of land that is outside of the town limits but within the urban growth boundary. Much of Lakeview's vacant land is located outside of the town limits on unincorporated land within the UGB. The Town will need to coordinate development of this land with the County. Where possible, the Town should annex newly developing land into the town limits.

- **Lakeview will need to address key infrastructure needs in the Town, especially for development of industrial land.** Lack of infrastructure (including water, wastewater, and transportation) to service industrial land is a barrier to development of industrial land and can be a barrier to development of commercial land. The Town will need to work with landowners and developers to develop infrastructure to serve key industrial sites. Specific key infrastructure needs throughout Lakeview include access to reliable internet and connections to natural gas. Providing both better internet connections and natural gas infrastructure would potentially bring new businesses to Lakeview that cannot currently locate in the Town because of the lack of access to these resources.

- **Lakeview will need to address the lack of sufficient workforce housing.** The lack of workforce housing is a significant barrier to economic development in Lakeview. Through development of the Housing Needs Analysis (HNA) for Lakeview and Paisley and this report, employers reported a range of housing issues that prevent them from recruiting staff to Lakeview. These issues include very poor condition housing, lack of high amenity housing for business management, and insufficient housing for seasonal workers.

Without opportunities for development or rehabilitation of housing, businesses will continue to have difficulties in filling vacant positions and other businesses may choose not to locate or growth in Lakeview. The City and County will need to address these housing issues in order to provide opportunities for businesses to grow in Lakeview. Approaches to addressing these issues are presented in the *Lakeview Housing Policies and Actions* memorandum, which is part of the HNA project.

- **Monitor and replenish the supply of commercial and industrial land on a regular basis.** The buildable lands inventory identifies the existing development status of employment land in Lakeview. While Lakeview will not completely update the buildable lands inventory on an annual basis, City staff should still monitor the development status of these employment lands and replenish the supply of land ready for development, as possible.
- **Most new businesses will be relatively small and will require small and mid-sized sites.** Lakeview’s businesses are generally small, averaging about 5 employees per business. Businesses with 9 or fewer employees account for 48% of private employment. Growth of small businesses presents key opportunities for economic growth in Lakeview. Lakeview has about 91 sites smaller than one acre and 17 sites between one and five acres. In addition, Lakeview has 10 sites between five and 20 acres and two sites larger than 20 acres. Some of these sites (or larger sites) may subdivide into smaller sites. Types of buildings and spaces that would be compatible for small businesses in Lakeview, as well as align with the Town’s economic development goals, include:
 - **Mixed-used buildings.** These buildings would provide both commercial / industrial and residential uses. While the uses should be compatible with each other (i.e., prevent nuisance uses that would discourage potential residents), this can present an opportunity to revitalize commercial corridors in Lakeview and also provide needed housing.
 - **Small flex space.** Lakeview has a need for spaces that allow for flexible uses and sizes between 500 to 2,000 square feet. This type of configuration for businesses in Lakeview could be an option for further development of the incubator building in Lakeview.
 - **Storage.** Businesses in Lakeview also need access to adequate storage facilities. While this is the current majority use of the incubator site, the Town can explore options to promote storage facilities in other areas of Lakeview, freeing up space in the incubator building for more incubator-related activities.

- **Identify opportunities for infill development or redevelopment.** Lakeview’s downtown area is generally built out, with few areas with vacant land. Lakeview should identify opportunities for infill and redevelopment in downtown. Redevelopment could involve substantial renovation or change of use of existing buildings or demolition of existing buildings and building of newer, more productive buildings. Infill development may be expansion of existing buildings or building new buildings adjacent to existing buildings. In both cases, new development that increases capacity for business activity is an opportunity.

The on-going brownfields project will identify several sites in Lakeview that are suspected brownfields and assess pollution and contamination on those sites. If the sites are brownfields and contamination is remediated, these sites provide opportunity for redevelopment for commercial or industrial uses or even for residential uses.

In the near-term Town staff should identify opportunities for near-term development and infill. After identifying a specific area (or areas) of near-term focus, representatives from DLCD and Regional Solutions may have grant funding available to assist in creating an implementation plan for needed infrastructure and other improvements for these specific areas. The primary barrier to any redevelopment plan is the willingness of landowners to redevelop their property.

- **Support development of vacant and potentially redevelopable sites through working with landowners to ensure that sites are adequately serviced with municipal infrastructure.** Aside from ensuring that there is sufficient land to support employment growth, one of the most important ways that the Town can support economic development is through planning for and developing infrastructure (e.g., roads, water, sanitary sewer, and storm water systems). We recommend that the Town align its goals for economic development with infrastructure development through updates to the Town’s Capital Improvements Plan.
 - Lakeview should coordinate development on sites within the UGB but outside of town limits with the County. Development of these areas should occur at urban levels of density, ensuring that land is used efficiently.
 - Lakeview should work with landowners of key development sites to assess whether the landowners are willing to develop or sell their land. For key development or redevelopment sites, the City can work with landowners to make land development-ready, most notably by planning for infrastructure extensions to provide services to the sites. Implementing an Urban Renewal District or Oregon Main Streets program could be one option for the Town to explore for redevelopment of properties within downtown Lakeview, while also promoting improvements to streetscapes, building facades, etc.
 - Lakeview should continue to seek support for infrastructure development from organizations such as Business Oregon, DLCD, Oregon Department of Transportation (ODOT), USDA, and other sources of funding.

- **Identify opportunities to support the creation, growth, development, and retention of businesses in Lakeview.** Retention and expansion of new and existing businesses is one of Lakeview’s key opportunities for economic growth. Lakeview provides opportunities for development of a range of businesses, from commercial businesses that provide services to visitors to manufacturing of renewable energy or other products. The Town can support businesses by understanding businesses’ opportunities for growth and expansion and lowering or eliminating the barriers in Lakeview that limit growth and expansion. Some barriers are beyond control of the City, such as access to capital.
- **Support entrepreneurs and small businesses.** Cities can provide support by allowing home occupations or working closely with small businesses to ensure they have the help they need through the planning process. Lakeview could identify opportunities to more directly support small businesses, through working with partners to provide shared workspace (such as a small amount of office space at a public building). Ensuring that internet connections are reliable and have sufficient communication speeds to allow businesses to operate remotely across the internet.
 - *Support potential child-care facility.* An example of supporting potential entrepreneurs in Lakeview would be for the Town to explore funding and resources to improve available facility for a potential child care provider. More broadly, Lakeview can coordinate with the County and other regional or state partners to establish small business development centers to connect entrepreneurs and small business owners with needed services, resources, and other business assistance.
 - *Explore options for implementing the Klamath IDEA.* The Klamath IDEA is an entrepreneurship development program sponsored by Oregon Solutions with several local partners in Klamath, Oregon. It is focused on attracting entrepreneurs from outside of Klamath to build a stronger entrepreneurial environment. This program could be replicated in Lakeview to provide more resources for entrepreneurs and small businesses.
 - *Prioritize use of incubator building for job creation.* Available space for entrepreneurs to work in a collaborative environment is a key feature of a business incubator. Lakeview’s existing incubator building, which is owned by the Lake County Commissioner’s office, could provide this type of space for entrepreneurs who are looking to start a business in Lakeview.

- **Use the Opportunity Zone to catalyze economic development in Lakeview.** Lakeview has an Opportunity Zone, which is a Federal program that allows investors to defer and reduce payment of capital gains taxes and, in some cases, eliminate payment of capital gains entirely on specific investments in Opportunity Zones. Investments must come through an Opportunity Fund—a loosely defined new type of investment vehicle. Many existing LLCs, partnerships, and other business types can create an Opportunity Fund. Investments can be made in property (real estate) or businesses that are located within the zone. Business Oregon, the economic development agency for the State of Oregon, is working to connect potential investors with Opportunity Zones across the state.

In Lakeview, potential investors have shown interest in implementing a fund in Lakeview. To allow for greater education of local community leaders and residents, the Town may host a workshop to provide further educational material on the structure and outcomes of Opportunity Zone investments.

- **Develop policies to support attraction of renewable energy producers and other manufacturing.** Lakeview has a land base that could support mid-sized manufacturing companies, such as Red Rock Biofuels. The Town should identify the barriers to development of key industrial sites and, to the extent possible, remove or lower those barriers.

The conclusions and recommendations about commercial and industrial land sufficiency for Paisley are:

- **Paisley is forecast to grow in private employment sectors.** Paisley is planning for growth of 7 new private sector jobs in the city over the 2019 to 2039 period. Growth of these jobs will result in demand for about one-half an acre of land, mostly likely commercial land.
- **Paisley has enough employment land to accommodate growth.** While Paisley has a limited supply of commercial land, it has enough land to accommodate expected employment growth. In addition, Paisley has 25 vacant unconstrained acres of land in Rural Center, where commercial uses are allowed with a conditional use permit. The Rural Center provides opportunities for growth of commercial uses beyond what is expected. If Paisley begins to see more interest in commercial development, the City may want to work with land owners to identify areas to re-zone to Commercial to avoid the need for a conditional use permit.
- **Evaluate rezoning some land to commercial.** The City has less than one acre of vacant commercial land. Most vacant land within the UGB where commercial development is located is zoned Rural Center. Stakeholders report that development in Paisley is slow, in part, because landowners are not eager to develop their land. The City should consider working with willing landowners to remove barriers to commercial development on land zoned Rural Center. For example, the City could work with a willing land owner to rezoning some land zoned Rural Center to the Commercial zone, which would remove the need for a conditional use permit to allow commercial development.

- **Identify opportunities for infill development or redevelopment.** Paisley should continue to identify opportunities for infill and redevelopment in downtown, such as the historic hotel site and former restaurant. Redevelopment could involve substantial renovation or change of use of existing buildings or demolition of existing buildings and building of newer, more productive buildings. Infill development may be expansion of existing buildings or building new buildings adjacent to existing buildings. In both cases, new development that increases capacity for business activity is an opportunity. Paisley may also pursue assistance through a Main Street grant to help provide a pictorial vision for redevelopment, which would help property owners better understand—through diagrams, images, or renderings—how Paisley could change to align with the community’s goals.

In the near-term City staff and leaders should identify opportunities for near-term development and infill. After identifying a specific area (or areas) of near-term focus, representatives from DLCD and Regional Solutions may have grant funding available to assist in creating an implementation plan for needed infrastructure and other improvements for these specific areas. The primary barrier to any redevelopment plan is the willingness of landowners to redevelop their property.

- **Identify opportunities to grow business in Paisley.** Paisley has a very small economic base, with a substantial amount of employment in government activities. Paisley may be able to grow employment through attracting footloose telecommuters who can live anywhere but may choose Paisley for its small-town atmosphere and high quality of life. One barrier to attracting telecommuters is reliable, fast internet access.

A strong source of employment near Paisley is through farming and ranching activities. Opportunities to maintain and grow these industries will require additional training and education programs for Paisley students, who may not understand the opportunities for a career in farming or ranching. The school could seek resources to build upon its existing welding program, expanding to other skilled trades required for farming and ranching.

In addition, Paisley could grow employment through growth of tourism. Paisley and its surrounding areas are attractive for tourism but there are few amenities in Paisley for tourists. There is one small hotel, a saloon, and a market. Additional overnight accommodations, such as the redevelopment of the historic hotel site, would allow visitors to stay overnight. Another opportunity might be an RV or tiny home park. In addition, Paisley would want to work with partners to advertise itself as a place to visit, along with development of interpretive signage, informational kiosk in downtown Paisley, and documentation of the area’s heritage. The City may consider partnering with the Resource Assistance for Rural Environments (RARE) program to help build temporary capacity to complete these economic development projects.

- **Evaluate opportunities for production of renewable energy.** Paisley has a geothermal plant that is built but is not in use. To work through the outstanding issues to operate the plant, we recommend that the City work with the Regional Solutions team, which includes representatives from ODOT, DLCDC, the Governor’s office, Department of Environmental Quality, United States Forest Service, Oregon Department of Fish and Wildlife, Oregon Water Resources Department, and Business Oregon. With support and guidance from a combination of these state agencies, the City can better coordinate with the owner of the facility to determine if there is a way to bring the plant into production or otherwise make use of the facility. In addition, there may be opportunities for other types of renewable energy production, such as solar arrays or biomass energy production.
- **Support entrepreneurs and small businesses.** Cities can provide support by allowing home occupations or working closely with small businesses to ensure they have the help they need through the planning process. Paisley could identify opportunities to more directly support new and existing small businesses, entrepreneurs, and microenterprises, through working with partners to provide shared workspace (such as a small amount of office space at a public building). Ensuring that internet connections are reliable and have sufficient communication speeds will allow businesses to operate remotely across the internet. For example, entrepreneurs or small businesses that produce small goods or specialty items can sell their product on the internet, to reach a larger market while still operating out of Paisley.

Paisley, like Lakeview, could also explore implementation of the Klamath IDEA, to build resources and attract more entrepreneurs to Paisley. More broadly, Paisley can coordinate with the County and other regional or state partners to establish small business development centers to connect entrepreneurs and small business owners with needed services, resources, and other business assistance. The City can also work with the Lake County Chamber of Commerce to regularly distribute tourism information through the network of existing businesses.

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1. Introduction

Lake County, the Town of Lakeview, and the City of Paisley collaborated to develop a regional Economic Opportunities Analysis (EOA). The purpose of the EOA is to provide information that will be both useful in economic development and will provide a basis for updating Lakeview's and Paisley's Comprehensive Plans' Economic Element. The geographic focus of the EOAs is the Lakeview Urban Growth Boundary and the Paisley Urban Growth Boundary (UGB). The EOA also considers economic development opportunities in unincorporated Lake County but does not present an EOA for unincorporated areas of the County.

The EOA provides information about economic trends affecting Lake County and the cities, forecasts growth and land needs for employment within Lakeview and Paisley, inventories buildable commercial and industrial land within Lakeview and Paisley and describes the economic development potential in both communities. The focus of the EOA is employment growth and land use planning within the Lakeview and Paisley UGBs. The EOA provides additional information that may be useful for broader economic development planning across the County.

The EOA was funded through a grant with the Oregon Department of Land Conservation and Development (DLCD). The State contracted with ECONorthwest to develop the EOA, through working directly with staff, decisionmakers, and stakeholders in Lake County.

This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to state objectives for economic development (OAR 660-009-0020(1)(a)) and to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025(1)) over the 20-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the communities' economic development objectives, and the specific needs of target industries.

Background

Lake County last evaluated economic trends as part of the Comprehensive Economic Development Strategy (CEDS) Update for the South Central Oregon Economic Development District (SCOEDD) in 2016. At the time of this analysis, SCOEDD was working on updating the five-year CEDS for the area. As a part of that process, the Town of Lakeview completed a strengths, weaknesses, opportunities, threats analysis in March 2018. While a CEDS provides a basis for a regional economic development strategy, it does not provide a detailed analysis of economic opportunities and commercial and industrial land conditions for Lakeview and Paisley.

The purpose of this project was to present this specific information about both communities, with the intention of developing a factual base to provide the County and its cities with information about current economic conditions. This report provides information necessary for updating each city's economic development Comprehensive Plan policies. This report identifies opportunities to meet the cities' economic development objectives and develop Comprehensive Plan policies and implementation strategies that capitalize on the cities' comparative advantages and address areas of economic weakness.

The EOA provides information that the County and the cities can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the cities' challenges in managing economic development, such as a lack of larger industrial sites to support growth of businesses that require large sites, underutilized commercial land, underutilized industrial land, and a lack of policy direction to address these issues.

The EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. The EOA also uses information from the following recent reports:

- SCOEDD Comprehensive Economic Development Strategy and Update, 2013-2018 and 2016
- SCOEDD Annual Report, 2017

Framework for an Economic Opportunities Analysis

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.
3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies and must designate serviceable land suitable to meet identified site needs.

Organization of this Report

This report is organized as follows:

- Chapter 2. Factors Affecting Future Economic Growth summarizes historic economic trends that affect current and future economic conditions in Lake County, Lakeview, and Paisley, as well as the County's and cities' competitive advantages for economic development.
- Chapter 3. Employment Growth and Site Needs presents a forecast for employment growth in Lakeview and Paisley and describes the cities' target industries and site needs for potential growth in industries.
- Chapter 4. Buildable Lands Inventory presents a summary of the inventory of employment lands in the Lakeview and Paisley UGBs.
- Chapter 5. Land Sufficiency and Conclusions compares the supply of and demand for buildable lands and presents key concluding recommendations for Lake County, Lakeview, and Paisley.

This report also includes two appendices:

- Appendix A, National, State, and Regional and Local Trends
- Appendix B, Buildable Lands Inventory Methodology

2. Factors Affecting Future Economic Growth

Lake County and its communities, Lakeview and Paisley, exist as part of the economy of the South Central Oregon region. Lakeview and Paisley are the urban areas within Lake County, providing urban amenities (such as stores, medical services, or personal financial services) to the residents of the cities and outlying rural areas. The economic focus of the County is in natural resources, with an increasing focus on renewable energy resources including geothermal, solar, and biomass.¹ A large share of the County's employment is also related to recreational opportunities in the area, including employment in government at the Bureau of Land Management or Forest Service headquarters or in jobs that support leisure activities such as recreation.

This chapter describes the factors affecting economic growth in Lakeview, Paisley, and Lake County, within the context of national and regional economic trends. The analysis presents each communities' and the County's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in Lake County.

Factors that Affect Economic Development²

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

“Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy.”³

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

¹ South Central Oregon Comprehensive Economic Development Strategy. 2013. Updated 2016.

² The information in this section is based on previous Goal 9 studies conducted by ECONorthwest and the following publication: *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

³ *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses are accounting for a larger share of the job growth in the United States.⁴ This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* This document addresses that question in depth.

What Factors Matter?

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

⁴ According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

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

- **Labor.** Labor is often the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.
- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product, either goods or services, to the market, and they rely on access to different modes of transportation to do this.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources (i.e., raw lumber) and others may need intermediate materials (i.e., dimensioned lumber).
- **Entrepreneurship.** This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar. Entrepreneurial activity, even when unsuccessful, can offer information about the local market that other entrepreneurs can use in starting a new firm. Entrepreneurs are typically willing to take on more risk in uncertain markets, and a strengthened entrepreneurial environment can help to reduce that risk and uncertainty.⁵ Entrepreneurs also tend to have more mobility than larger firms, and are more likely to locate in areas with a strong entrepreneurial environment.⁶ To some degree, local governments can promote the high quality of life in an area to attract entrepreneurs, in addition to adopting regulations with minimal barriers—or at least, clear guidelines—for new, small businesses.

⁵ Tessa Conroy and Stephan Weiler “Local and Social: Entrepreneurs, Information Network Effects, and Economic Growth” (2017). https://redi.colostate.edu/wp-content/uploads/sites/50/2017/05/gender_gia_Jun2017-2.pdf

⁶ Emil E. Malizia and Edward J. Feser. *Understanding Local Economic Development*. (1999).

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

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

This discussion may make it appear that a location decision is based entirely on a straightforward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.

- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. In addition to innovations in research and development within firms or research institutions, firms may also draw on the innovative capacity of entrepreneurs in an area. These entrepreneurs may be former employees of the larger firm or businesses that relocated to an area because of the proximity to an industry cluster. Strong networks and communication between firms, research institutions, and entrepreneurs are key components to leveraging innovative capacity in an area.⁷ Local governments are well-equipped to help foster these networks through supporting economic development tools such as small business assistance centers or incubation centers. Government can also be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

How Important Are These Factors?

To understand how changes in public policies affect local job growth, economists have attempted to identify the importance for firms of different locational factors. They have used statistical models, surveys, and case studies to examine detailed data on the key factors that enter the business location decision.

Economic theory says that firms locate where they can reduce the costs of their factors of production (assuming demand for products and any other factors are held constant). Firms locate in regions where they have access to inputs that meet their quality standards at a relatively low cost. Because firms are different, the relative importance of different factors of production varies both across industries and, even more importantly, across firms.

No empirical analysis can completely quantify firm location factors because numerous methodological problems make any analysis difficult. For example, some would argue simplistically that firms would prefer locating to a region with a low tax rate to reduce tax expenses. However, the real issue is the value provided by the community for the taxes collected. Because taxes fund public infrastructure that firms need, such as roads, water, and sewer systems, regions with low tax rates may end up with poor infrastructure, making it less attractive to firms. When competing jurisdictions have roughly comparable public services (type, cost, and quality) and quality of life, then tax rates (and tax breaks) can make a difference.

⁷ Nancy Green Leigh and Edward Blakely. *Planning Local Economic Development: Theory and Practice*. 2013.

Further complicating any analysis is the fact that many researchers have used public expenditures as a proxy for infrastructure quality. But large expenditures on roads do not necessarily equal a quality road system. It is possible that the money has been spent ineffectively and the road system is in poor condition.

An important aspect of this discussion is that the business function at a location matters more than a firm's industry. A single company may have offices spread across cities, with headquarters located in a cosmopolitan metropolitan area, with the research and development divisions located near a concentration of universities, the back office in a suburban location, and manufacturing and distribution located in areas with cheap land and good interstate access.

The location decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local governments, however, only indirectly affect the cost of these primary location factors. Local governments can most easily affect tax rates, public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest effect on the level and type of economic development in the community.

Local governments can provide support for new and existing small businesses through policies and programs that support entrepreneurship and innovation. The National League of Cities suggests strategies for local governments including: strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁸

Local governments in Oregon also play a central role in the provision of buildable land through inclusion of lands in the Urban Growth Boundary, as well as through determination of plan designations and zoning, and through provision of public services. Obviously, businesses need buildable land to locate or expand in a community. Providing buildable land alone is not sufficient to guarantee economic development in a community—market conditions must create demand for this land, and local factors of production must be favorable for business activity. In the context of expected economic growth and the perception of a constrained land supply in Lake County, the provision of buildable land has the potential to strongly influence the level and type of economic development in Lakeview and Paisley. The provision of buildable land is one of the most direct ways that Lakeview and Paisley can affect the level and type of economic development in the community.

⁸ National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012).
<https://www.nlc.org/supporting-entrepreneurs-and-small-business>

Summary of the Effect of National, State and Regional Trends on Economic Development in Lake County

This section presents a summary and the implications of national, state, and regional economic trends on economic growth in Lake County, which are presented in Appendix A.

- **Mixed recovery from the national recession.** Since 2010, incomes grew faster in Lake County than in Oregon but the unemployment rate in Lake County remained higher than the statewide average.
 - Lake County's household income is lower than the State average, while Lakeview and Paisley's household incomes are higher than the County average. In the 2012-2016 period, Lakeview's median household income was \$38,953, 14% higher than Lake County's median household income of \$33,453. Similarly, Paisley's median household income was \$37,679, 13% higher than Lake County's.
 - The unemployment rate in Lake County has declined since the recession, consistent with the patterns of Oregon and the U.S. changes in employment. However, Lake County rates are consistently higher than Oregon and the U.S. In 2017, the unemployment rate in Lake County was about 5.7%, higher than Oregon's rate of 4.1%, and the national rate of 4.4%.
 - Employment grew in Lake County since 2001, with a gain of about 216 employees between 2001 and 2017. However, employment changes varied by sector: information and educational services saw some of the largest decreases. Employment in natural resources and mining, as well as government, increased by about 221 and 165 employees, respectively.
- **Recent growth in agriculture and service-sector businesses.** The natural resources sector added the most employment between 2001 and 2017 (221 new jobs) in Lake County and was the second largest sector in the County, behind the government sector. Service-oriented businesses, such as retail trade and leisure and hospitality, also made up a large share (16%) of Lake County's employment in 2017 and grew in Lake County since 2001. Retail trade and leisure and hospitality tend to be lower-than-average-wage jobs.

Service-sector businesses include many tourism-related jobs. The largest employment generated by travel spending in Lake County are in the accommodations and food service industry with about 138 jobs. About 52 jobs are in arts, entertainment, and recreation, and about 25 jobs are in retail.⁹ Recent work to promote tourism in the County has focused on outdoor recreation (e.g. mountain biking, hiking, skiing), geologic features, and western culture.¹⁰

⁹ Dean Runyan Associates, Oregon Travel Impacts, 2017.

¹⁰ Travel Oregon. Oregon's Outback Outdoor Recreation Studio. April 2018.

- **Aging population and need for replacement workers.** The population in Lake County, including in the cities, is generally older than the statewide average. Overall, the median age in Lake County increased from about 43 years old in 2000 to about 49 years old in the 2012-2016 time period. Paisley’s median age also increased from about 43 to 57 from 2000 to the 2012-2016 period, while Lakeview’s median age decreased by about 3 years since 2000—from about 43 to 40 years old. In comparison, Oregon’s median age was 36 in 2000, and increased to 39 by the 2012-2016 period.

Lake County’s population is expected to continue to age, with people 60 years and older increasing from 34% of the population in 2016 to 43% of the population in 2035, consistent with Statewide trends. While the share of retirees in Lakeview’s and Paisley’s respective populations may increase over the next 20 years, the number of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group are continuing to work until later in life, and may boost the skilled labor pool, providing opportunities to support business growth in Lakeview and Paisley.

However, older workers will eventually retire, either by choice or by necessity. As workers retire, businesses need to replace them with new workers. This need for replacement workers will continue to drive need for workers, even in the absence of other growth in Lakeview or Paisley. The need for in-home care will also increase with an aging population. This presents opportunities for small businesses in Lake County related to healthcare and caregiving services.

- **Availability of trained and skilled labor.** Availability of labor depends, in part, on population growth and in-migration. Lake County’s population increased by 698 people between 2000 and 2017, at an average annual growth rate of 0.5%. Most of the increase in population occurred between 2000 to 2010, with a net in-migration of 641 people. In comparison, Oregon’s population grew at an average annual growth rate of 1.1% between 2000 and 2017, with 66% of population coming from in-migration.

Labor force participation rate is another important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work, including employed and unemployed workers. According to the 2012-2016 American Community Survey, Lake County had more than 6,500 people in its labor force during that period. Lakeview had more than 2,200 people in its labor force and Paisley had more than 310 people in its labor force. The participation rates in Lakeview (57%), Paisley (48%), and Lake County (49%) were all lower than Oregon (60%) in the 2012-2016 period. Non-participants in the labor force (the 51% of people not participating in Lake County’s labor force) include students 16 years and older, retirees, and unemployed people not actively seeking work. A higher concentration of older residents in an area or a mismatch of the types of jobs available in an area and the types of skills of the labor force, can contribute to low labor force participation rates.

Commuting also plays an important role in availability of labor. Businesses in Lakeview and Paisley draw employees from across Lake County as well as Klamath, Deschutes, and Jackson Counties. Relative to Oregon, Lake County residents have a similar level of population with some college or Associate degree educational attainment, though County residents tend to have lower levels of Bachelor or professional degree attainment relative to the State.

Business owners in Lake County have difficulty hiring and retaining workers. They cite issues such as inability to meet workplace requirements (e.g., sobriety), lack of work ethic, and limited availability. The issue for finding workers in Lake County is less about whether workers are well enough educated or have the necessary skills but lacking the “soft skills” that businesses need for a dependable and productive workforce. This is a common issue across Oregon but is an especially acute problem in rural areas.

- **Increases in racial and ethnic diversity.** Overall, the nation and Oregon are becoming more racially and ethnically diverse. Between 2000 and 2012-2016, the Hispanic and Latino population in Oregon increased from 8% to 12% and increased in Lake County from 5% to 8%. The non-white population in Oregon increased from 13% to 15% and increased in Lake County from 9% to 10%. While Lake County is less ethnically and racially diverse than the State, providing culturally specific services to Native American and Spanish-speaking community members can help improve their participation in the workforce and economy.
- **Importance of small businesses in Oregon’s economy.** Small business, with 100 or fewer employees, account for 66% of private-sector employment in Oregon. Workers of small businesses typically have had lower wages than the state average.

The average size for a private business in Lake County is 5 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for roughly 90% of private employment in Lakeview. Businesses with 9 or fewer employees account for 55% of private employment and 4 or fewer account for 22% of private employment. Growth of small businesses presents key opportunities for economic growth in Lake County. While many small business owners in operate in Lake County because they prefer its remote location, this factor also presents a challenge in access to a limited market and difficulty in efficiently transportation of supplies or products in and out of the County.

- **Importance of high-quality natural resources.** Natural resource industries in Lake County have been, and continue to be, a large part of the South Central Oregon economy. According to the U.S. Census of Agriculture, in 2012, the average size of farms in Oregon was 460 acres, while the average size in Lake County was 1,762 acres. The average economic output per farm in Lake County was \$22,954 in 2012 and the most common agricultural products were hay and cattle.¹¹ The age of farm owners is also a factor in changing agricultural industries. The average age of a principal farm operator in Lake County was 58 years old in 2012, a slight increase from 57 years old in 2007. The average age in Oregon in 2012 was slightly higher at 60 years old. Retirement of farmers may create a future barrier to economic growth in the County, if farming decreases because there are no replacements for retiring farmers.

Beyond agricultural industries, renewable energy business also has a strong presence in Lake County, including solar sites, biomass, perlite, and geothermal assets. Red Rock Biofuels began construction at their facility in Lakeview in July 2018. Once completed, the facility will process wood biomass and convert it to renewable jet and diesel fuels. Lakeview Red Rock Biofuels will create about 40 direct jobs and between 135 and 170 indirect and induced jobs in Oregon. Operation of the facility will result in an estimated \$24.7-\$29.3 million in total output annually.¹² Opportunities for continued growth in energy resources industries include a geothermal plant (currently offline) in the City of Paisley and potential businesses that could support the biomass industry such as soil amendment businesses or biochar opportunities for property owners.

- **Increases in energy prices.** In the long-term, energy prices are expected to increase, despite recent lower energy costs in 2018. Over the long-term, if energy prices increase, cost of shipping freight will increase, creating an additional barrier to moving freight to and from Lake County. In addition, higher energy prices may affect workers' willingness to commute or force changes in mode of transportation. For example, commuters may choose to purchase a more energy-efficient car or carpool. In Lake County, the options for modes of commuting are more limited than in urban areas with access to transit, bike, and pedestrian infrastructure. Very large increases in energy prices may affect workers' willingness to commute, especially workers living the furthest from Lakeview and Paisley or workers with lower paying jobs.

¹¹ "Average economic output" is the "Net cash farm income per farm." U.S. Department of Agriculture. Census of Agriculture, 2012.

¹² *Business Oregon*. The Economic Impact of Proposed Red Rock Biofuels Plant in Oregon, April 21, 2016. Estimates in 2016 dollars. Job and output estimates reflect operation of facility, not construction of the facility.

Employment Trends in Lake County

The economy of the nation changed substantially between 1980 and 2017. These changes affected the composition of Oregon’s economy, including Lake County’s, Lakeview’s, and Paisley’s economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services.

This section focuses on changes in the economy in Lake County since 2001. Employment in Lake County increased overall between 2001 and 2017 at a rate of about 0.6%. Employment in natural resources continued to grow since 2001, and government, retail trade, manufacturing, and leisure and hospitality are sectors with the largest shares of employment in the County.

Exhibit 4 shows covered employment¹³ in Lake County for 2001 and 2017. Employment increased by 216 jobs, or 9%, over this period. The sectors with the largest increases in numbers of employees were Natural Resources and Mining, Construction, Transportation, Warehousing, and Utilities, and Other Services. Employment in some higher wage industries, such as Information and Wholesale Trade, decreased by 38 and 10 jobs, respectively, over 2001 to 2017. Transportation, Warehousing, and Utilities—another relatively high wage industry in Lake County—however, increased by 29 jobs. The average wage for covered employment in Lake County in 2017 was about \$39,059.

Exhibit 4. Covered Employment by Industry, Lake County, 2001-2017

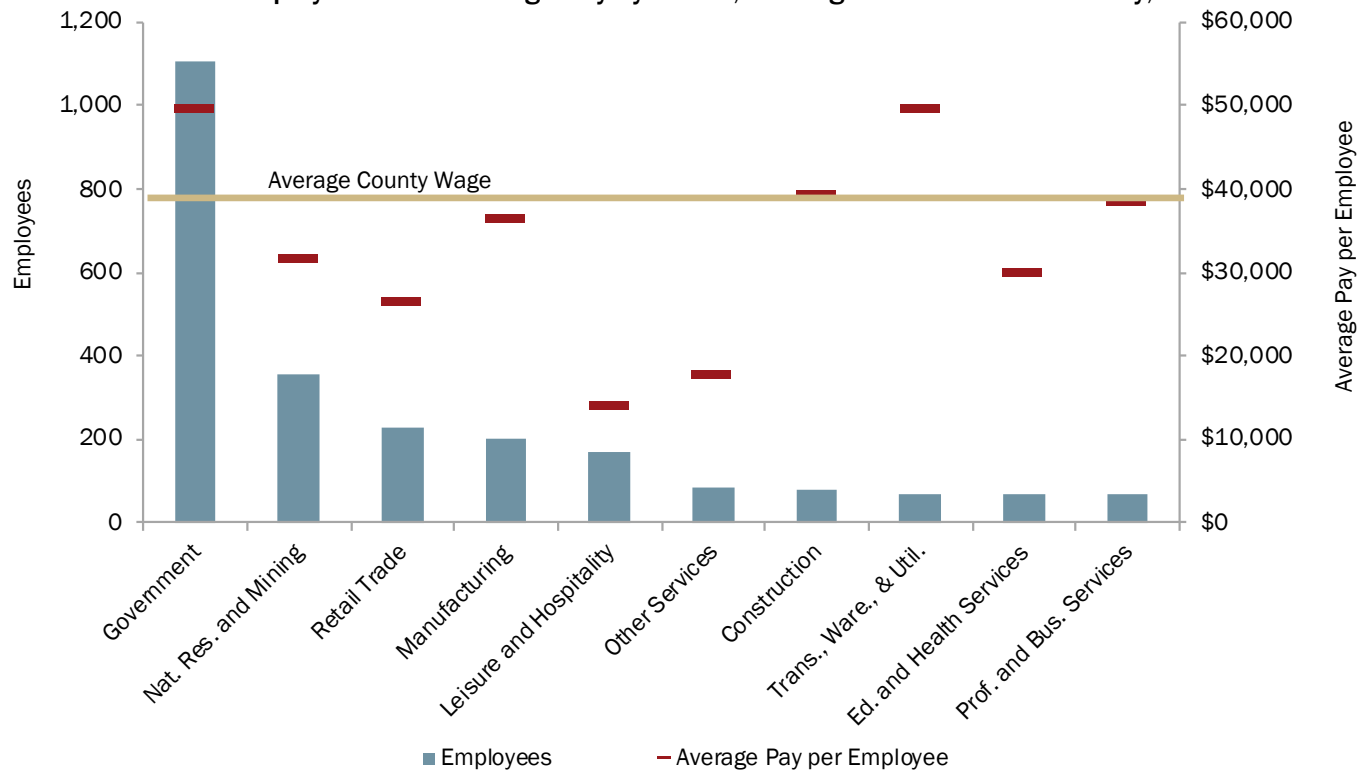
| Sector | 2001 | 2017 | Change 2001 to 2017 | | |
|--|--------------|--------------|---------------------|-----------|-------------|
| | | | Difference | Percent | AAGR |
| Natural Resources and Mining | 136 | 357 | 221 | 163% | 6.2% |
| Construction | 44 | 78 | 34 | 77% | 3.6% |
| Manufacturing | 261 | 199 | -62 | -24% | -1.7% |
| Wholesale trade | 52 | 42 | -10 | -19% | -1.3% |
| Retail trade | 233 | 228 | -5 | -2% | -0.1% |
| Transportation, Warehousing, and Utilities | 40 | 69 | 29 | 73% | 3.5% |
| Information | 54 | 16 | -38 | -70% | -7.3% |
| Financial Activities | 62 | 43 | -19 | -31% | -2.3% |
| Professional and Business Services | 71 | 67 | -4 | -6% | -0.4% |
| Educational Services | 135 | 68 | -67 | -50% | -4.2% |
| Leisure and Hospitality | 230 | 172 | -58 | -25% | -1.8% |
| Other Services | 55 | 85 | 30 | 55% | 2.8% |
| Government | 939 | 1,104 | 165 | 18% | 1.0% |
| Total | 2,312 | 2,528 | 216 | 9% | 0.6% |

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2017.
 Note: “ND” stands for “Not Disclosed” and indicates that the data has been suppressed by the BLS due to confidentiality constraints. The total amount of not-disclosed employment is shown in the table.

¹³ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as “1099 employees”), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Exhibit 5 shows covered employment and average wage for the 10 largest industries in Lake County. Jobs in Government, which account for about 44% of the County’s covered employment, pay more per year than the County average (\$49,585 compared to \$39,059). Jobs in Construction, and Professional and Business Services pay approximately Lake County’s average annual wage in 2017 at \$39,200 and \$38,643, respectively. Natural Resources and Mining (\$31,663), Retail Trade (\$26,484), Leisure and Hospitality (\$14,152), Other Services (\$17,879), and Education and Health Services (\$29,958) pay at least 19% below the County’s 2017 average wage. Transportation, Warehousing, and Utilities pays well above the County average at \$49,595.

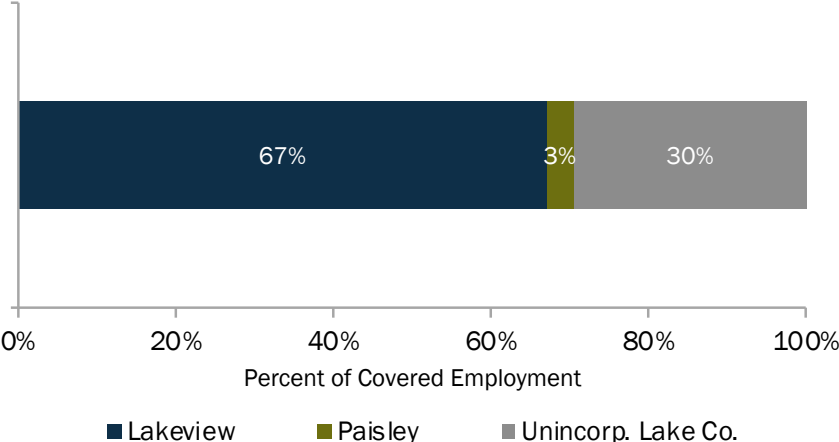
Exhibit 5. Covered Employment and Average Pay by Sector, 10 Largest Sectors Lake County, 2017



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017.

Exhibit 6 shows the share of covered employment in Lake County and its Cities—Lakeview and Paisley in 2017. Lakeview has the largest share of covered employment in Lake County at 67%. Paisley has 3% of the County’s employment and the remaining 30% is in unincorporated Lake County.

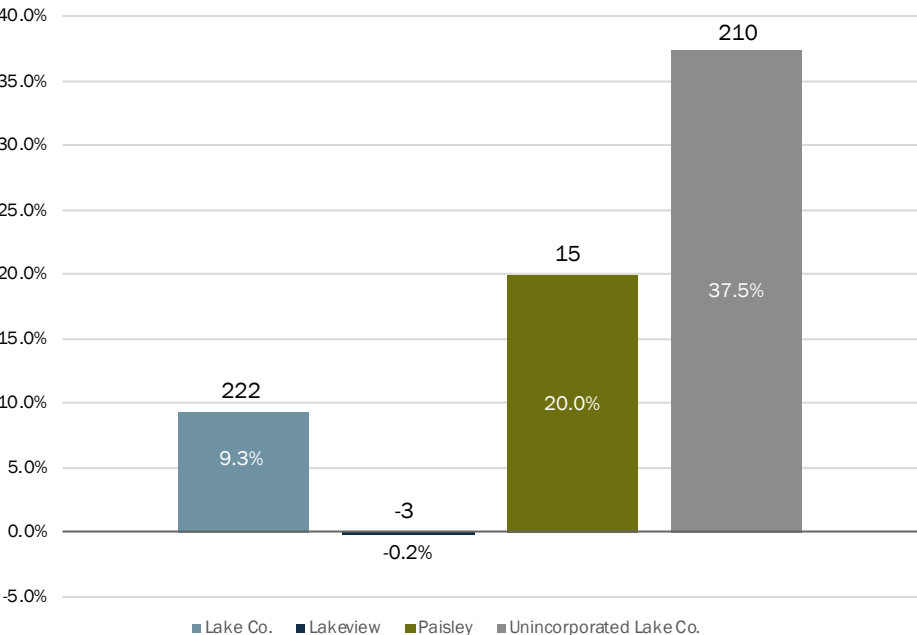
Exhibit 6. Share of Covered Employment in Lake County, 2017



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017.

Exhibit 7 shows the change in the location of covered employment in Lake County, Lakeview, Paisley, and unincorporated Lake County between 2006 and 2017. Unincorporated Lake County had the largest increase in covered employment at 38%. Employment in Paisley increased by 20%, and Lakeview employment remained relatively unchanged with a slight decrease of 0.2%. In Lake County overall, employment increased by almost 10% between 2006 and 2017.

Exhibit 7. Change in the Location of Covered Employment in Lake County, Lakeview UGB, and Paisley UGB, 2006–2017



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2006, 2017.

Exhibit 8 shows a summary of covered employment data for the Town of Lakeview in 2017. The sectors with the greatest number of employees were Local Government (37%), Federal Government (12%), Retail Trade (10%), and Manufacturing (10%). These sectors accounted for 1,206 jobs or 69% of Lakeview’s employment.

The average size for a private business in Lakeview is 5 employees per business, compared to the State average of 11 employees per private business. Businesses with 50 or fewer employees account for roughly 84% of private employment in Lakeview. Businesses with 9 or fewer employees account for 48% of private employment and 4 or fewer account for 19% of private employment.

Between 2006 and 2017 employment in Lakeview essentially remained the same, decreasing by three employees.

Exhibit 8. Covered Employment and Average Pay by Industry, Lakeview UGB, 2017¹⁴

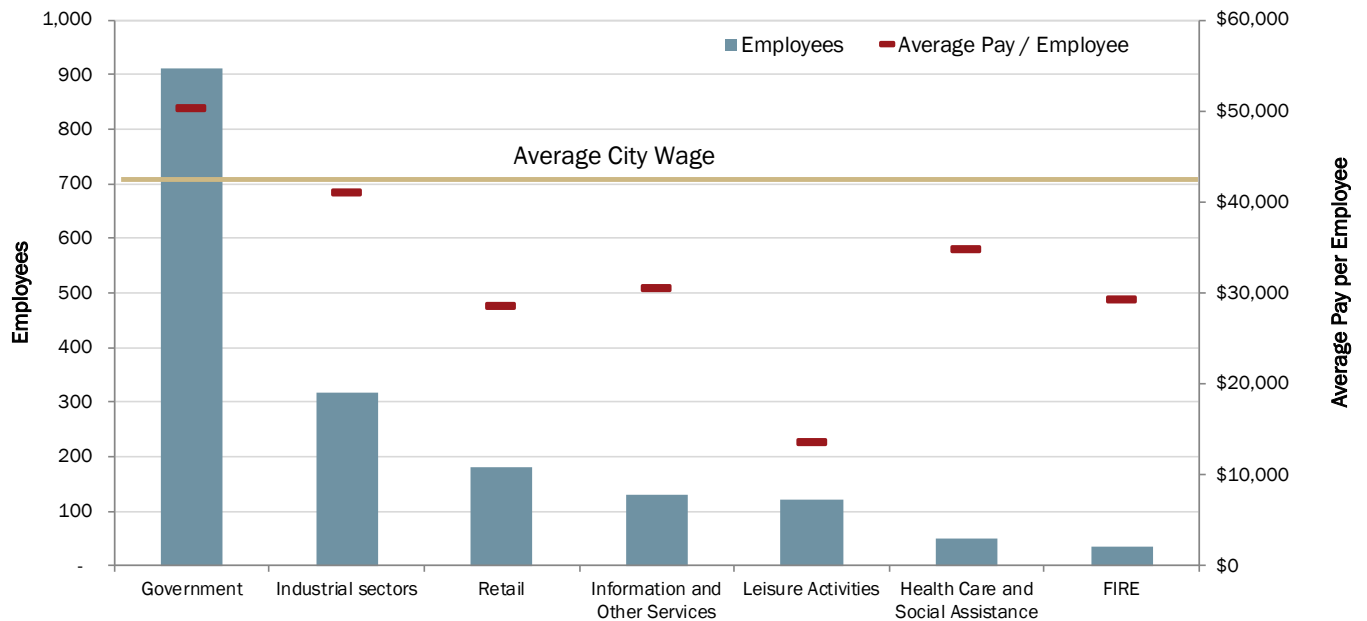
| Sector/Industry | Establishments | Employees | Payroll | Average Pay / Employee |
|-------------------------------------|----------------|--------------|----------------------|------------------------|
| Agriculture and Mining | 10 | 48 | \$ 2,273,624 | \$ 47,367 |
| Construction | 11 | 29 | \$ 978,387 | \$ 33,737 |
| Manufacturing | 8 | 177 | \$ 6,718,729 | \$ 37,959 |
| Wholesale Trade | 8 | 37 | \$ 1,883,837 | \$ 50,915 |
| Retail Trade | 18 | 181 | \$ 5,149,877 | \$ 28,452 |
| Transportation and Warehousing | 6 | 25 | \$ 1,083,265 | \$ 43,331 |
| Information | 6 | 14 | \$ 661,336 | \$ 47,238 |
| Finance and Insurance | 5 | 23 | \$ 895,680 | \$ 38,943 |
| Real Estate and Rental and Leasing | 5 | 12 | \$ 124,903 | \$ 10,409 |
| Professional and Technical Services | 14 | 51 | \$ 2,188,859 | \$ 42,919 |
| Health Care and Social Assistance | 11 | 50 | \$ 1,737,486 | \$ 34,750 |
| Leisure Activities | 27 | 121 | \$ 1,631,081 | \$ 13,480 |
| Other Services | 31 | 65 | \$ 1,097,551 | \$ 16,885 |
| Federal Government | 6 | 202 | \$ 13,587,692 | \$ 67,266 |
| State Government | 6 | 62 | \$ 3,337,753 | \$ 53,835 |
| Local Government | 12 | 646 | \$ 28,730,738 | \$ 44,475 |
| Total | 184 | 1,743 | \$ 72,080,798 | \$ 41,354 |

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

¹⁴ The following sectors were combined due to confidentiality of QCEW data: Agriculture, Forestry, Fishing and Hunting and Mining, Quarrying, and Oil and Gas Extraction; Professional, Scientific, and Technical Services, Management of Companies and Enterprises, and Administrative and Support and Waste Management Services; Arts, Entertainment, and Recreation and Accommodation and Food Services.

Exhibit 9 shows the employment and average pay per employee for selected industrial sectors in Lakeview. Average pay for all employees (\$41,354) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Government is the only sector with above-average wages. The lowest wages are in Leisure Activities and Retail Trade.

Exhibit 9. Covered Employment and Average Pay by Industry, Lakeview UGB, 2017¹⁵



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

¹⁵ The following sectors are combined in the chart: “FIRE” includes Finance, Insurance, and Real Estate; “Information and Other Services” includes Information, Professional/Scientific/Technical Services, Management of Companies/Enterprises, Administrative/Support/Waste Management Services, and Other Services (except Public Administration); “Leisure Activities” includes Arts/Entertainment/Recreation and Food/Accommodation Services; and “Industrial sectors” includes Agriculture/Forestry/Fishing/Hunting, Transportation/Warehousing, Construction, Manufacturing, and Wholesale Trade.

Exhibit 10 shows a summary of covered employment data for the City of Paisley in 2017. Private Employment accounted for 24 jobs, or 27% of Paisley’s employment, and Government accounted for 66 jobs, or 73% of Paisley’s employment. The average size for a private business in Paisley is 9 employees per business, compared to the State average of 11 employees per private business.

Between 2006 and 2017, employment in Paisley increased by about 15 jobs.

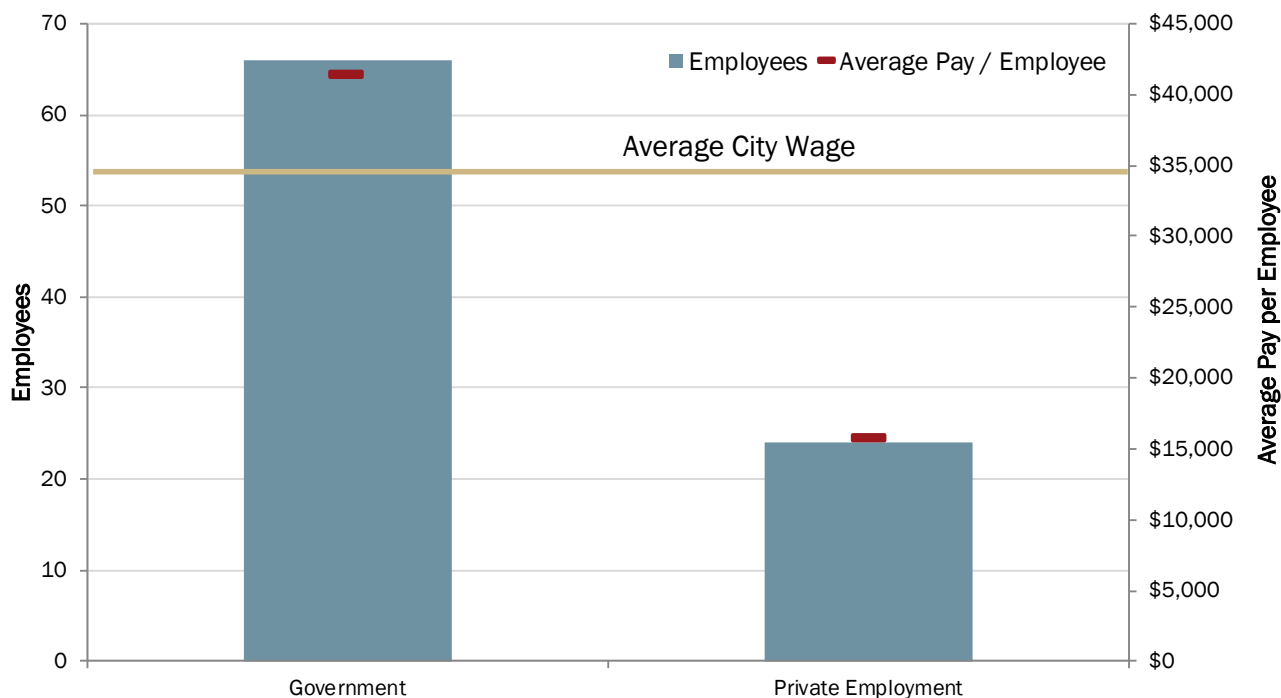
Exhibit 10. Covered Employment and Average Pay by Industry, Paisley UGB, 2017

| Sector/Industry | Establishments | Employees | Payroll | Average Pay / Employee |
|--------------------|----------------|-----------|---------------------|------------------------|
| Private Employment | 6 | 24 | \$ 375,519 | \$ 15,647 |
| Government | 4 | 66 | \$ 2,732,465 | \$ 41,401 |
| Total | 10 | 90 | \$ 3,107,984 | \$ 34,533 |

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Exhibit 9 shows the employment and average pay per employee for selected industrial sectors in Lakeview. Average pay for all employees (\$34,533) is shown as a light brown line across the graph and average pay for individual sectors as short red lines. The figure shows that Government has above-average wages.

Exhibit 11. Covered Employment and Average Pay by Industry, Paisley UGB, 2017



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

Outlook for growth in Lake County

Exhibit 12 shows the Oregon Employment Department's forecast for employment growth by industry for the South Central East Cascade (Klamath and Lake Counties) over the 2017 to 2027 period. Employment in the region is forecasted to grow at an average annual growth rate of 0.6%.

The sectors that will lead employment in the region for the 10-year period are: Private Educational and Health Services (adding 450 jobs), Trade, Transportation, and Utilities (310), Natural Resources and Mining (200), Construction (190), and Leisure and Hospitality (160). In sum, these sectors are expected to add 1,310 new jobs or about 82% of employment growth in the South Central East Cascades Region.

Lake County accounts for about 9% of employment in the Region, and Klamath County accounts for the remainder. However, Lake County's employment accounts for about one quarter (25%) of the employment in natural resource and mining in the South Central East Cascades Region, and 23% of all federal employment in the Region, likely due to the Bureau of Land Management District headquarters and the Forest Service Supervisor's Office located in Lake County among other federal entities.

Exhibit 12. Regional Employment Projections, 2017-2027, South Central East Cascades (Klamath and Lake Counties)

| Industry Sector | 2017 | 2027 | Change 2017 - 2027 | | |
|--|---------------|---------------|--------------------|-----------|-------------|
| | | | Number | Percent | AAGR |
| Total private | 20,570 | 22,070 | 1,500 | 7% | 0.7% |
| Natural resources and mining | 1,450 | 1,650 | 200 | 14% | 1.3% |
| Mining and logging | 120 | 120 | 0 | 0% | 0.0% |
| Construction | 960 | 1,150 | 190 | 20% | 1.8% |
| Manufacturing | 2,070 | 2,090 | 20 | 1% | 0.1% |
| Durable goods | 1,860 | 1,870 | 10 | 1% | 0.1% |
| Wood product manufacturing | 1,500 | 1,530 | 30 | 2% | 0.2% |
| Nondurable goods | 220 | 220 | 0 | 0% | 0.0% |
| Trade, transportation, and utilities | 4,760 | 5,070 | 310 | 7% | 0.6% |
| Wholesale trade | 830 | 900 | 70 | 8% | 0.8% |
| Retail trade | 3,090 | 3,250 | 160 | 5% | 0.5% |
| Transportation, warehousing, and utilities | 840 | 920 | 80 | 10% | 0.9% |
| Information | 170 | 150 | -20 | -12% | -1.2% |
| Financial activities | 920 | 960 | 40 | 4% | 0.4% |
| Professional and business services | 2,350 | 2,430 | 80 | 3% | 0.3% |
| Private educational and health services | 4,080 | 4,530 | 450 | 11% | 1.1% |
| Health care and social assistance | 3,890 | 4,340 | 450 | 12% | 1.1% |
| Leisure and hospitality | 2,730 | 2,890 | 160 | 6% | 0.6% |
| Accommodation and food services | 2,530 | 2,660 | 130 | 5% | 0.5% |
| Other services and private households | 1,080 | 1,150 | 70 | 6% | 0.6% |
| Government | 6,160 | 6,260 | 100 | 2% | 0.2% |
| Federal government | 1,160 | 1,150 | -10 | -1% | -0.1% |
| State government | 1,290 | 1,350 | 60 | 5% | 0.5% |
| Local government | 3,710 | 3,760 | 50 | 1% | 0.1% |
| Local education | 1,840 | 1,820 | -20 | -1% | -0.1% |
| Total payroll employment | 26,730 | 28,330 | 1,600 | 6% | 0.6% |

Source: Oregon Employment Department. Employment Projections by Industry, 2017-2027.

Lake County's Strengths, Weaknesses, Opportunities, and Threats

Economic development opportunities in Lake County will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in Lake County relative to these conditions in other portions of South Central Oregon form Lake County's competitive advantage for economic development. Lake County's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

There is little that local jurisdictions can do to influence national and state conditions that affect economic development, though they can influence local factors that affect economic development. Lake County's primary competitive advantages are land, recreational opportunities, and quality of life. These factors make Lake County attractive to residents and businesses that want a high quality of life where they live and work.

OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers: market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training.

The local factors that form Lake County's competitive advantage are summarized in the subsections below.

Strengths

Lake County

The strengths that apply to the whole County include:

- **Natural resources.** Farming and ranching continue to be large industries in Lake County. In 2017, crop and animal production accounted for about 12% of all employment in Lake County. Most of the farm and ranch land in the County is not located within the Lakeview and Paisley UGBs, but the strength of these natural resources industries contributes to the overall economy of Lake County and the South Central East Cascades region. Furthermore, farming and ranching is part of the place identity of residents of Lake County and could present opportunities for tourism activities related to agritourism and eco-tourism through farm stays and visitor education events.

- **Renewable energy.** Lake County’s location and access to natural resources has provided opportunities for renewable energy production, specifically biomass, geothermal, and solar energy. As of early 2019, Lake County had 16 solar projects, with about 11 located in north Lake County and 5 located within or near the Lakeview UGB.¹⁶ The Department of Geology and Mineral Industries identified several geothermal wells in Lake County,¹⁷ and the County has tested sites for potential geothermal facility potential in Adel, Paisley, and Lakeview.¹⁸ The Lake District Hospital, Lake County School District, and Warner Creek Correctional Facility sites were retrofitted with geothermal heating systems. Combined, these systems can store a maximum of 5 million BTUs per hour.¹⁹
- **Attractions and services for visitors.** Lake County attracts visitors for outdoor recreational activities including hunting, fishing, and hiking in various natural areas, including Fremont-Winema National Forest and Hart Mountain National Antelope Refuge; exploring geological features such as Fort Rock and Crack in the Ground; biking the Oregon Timber Trail; and skiing at the Warner Canyon Ski Area. The County is also a destination for its geologic resources, including sunstones, and hosts events that celebrate the County’s western heritage, such as the Lake County Round Up.²⁰ Visitors to the area can find services, such as hotels, restaurants, gas stations, and shops in Lakeview and (in smaller scale) in Paisley.
- **Partnerships within and across the region.** Economic development partnerships, such as the South Central Oregon Economic Development District (SCOEDD), offer opportunities to foster economic and business growth across Lake County. Other partners for economic development include Business Oregon, the Department of Land Conservation and Development (DLCD), and other State agencies that are part of the Central and South Central Regional Solutions Team.
- **Internet.** Lakeview and Paisley both have connections to the internet, which allow businesses to conduct business on-line. However, internet access is limited and sometimes unreliable, as described in the next section.
- **Connections with Klamath Community College.** Lake County has connections with Klamath Community College, which offers classes at the Innovation and Learning Center at Lake County (in Lakeview) and offers online course that people in Lake County can participate in.
- **Quality of life.** Also known as “Oregon’s Outback,” residents of Lake County enjoy its remote location and friendly small-town character. Residents also value access to the Lake County Health District and high-quality schools.

¹⁶ <http://www.lakecountyor.org/Solar%20Projects%20as%20of%20Jan%202022,%202019.pdf>

¹⁷ <https://gis.dogami.oregon.gov/maps/gtilo/#>

¹⁸ <http://www.lakecountyor.org/government/geothermal/index.php>

¹⁹ <http://lcri.org/renewable-energy/renewable-energy-in-lake-county/>

²⁰ Lake County Chamber of Commerce. <https://www.allaboutlakecounty.com/>

Lakeview Strengths

The strengths that apply to the Town of Lakeview and not included in the discussion of Lake County include:

- **Opportunity zone.** Lakeview is located in one of Oregon’s designated Opportunity Zones. Delineated by census tracts, the Opportunity Zone in Lake County includes the census tract in the southwestern portion of the County and encompasses the Town of Lakeview. An Opportunity Zone is a federal tax incentive that focuses on investments in “economically disadvantaged communities.”²¹ Opportunity Zones allow investors to defer payment of capital gains taxes and, in some cases, to reduce or eliminate payment of capital gains on investments in Opportunity zones. The types of investments are generally limited to property and businesses located in the community. The investments are done through Opportunity Funds and Oregon has designated Economic Development entities to facilitate and manage the funds.
- **Entrepreneurial environment.** Business owners value the supportive environment for starting and growing their business in Lakeview. While they face challenges of a limited consumer base in the Town, customers are generally loyal if the business meets their needs.
- **Services for residents.** The Lake County Health District has expanded health services for residents of Lake County, which helps to decrease the number of trips residents have to take to receive necessary healthcare. The Health District and the Lake County School District are two of the largest employers in the County. The Bernard Daly Education Fund and Collins-McDonald Trust Fund provides a large amount of scholarship funding for over 100 high school students moving on to college each year.²²
- **Water.**²³ Lakeview’s primary municipal water is sourced from the Warner Mountain springs and/or groundwater wells in the Goose Lake Valley watershed. Water is stored in three storage tanks and together, these have a holding capacity of 3.75 million gallons. The Town’s distribution lines span approximately 25 miles, providing service to residential and commercial and industrial users alike. Their water system can deliver up to 1,200 gallons of water per minute, though they typically deliver between 750 to 800 gallons of water per minute, according to Lakeview public works officials.

²¹ Business Oregon. <https://www.oregon4biz.com/Opportunity-Zones/>

²² <https://www.lakeview.k12.or.us/home/about-us>

²³ *Town of Lakeview Water System Master Plan*, Anderson Engineering & Surveying, Inc., January 2019. And discussions with Darryl Anderson, Town Engineer with Lakeview.

Lakeview currently serves approximately 3,100 residents in its service area. There are 1,400 connections actively used by residential units and 300 connections for commercial and industrial users. On average, Lakeview's annual water usage is about 254 million gallons or an average of 700,000 gallons per day. Residential water demand averages 397,000 gallons per day and 299,000 gallons per day for commercial and industrial users. During summer months, water demand reaches peak levels with residential users demanding a maximum of 1.14 million gallons of water per day and 860,000 gallons for commercial and industrial users. Lakeview's water system is able to accommodate this demand.

The Town's water system is expected to grow to serve nearly 3,600 residents (including commercial and industrial users). The Town has adequate capacity to serve this growth. However, the water system has deficiencies, as described in the next section.

- **Wastewater.**²⁴ The Town does not have a wastewater treatment plant. They use a lagoon system facility to UV-treat and dispose of their wastewater. These lagoons were built in the late 1990's and early 2000's. Lakeview currently transfers up to 1.5 million gallons of wastewater daily to their lagoon system. The lagoon system is of 14 acres of created wetlands, which furberishes the wastewater (or effluence) after treatment in the Town's older lagoon systems. This wastewater then flows through a chlorination chamber to a newer 35-acre storage pond. During wet weather events, excess wastewater moves from the storage pond across 5 acres of wetland, which is subsequently released into a local stream. Public works staff indicated there are some issues with groundwater leakage in their wastewater treatment facility. During the summer months, staff also indicated the Town sometimes struggles with land application.
- **Stormwater.**²⁵ Lakeview's stormwater system is primarily open drains and ditches. For major storm advances, the Town's systems are under-designed, however, they typically have few issues with stormwater. Approximately 20 years ago, Lakeview enhanced their flood protection infrastructure. This infrastructure continues to remain sound.
- **Transportation.** Lakeview is located at the intersection of Highway 395 and Highway 140. Highway 395 connects Lakeview to Burns and other communities in Eastern Oregon and to Northern California and Reno. Highway 140 connects Lakeview to Klamath Falls and Northern Nevada. The local street system in Lakeview provides transportation within Lakeview.

²⁴ Based on discussions with discussions with Darryl Anderson, Town Engineer with Lakeview and information from the Town's engineering consultant website: Anderson Engineering & Surveying, Inc., Wastewater Treatment Facility, Lakeview, Oregon, July 2001. Retrieved from: <http://www.andersonengineering.com/wwater.html>

²⁵ Based on discussions with discussions with Darryl Anderson, Town Engineer with Lakeview.

Paisley Strengths

The strengths that apply to the City of Paisley include:

- **Access to recreation.** Paisley is located near Summer Lake and other recreational opportunities Lake County such as Fort Rock. Paisley also has access to the Fremont National Forest and other federal lands for recreational opportunities.
- **Commercial ranching.** Paisley is surrounded by commercial ranches. Workers at the ranges may come to Paisley for some services, such as groceries or the saloon.
- **Schools.** Despite Paisley's small size, the community has a K-12 school, which allows children in and around Paisley an opportunity for local education. In addition to the Bernard Daly Education Fund and Collins-McDonald Trust Fund, Paisley high school students also have college scholarship funding available through the Anna F. Jones Scholarship.
- **Quality of life.** Residents of Paisley value the tight-knit community characteristics of the City.
- **Small businesses.** Existing small businesses in Paisley provide services to residents and visitors, including a saloon, market, hotel, and fabric store.
- **Geothermal resource.** Paisley has a geothermal well that, if eventually in operation, could provide energy to local residents and businesses.
- **Transportation.** Paisley is located on Highway 31, which provides connections to Lakeview and to Highway 97.
- **Water.**²⁶ Paisley's water source is ground water. The City has three primary wells that can deliver up to 190 gallons per minute. The City is currently pumping the maximum amount of water they are permitted. The City has a 200,000-gallon storage tank. The City is able to meet demand for water year-round, except for summer, when yard irrigation strains the water system.
- **Wastewater.**²⁷ Paisley's wastewater treatment is a lagoon system. The City is able to accommodate existing wastewater treatment demands.

²⁶ Based on a discussion with Travis Way with the City of Paisley Public Works.

²⁷ Based on a discussion with Travis Way with the City of Paisley Public Works.

Weaknesses

Lake County

The weaknesses that apply to the whole County include:

- **Remote location.** While many residents choose to live in Lake County because of its remote location, this also presents a barrier for businesses to transport goods and supplies quickly. The remote location also limits the number of visitors likely to come to Lake County, given the relatively limited services for visitors (such as overnight accommodations).
- **Lack of adequate workforce.** Business owners cited challenges in access of a skilled, reliable workforce. Barriers to hiring and retaining employees include irregular availability and sobriety of workers. Other employers have cited difficulty in attracting workers to Lake County because of its isolated location, insufficient supply of quality housing, and lack of services for residential (e.g., large grocery store and other urban amenities).
- **Limited access to child care services.** Families in Lake County have increasing difficulty in accessing reliable child care services. With a growing population, this need will continue to increase. One barrier to developing a child care facility is access to adequate space. While the Town of Lakeview may have space to provide a potential provider, the building would need infrastructure improvements before it was ready to house day care services.
- **Limited staff capacity and resources.** Lake County, the Town of Lakeview, and City of Paisley each have a small staff that hold multiple local government responsibilities. They have little capacity for economic development related work as well as limited access to potential resources or funding. Partnerships with regional or statewide agencies is important to carry out economic development activities.
- **Broadband connectivity.** Access to reliable internet in Lake County has improved, but still lacks redundancy. The connection is not “looped,” which creates challenges for businesses and local services, such as the health district. The lack of reliable internet access disrupts business activities when the internet connections fail.

Lakeview Weaknesses

The weaknesses that apply to the Town of Lakeview include:

- **Lack of sufficient workforce housing.** The lack of workforce housing is a significant barrier to economic development in Lakeview. Through development of the Housing Needs Analysis (HNA) for Lakeview and Paisley and this report, employers reported a range of housing issues that prevent them from recruiting staff to Lakeview. Without opportunities for development or rehabilitation of housing, businesses will continue to have difficulties in filling vacant positions and other businesses may choose not to locate or growth in Lakeview. These employers range from the Forest Service to private employers, such as Red Rock Biofuels. The City and County will need to address these housing issues in order to provide opportunities for businesses to grow in Lakeview. Approaches to addressing these issues are presented in the *Lakeview Housing Policies and Actions* memorandum, which is part of the HNA project.
 - *Housing condition.* Employers in Lakeview note that the lack of housing is a challenge in attracting workers. The condition of housing in the County is a key barrier in attracting new workers to Lakeview to businesses or agencies with existing jobs that need to locate in Lakeview. Businesses report the lack of good condition housing is a significant barrier to recruiting staff to Lakeview. Some employers have multiple positions that they are unable to fill.
 - *Lack of high-amenity housing.* Lakeview has very little high-amenity housing that would appeal to upper level managers or business owners. While development of high-amenity housing is typically addressed through market forces, developers are not building this type of housing in Lakeview, either through a perceived lack of market or barriers that prevent this type of housing development.
 - *Lack of seasonal housing.* A substantial amount of employment in Lakeview is seasonal, such as employees for the Forest Service, Bureau of Land Management, construction workers, or other seasonal workers. Lakeview lacks sufficient seasonal housing to meet these housing needs. As a result, seasonal workers occupy year-round housing, live in RVs, live in hotels (which limits hotel space for potential visitors), and find other ways to stay part of the year in Lakeview. The City and County will need to work with organizations with seasonal workers to identify solutions to this issue, as well as implement recommendations from the *Lakeview Housing Policies and Actions* memorandum that provide opportunities for development of seasonal housing.

- **Water.**²⁸ The *Town of Lakeview Water System Master Plan* details several deficiencies in the Town's water supply that is impacting their service goals. To improve these deficiencies to Lakeview's water system, Anderson Engineering & Surveying estimate total capital improvements to be approximately \$9.5 million. The Town is working through the process of funding and making these improvements. The deficiencies that need improvement are as follows:
 - High levels of Iron and Manganese permeate Lakeview's groundwater wells, rendering water quality not acceptable
 - Lakeview's North Well contains high levels of Arsenic and for this reason, it is not being used by the Town; aging infrastructure (e.g., piping) needs replacement
 - The Town's existing wells require rehabilitation to improve current production levels
 - Automated control systems are not yet installed
 - The existing fencing around Lakeview's springs is inadequately protecting this water source

- **Wastewater.**²⁹ Lakeview's wastewater system may need to be expanded to accommodate wastewater generated by the Red Rock Biofuels project, adding capacity to absorb and treat more effluent. Additionally, substantial business growth could result in the need to expand the Town's wastewater treatment capacity.

- **Limited retail opportunities.** Without access to large retailers, residents of Lakeview rely on driving longer distances to cities with larger retail options or buy products online. This is a common disadvantage in small communities and difficult to attract these businesses to communities outside of their market characteristics.

- **Regulation and permitting process.** Some business owners noted that the process for obtaining permits for businesses or development in Lakeview is unclear and creates barriers to development. A more streamlined process, or clear information on how the process works, could help to remove this barrier for small businesses in the Town.

²⁸ *Town of Lakeview Water System Master Plan*, Anderson Engineering & Surveying, Inc., January 2019. And discussions with Darryl Anderson, Town Engineer with Lakeview.

²⁹ Based on discussions with discussions with Darryl Anderson, Town Engineer with Lakeview and information from the Town's engineering consultant website: Anderson Engineering & Surveying, Inc., Wastewater Treatment Facility, Lakeview, Oregon, July 2001. Retrieved from: <http://www.andersonengineering.com/wwater.html>

Paisley Weaknesses

The weaknesses that apply to the City of Paisley include:

- **Limited land availability.** While Paisley currently has sufficient land in its UGB, it is surrounded by federal land and commercial ranching. Opportunities for growth are limited, and the City will need to monitor its land use for future housing and employment land development.
- **Water.**³⁰ Paisley is able to meet water demands except in the summer, when irrigation for yards strains the City's water supply. The City's water supply may support growth of small businesses with modest water usage, but more business growth would require expansion of the City's water supply. In addition, old water pipes will eventually need to be replaced but the City has no specific plans for upgrades to the water distribution system.
- **Wastewater.**³¹ Paisley's old wastewater pipes will eventually need to be replaced but the City has no specific plans for upgrades to the wastewater collection system.
- **Slow growth in housing.** The housing market in Paisley is growing very slowly, creating barriers to people who want to locate in Paisley from locating there. This weakness affects the opportunity for growth of businesses and makes it difficult for entrepreneurs who want to locate in Paisley to locate there. The *Paisley Housing Policies and Actions* memorandum, part of the Lakeview and Paisley HNA project, provides recommendations for increasing development of housing in Paisley.
- **Lack of services for residents.** Paisley has relatively few services for people who live or work in or around Paisley. For example, community has one restaurant, one store, and a four-room hotel. Residents also currently have to travel to Lakeview for health care services. If Paisley grew, other service businesses may grow in Paisley, as well.

³⁰ Based on a discussion with Travis Way with the City of Paisley Public Works.

³¹ Based on a discussion with Travis Way with the City of Paisley Public Works.

Opportunities

Lake County

The opportunities that apply to the whole County include:

- **Highway connections.** US Highway 395 provides a north-south connection to California and Nevada. It connects in Oregon with highway 20, is relatively flat and less congested than I-5. Highway 140 connects Lakeview with Klamath Falls.
- **Proximity to California.** Lake County shared a border with northern California. With a similar climate, yet lower cost of living, Lake County may be able to attract businesses and residents from northern California.
- **Connections with Nevada.** Lake County is connected to Reno via Highway 395, creating opportunities for shipping goods and materials to and from Reno.
- **Support for entrepreneurs, microenterprises, and small businesses.** Since many residents of Lake County are attracted to the lifestyle and quality of life of the area, the County can promote these features for entrepreneurs who can work remotely. An extension of the Klamath IDEA (Inspire Development – Energize Acceleration) is an example of a program that could help to promote entrepreneurial activities in Lake County. While still in the early stages in Klamath, this entrepreneurship development program focuses on attracting outside entrepreneurs to rural locations. Other opportunities include partnering with a small business development center to provide resources or developing training programs through continued partnership with Klamath Community College. Many of the new businesses in Lake County will be small businesses, specifically microenterprises. These businesses would employ less than 10 people and can help to provide necessary services for visitors and residents, such as restaurants, in-home care for seniors, or child care services.
- **Access to natural resources and recreation.** The natural resources and recreational opportunities in areas such as the Fremont National Forest, Summer Lake, and surrounding areas provide opportunities to grow tourism, support agricultural activities, and support development of renewable energy sources.
- **Brownfields project.** Lakeview and Paisley are beginning a process for assessing brownfields (sites that could be redeveloped but may have the presence of pollutants or contaminants), as part of a grant awarded by the EPA’s Brownfields Program. The project will inventory brownfields sites and assess the condition of several key brownfield sites in Lakeview and Paisley where there are opportunities to revitalize and redevelop the sites through environment assessment and cleanup.
- **Travel Oregon Oregon’s Outback Recreation Studio.** In 2018, community members in Lake County participated in Travel Oregon’s Outdoor Recreation Studio. The focus in Lake County, “Oregon’s Outback,” identified opportunities to expand tourism in Lake County related to trails, geologic features, and western heritage.

Lakeview Opportunities

The opportunities that apply to the Town of Lakeview include:

- **Transient Lodging Tax (TLT).** Lakeview recently passed a TLT. The Town can prepare a strategy for use of the funds for tourism promotion.
- **Urban Renewal District.** Urban renewal funds can be invested in the form of low interest loans and/or grants for a variety of capital investments, including: redevelopment projects; economic development strategies; streetscape improvements; land assembly; transportation improvements; historic preservation projects; and parks and open spaces. These redevelopment and community-driven projects in Urban Renewal Districts are subsidized through tax increment financing (TIF) revenue. Lakeview community leaders have explored an Urban Renewal program for Lakeview, but it would require more outreach and education to business and property owners in the Town.
- **Development of Red Rock Biofuels.** Development of the Red Rock Biofuels plan is expected to create about 30 jobs in Lakeview, with creation of an additional 135 to 170 jobs throughout the state. In addition, construction of the biofuel plan will create an additional 246 to 284 jobs over two years.³²
- **Potentially developable land.** The buildable lands inventory (in Chapter 4) shows that Lakeview has sufficient buildable land to accommodate growth of commercial and industrial businesses. The barriers to development is landowner interest in developing, opportunities for developing new businesses in Lakeview, and ensuring infrastructure is extended to the sites to support development (such as water, wastewater, and roads connecting the site to the broader transportation systems).
- **Railroad improvements.** The Lake County Railroad is a short-line railroad that begins in Lakeview and travels south across the California state border into Alturas, Congressional District #1, where the line then extends to meet with a Union Pacific operated line in Perez, California. The railroad allows businesses in Lakeview to easily transport goods and supplies, including lumber and perlite, as well as future biofuel from the Red Rock Biofuels facility that is under construction. Lake County submitted a BUILD grant application for needed improvements to the railroad line. These improvements include safety improvements and general maintenance to prevent derailments increasing capacity to support major employers' needs. The project did not receive the BUILD grant in 2018, and the estimated total cost is over \$10 million.

³² *The Economic Impact of Proposed Red Rock Biofuels Plan in Oregon*, Business Oregon, April 21, 2016

- **Historical buildings.** Lakeview has numerous historical buildings but lacks a cohesive strategy for taking advantage of the historical buildings. Lakeview could attract more residents and visitors through rehabilitation of historical buildings, especially those in commercial areas. In addition, residents of Lakeview have noted that the Town has attempted streetscape plans in the past but needed more support locally to move forward with implementation.
- **Natural gas connection.** Lakeview currently does not have access to a natural gas connection. Existing and potential businesses looking to locate in Lakeview have expressed interest in a natural gas connection. For some business owners, this is a key infrastructure need to expand or locate their operation in Lakeview.

Paisley Opportunities

The opportunities that apply to the City of Paisley include:

- **Mill site.** The brownfield project includes evaluation of the approximately 30-acre former mill site in Paisley. The results of outreach efforts and an initial evaluation of the site will provide more information about the potential development that could occur at the site.
- **Potentially developable land and redevelopment.** The buildable lands inventory (in Chapter 4) shows that Paisley has sufficient buildable land to accommodate growth of commercial and industrial businesses. The barriers to development is landowner interest in developing, opportunities for developing new businesses in Paisley, and ensuring infrastructure is extended to the sites to support development (such as water, wastewater, and roads connecting the site to the broader transportation systems). In addition, the City must consider that some active uses, such as farming or ranching, may continue to operate.

Paisley also has a historic hotel and former restaurant site that may provide potential sites for redevelopment. Redevelopment of the hotel site for a similar use would help to meet Paisley's need for overnight accommodations. Reconstruction on the restaurant site, or development of a new restaurant or food cart elsewhere in the City, would meet Paisley's need for a restaurant and community gathering space. Barriers to redevelopment include landowner willingness and financial feasibility. The City may explore participation in the Oregon Main Street program may help to assist with revitalization of downtown Paisley.

- **Growth in tourism.** Paisley is located in a peaceful area with unique geology and relatively near Summer Lake, making it attractive for recreational activities. To promote outdoor recreation opportunities and the area’s geologic history, businesses in Paisley could display brochures and the City could develop interpretive signage or a kiosk in downtown Paisley. Paisley can also work with SCOEDD and pursue opportunities with the Resource Assistance for Rural Environments (RARE) program to help document trail system and heritage attractions in Paisley. Growth in tourism may also include opportunities such as eco-tourism connected with ranching and agriculture. The City may wish to explore these opportunities further, through conversations with farmers and ranchers about their desire to expand their operations beyond current operations.
- **Geothermal resource.** Paisley has an existing geothermal well that is not in use. It could provide a limited amount of geothermal energy to residents or business in Paisley. The City may explore partnerships with the Oregon Solutions team to coordinate with the owner of the geothermal resource and address the barriers to operate the plant.
- **Paisley Airport.** The Airport is located about three miles northwest of Paisley. It provides general aviation opportunities, which allow private planes to fly into and out of Paisley.
- **Support for entrepreneurs, microenterprises, and small businesses.** Businesses that are likely to locate in Paisley will be small businesses, specifically microenterprises. These businesses would employ less than 10 people and can help to provide necessary services for visitors and residents, such as restaurants, in-home care for seniors, or child care services. Providing support services for these microenterprises, as well as entrepreneurs is important to help remove barriers to starting a business with limited access to capital or other resources.
- **Farming and ranching-based education and training.** Paisley can build on its history as a farming and ranching community through exploring education and training programs focused on those industries. Currently, the school offers a welding program and could build on other types of skilled-work programs related to farming and ranching. This would help to educate students in Paisley about available jobs in the area with the goal of maintaining the labor force in Paisley.
- **Health care facilities.** As Paisley’s population continues to age, the need for healthcare services will increase. Paisley residents currently travel outside of the City, to Lakeview for medical services. Development of a small-scale clinic that offers limited medical services in Paisley would help to meet the need for health care for residents. Other businesses such as in-home care may also present entrepreneurial or microenterprise opportunities.

Threats

Threats are typically factors at a regional, state, national, or global level. The threats affecting Lake County, the Town of Lakeview, and the City of Paisley are:

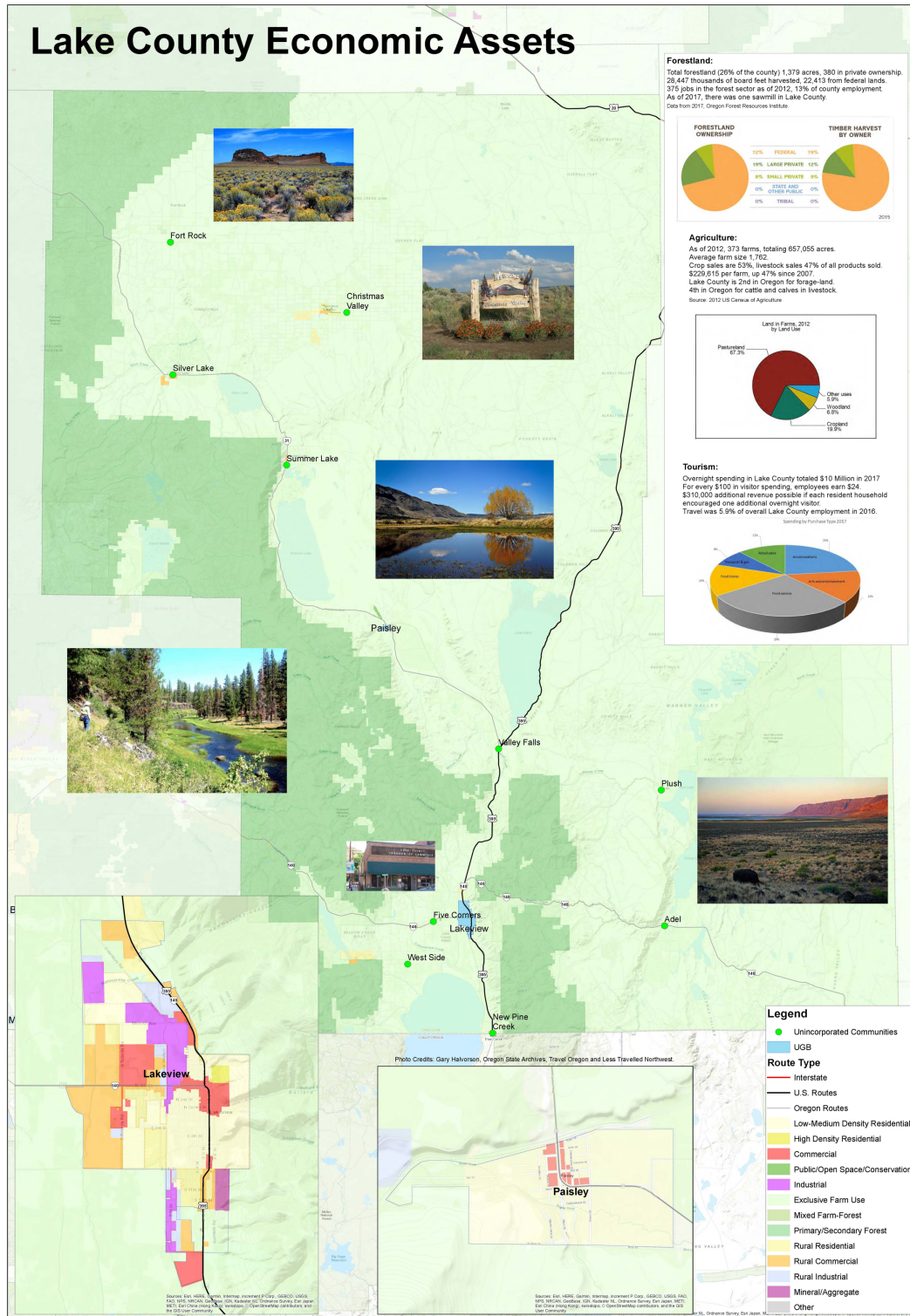
- **Forest fires.** Forest fires are an increasing concern for communities in Oregon, and the risk of these natural hazards is likely to increase as a result of climate change.³³ They pose a physical, financial, and social threat to residents and businesses in Lake County. Tourism-based businesses in Lake County rely on visitors in the summer months, when forest fires tend to occur. This can not only have an effect on the tourism industry overall, but also specific events that attract a large number of visitors. The timing of a forest fire could lead to the cancelation of those tourist-focused events. Lake County is well-positioned to address forest fires, with a concentration of industries that support firefighting, such as aerial crane and helicopter businesses. Forest fires also cause poor air quality, which can detract visitors and decrease quality of life for residents. Other potential natural hazards that will likely increase in Lake County as a result of climate change include drought, increased invasive species, and loss of wetland ecosystems.³⁴
- **Aging population.** The difficulty in finding available workforce in Lakeview and Paisley is partly due to the aging population. As workers in the communities retire, or new residents locate in Lakeview and Paisley after retirement, the need for skilled, educated workers will increase.
- **Potential for decline in the state and National economies.** Changes in the State and National economies are beyond local control and directly affect Lake County's regional economy. National recessions generally have a greater effect on Oregon and in rural Oregon, with higher job losses and longer recovery periods than the national average.

³³ Oregon Climate Change Research Institute. *Climate Change Influence on Natural Hazards in Oregon Counties*. August 2018 and *Fourth Oregon Climate Assessment Report*. January 2019.

³⁴ Ibid.

Countywide Assets

Additional assets in Lake County are presented in the map below, compiled by the Department of Land Conservation and Development.



Target Industries

The characteristics of Lake County will affect the types of businesses most likely to locate in the County. Lake County’s attributes that may attract firms are: Lake County’s access to land and resources; recreational opportunities; and quality of life.

Lake County’s existing businesses are concentrated in the industries defined in Exhibit 13. The industries in green highlight are industries with higher than average County wages. Generally, industries with a high location quotient (i.e., highly specialized compared to national employment in the industry), high employment (i.e., have more than 50 employees in Lake County), and higher than average County wages have the highest potential for growth, given existing businesses and the higher concentration of employment.

In 2017, Lake County did not have any industries with a high location quotient, high employment and higher than average County wages. Lake County also has opportunities for employment growth in industries without a concentration of employment or a high location quotient, such as professional and technical services and wholesale.

Exhibit 13. Concentration of Industries and Employment, Lake County, 2017.

| | High Employment | Low Employment |
|-------------------------------|--|--|
| High Location Quotient | <ul style="list-style-type: none"> • Animal production and aquaculture • Wood product manufacturing • Crop production • Food and beverage stores | <ul style="list-style-type: none"> • Private households • Membership associations and organizations • Truck transportation • Motor vehicle and parts dealers • Building material and garden supply stores • Accommodation • Agriculture and forestry support activities • Construction of buildings |
| Low Location Quotient | <ul style="list-style-type: none"> • Food services and drinking places | <ul style="list-style-type: none"> • Heavy and civil engineering construction • Publishing industries, except internet • Telecommunications • Specialty trade contractors • Real estate • Merchant wholesalers, durable goods • Social assistance • Food manufacturing • Professional and technical services • General merchandise stores • Ambulatory health care services • Amusements, gambling, and recreation |

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

The potential growth industries in Lake County will draw from existing industry concentration in the County, its cities, and the South Central East Cascades region, along with the County’s and each communities’ economic development policies that align with changing or emerging industries and result in employment growth in Lake County.

Potential Growth Industries

An analysis of growth industries in Lake County should address two main questions: (1) Which industries are most likely to be attracted to Lake County? and (2) Which industries best meet Lake County's economic development goals? The selection of target industries is based on Lake County's goals for economic development, economic conditions in Lake County and South Central East Cascades, and the County's competitive advantages.

Given the current employment base, which is composed of small-sized businesses, it is reasonable to assume that much of the business growth will come from small-sized businesses. This growth will either come from businesses already in Lake County or new businesses that start or relocate to Lake County from within the South Central East Cascades region or from outside of the region.

The industries identified as having potential for growth in Lake County are:

- **Natural resource manufacturing.** Lake County has opportunity for growth in natural resource industries such as wood products manufacturing, mining, and agricultural and forestry support activities. Perlite is the primary export of mining activities in the County, and improvements to rail and natural gas infrastructure would provide opportunities for businesses in this industry to grow. Smaller businesses related to wood products manufacturing or value-added forest products could also build upon existing industries. Finally, biochar (a type of soil amendment) presents another opportunity for use of biomass.
- **Renewable energy resource production.** The construction of Red Rock Biofuels will help to grow the biomass industry in Lakeview and could present opportunities for new businesses to support production at the facility. Geothermal and solar energy are also strong industries in Lake County. Solar energy opportunities predominantly relate to development of "solar farms," where solar panel arrays are used to produce solar energy. Geothermal energy production could also grow by using the existing geothermal well in Paisley, as well as other geothermal energy production in other parts of Lake County.
- **Manufacturing.** Lake County has opportunities for growth in other types of manufacturing (beyond natural resource and renewable energy manufacturing). These types of manufacturing include secondary wood products manufacturing, food and beverage manufacturing (especially those that do not have significant wastewater effluent), and other types of manufacturing.

- **Services for visitors.** Lake County is a popular destination for fishing and hunting, and the County has worked to increase access for other tourism opportunities including biking, hiking, skiing, and promotion of western heritage and geological resources. Lakeview passed a hotel tax to help support tourism promotion, which may help to attract both more visitors as well as residents. Both Lakeview and Paisley lack adequate accommodations for visitors. This presents an opportunity for RV or tiny home parks and hotels, such as redevelopment of the historic hotel site in Paisley. Other services for visitors, such as restaurants or specialty retail, are opportunities, especially if tourism continues to grow. The 30-acre mill site in Paisley could be a potential site for these accommodations, depending on the outcome of the Brownfield evaluation.

A focus on “magnet tourism,” or a cluster of amenities that draws visitors for a specific reason, will help to identify the unique aspects of tourism in Lake County. The focus areas identified in the Travel Oregon Rural Tourism Studio helped to identify these focal areas for magnet tourism including: outdoor recreation, geology, and western culture. They include the Bullard Canyon trail system (which links to the Oregon Timber Trail), road and mountain biking (such as the Oregon Desert Trail), the Lakeview Rodeo and the promotion of western culture, and other activities such as four-wheeling and hang-gliding.

- **Services for residents.** As Lake County’s population grows, demand for services for residents will grow. These services include retail, restaurants, personal services (like hairdressers), financial services, medical services, and other services. Additionally, the demand for child care services will increase to meet the need for families in Lake County. These types of services present opportunities for entrepreneurship and microenterprise development in Lake County and its communities. Specifically, the Town of Lakeview may be able to provide space for a potential child care provider after making needed improvements.
- **Housing for seniors.** Housing for seniors with services (i.e., medical services or housekeeping services) may be an important type of services to support Lake County’s aging population. An aging population in Lake County will also increase the need for in-home caregivers, presenting another opportunity for entrepreneurs and microenterprise development.

3. Employment Growth and Site Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for Lakeview and Paisley is based on expected employment growth and the types of firms that are likely to locate in Lakeview and Paisley over the 20-year period. This chapter presents an employment forecast and analysis of target industries that build from recent economic trends.

Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and non-retail commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in Lakeview and Paisley. This employment land demand is driven by local growth independent of broader economic opportunities, including the growth of target industries.

The employment projections in this section build off of Lakeview's and Paisley's existing employment base, assuming future growth is similar to Lake County's long-term historical employment growth rates. The employment forecast does not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period. Such a major change in the community's employment would exceed the growth anticipated by the community's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

Projecting demand for industrial and non-retail commercial land has four major steps:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in Lakeview and Paisley presented in Exhibit 8 and Exhibit 10. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in each community.
2. **Project total employment.** The projection of total employment considers forecasts and factors that may affect employment growth in Lakeview and Paisley over the 20-year planning period.
3. **Allocate employment.** This step involves allocating types of employment to different land-use types.
4. **Estimate land demand.** This step estimates general employment land demand based on employment growth and assumptions about future employment densities.

The remainder of this section follows this outline to estimate employment growth and commercial and industrial land demand for Lakeview and Paisley.

Employment Base for Projection

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in Lakeview and Paisley starts with a base of employment growth on which to build the forecast. Exhibit 14 and Exhibit 15 show ECONorthwest's estimate of total employment in the Lakeview and Paisley in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in the Lakeview and Paisley UGBs from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, Lakeview had about 1,743 covered employees in 2017 and Paisley had about 90 employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Lake County is only about 77% of *total* employment reported by the U.S. Department of Commerce.³⁵ We evaluated this ratio for each industrial sector for Lake County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in Lakeview and Paisley. Exhibit 14 shows Lakeview had an estimated 2,210 *total* employees within its UGB in 2017, and Exhibit 15 shows Paisley had an estimated 103 *total* employees.

³⁵ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on data from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 14. Estimated total employment by sector, Lakeview UGB, 2017

| | Covered Employment | Estimated Total Employment | Covered % of Total |
|-------------------------------------|-----------------------|----------------------------------|-----------------------|
| Agriculture and Mining | 48 | 62 | 77% |
| Construction | 29 | 61 | 48% |
| Manufacturing | 177 | 209 | 85% |
| Wholesale Trade | 37 | 53 | 70% |
| Retail Trade | 181 | 261 | 69% |
| Transportation and Warehousing | 25 | 33 | 76% |
| Information | 14 | 20 | 70% |
| Finance and Insurance | 23 | 26 | 88% |
| Real Estate and Rental and Leasing | 12 | 125 | 10% |
| Professional and Technical Services | 51 | 82 | 62% |
| Health Care and Social Assistance | 50 | 65 | 77% |
| Leisure Activities | 121 | 157 | 77% |
| Other Services | 65 | 145 | 45% |
| Federal Government | 910 | 911 | 100% |
| Total Non-Farm Employment | 1,743 | 2,210 | 79% |

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Exhibit 15. Estimated total employment by sector, Paisley UGB, 2017

| | Covered Employment | Estimated Total Employment | Covered % of Total |
|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Private Employment | 24 | 37 | 65% |
| Government | 66 | 66 | 100% |
| Total Non-Farm Employment | 90 | 103 | 87% |

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Employment Projection

The employment forecast covers the 2019 to 2039 period, requiring an estimate of total employment for Lakeview and Paisley in 2019.

The Cities in Lake County do not have an existing employment forecast, and there is no required method for employment forecasting. OAR 660-024-0040(9) sets out some optional “safe harbors” that allow a city to determine employment land need.

Lakeview and Paisley are relying on the safe harbor described in OAR 660-024-0040(9)(a)(A), which allows each community to assume that the current number of jobs in the Lakeview and Paisley UGBs will grow during the 20-year planning period at a rate equal to the county or regional job growth rate provided in the most recent forecast published by the Oregon Employment Department. The regional employment projection for South Central East Cascades, which includes Lake County, for the 2017 to 2027 period shows that employment will grow at an average annual growth rate of 0.58%.³⁶

Exhibit 16 and Exhibit 17 show employment growth in Lakeview and Paisley between 2019 and 2039, based on the assumption that each community will grow at an average annual growth rate of 0.6%. Lakeview will have 2,512 employees within the UGB by 2039, which is an increase of 276 employees (12%) between 2019 and 2039. Paisley will have 117 employees within the UGB by 2039, an increase in 13 employees in the 2019-2039 period.

Exhibit 16. Employment growth in Lakeview UGB, 2019–2039

| Year | Total Employment |
|----------------------------|------------------|
| 2019 | 2,236 |
| 2039 | 2,512 |
| Change 2019 to 2039 | |
| Employees | 276 |
| Percent | 12% |
| AAGR | 0.58% |

Source: ECONorthwest

Exhibit 17. Employment growth in Paisley UGB, 2019–2039

| Year | Total Employment |
|----------------------------|------------------|
| 2019 | 104 |
| 2039 | 117 |
| Change 2019 to 2039 | |
| Employees | 13 |
| Percent | 12% |
| AAGR | 0.58% |

Source: ECONorthwest

³⁶ “Regional Employment Projections by Industry & Occupation, 2017-2027,” South Central East Cascades (Klamath and Lake Counties), Oregon Employment Department. <https://www.qualityinfo.org/portland-metro>.

Allocate Employment to Different Land Use Types

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in Lakeview or Paisley will look for a variety of site characteristics, depending on the industry and specific circumstances. We grouped employment into four broad categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, and government for Lakeview, and private employment and government for Paisley due to disclosure issues.

Exhibit 18 and Exhibit 19 show the expected share of employment by land-use type in 2019 and the forecast of employment growth by land-use type in 2039 in the Lakeview and Paisley UGBs.

- In Lakeview, we assumed that the share of industrial employment will increase slightly (with development of the Red Rock Biofuels facility), the shares of retail commercial and office and commercial services will remain about the same as the base year, and the share of government employment will decrease slightly (with most growth in government from federal or local government).
- In Paisley, we assumed that the share of private employment will increase, while the share of government employment will decrease (with most growth in government from federal or local government).

Exhibit 18. Forecast of employment growth by land use type, Lakeview UGB, 2019–2039

| Land Use Type | 2019 | | 2039 | | Change 2019 to 2039 |
|-----------------------------|--------------|-------------|--------------|-------------|---------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 423 | 19% | 528 | 21% | 105 |
| Retail Commercial | 264 | 12% | 297 | 12% | 33 |
| Office & Commercial Service | 627 | 28% | 728 | 29% | 101 |
| Government | 922 | 41% | 955 | 38% | 33 |
| Total | 2,236 | 100% | 2,512 | 100% | 272 |

Source: ECONorthwest

Note: The shaded percentages denote an assumption about the future change in the share of employment (as a percent of total) by land use type.

Exhibit 19. Forecast of employment growth by land use type, Paisley UGB, 2019–2039

| Land Use Type | 2019 | | 2039 | | Change 2019 to 2039 |
|--------------------|------------|-------------|------------|-------------|---------------------|
| | Employment | % of Total | Employment | % of Total | |
| Private Employment | 28 | 27% | 35 | 30% | 7 |
| Government | 76 | 73% | 82 | 70% | 6 |
| Total | 104 | 100% | 117 | 100% | 13 |

Source: ECONorthwest

Note: The shaded percentages denote an assumption about the future change in the share of employment (as a percent of total) by land use type

Estimate of Demand for Commercial and Industrial Land

Exhibit 20 shows demand for vacant (including partially vacant) land in Lakeview and Paisley over the 20-year period. The assumptions used in Exhibit 20 are:

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Exhibit 20 assumes the following numbers of net employees per acre: Industrial will have an average of 10 employees per acre and Commercial will have an average of 15 employees per acre.

These employment densities are consistent with employment densities in Oregon cities of similar size as Lakeview and Paisley. Some types of employment will have higher employment densities (e.g., a multistory office building), and some will have lower employment densities (e.g., a convenience store with a large parking lot).

- **Conversion from net-to-gross acres.** The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.³⁷ A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of Lakeview's and Paisley's existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 8% for industrial and 23% for commercial in Lakeview, and 13% for all land use types in Paisley.

Using these assumptions, the forecasted growth of 272 new employees in Lakeview will result in the following demand for vacant (and partially vacant) employment land: 11 gross acres of industrial land and 12 gross acres of commercial land.

³⁷ OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Exhibit 20. Demand for vacant land to accommodate employment growth, Lakeview UGB, 2019–2039

| Land Use Type | New Emp. on Vacant Land | Employees per Acre (Net Acres) | Land Demand (Net Acres) | Land Demand (Gross Acres) |
|---------------|-------------------------|--------------------------------|-------------------------|---------------------------|
| Industrial | 105 | 10 | 11 | 11 |
| Commercial | 134 | 15 | 9 | 12 |
| Total | 239 | | 19 | 23 |

Source: ECONorthwest

Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant..

The forecasted growth of 13 new employees in Paisley will result in the following demand for vacant (and partially vacant) employment land: 0.5 gross acres of industrial and commercial land.

Exhibit 21. Demand for vacant land to accommodate employment growth, Paisley UGB, 2019–2039

| Land Use Type | New Emp. on Vacant Land | Employees per Acre (Net Acres) | Land Demand (Net Acres) | Land Demand (Gross Acres) |
|--------------------|-------------------------|--------------------------------|-------------------------|---------------------------|
| Private Employment | 7 | 15 | 0.5 | 0.5 |
| Total | 7 | | 0.5 | 0.5 |

Source: ECONorthwest

Note: Vacant land includes land identified in the buildable lands inventory as vacant or partially vacant..

Site Needs for Potential Growth Industries

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), does state that “[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the city “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by: (1) plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, Lakeview groups its future employment uses into categories based on their need for land with a particular plan designation (i.e., industrial or commercial) and by their need for sites of a particular size.

Based on the forecasts of employment growth in Exhibit 18 and the average business size of business in Lakeview in 2017 (using analysis of Quarterly Census of Employment and Wage data), employment growth in Lakeview will require sites as summarized in Exhibit 22.

Exhibit 22. Estimate of sites needed for new employment by land use type, Lakeview UGB, 2019–2039

| Land Use Type | Employment growth (2019-2039) | Average business size | Estimate forecast of growth of new businesses |
|------------------------------|-------------------------------|-----------------------|---|
| Industrial | 105 | 7 | 15 |
| Retail Commercial | 33 | 10 | 4 |
| Office & Commercial Services | 101 | 3 | 30 |

Source: QCEW, ECONorthwest

In Paisley, the average business size was 4 employees, and private employment growth between 2019 and 2039 is 3 employees. This estimated growth will require about 1 new site.

Business Oregon works with businesses considering expanding or locating in Oregon to identify potential industrial sites for the business. The following are the characteristics that Business Oregon uses when helping businesses identify places to locate. Business Oregon considers the following siting criteria when working with businesses: availability of necessary workforce, access to transportation, building type, and land availability and readiness.

- **Workforce availability.** Business Oregon considers the need for workers when considering what areas may be appropriate for the business. This consideration includes the number of workers and the types of skills and education the workers will need. Business Oregon identifies areas with a sufficient workforce to meet the business' workforce needs, considering for each area access to training and education, as well as concentrations of existing businesses with similar workforce needs where there may be a larger labor pool of qualified workers.
- **Access to transportation.** Businesses consider access to major transportation corridors when they choose a location, both for freight movement and automotive access. In Oregon, I-5 is the primary location that businesses look for available sites, despite availability of the suitable building size elsewhere in the state. Locations along I-84 and state highways can also meet some business' need for transportation access.
- **Business and site size.** Business Oregon typically works with businesses that would employ between 20 and 100 employees. As of early 2019, most businesses that have worked with Business Oregon in the past several years look for sites with an existing building. The size of the buildings these businesses request are typically more than 50,000 square feet, but they have worked with businesses looking for smaller buildings, ranging from 5 square feet to 20,000 square feet.
- **Land availability and readiness.** Businesses need sites that can be developed relatively quickly. This means that the landowner is willing to sell the land or act as developer. In addition, the land needs to have easy access to municipal infrastructure such as water, sewer, roads, and stormwater. Access to and sufficient capacity private infrastructure (i.e., electricity, natural gas, or rail) may be critical to some businesses in selecting a location.
- **Other considerations.** Other key factors for choosing a site include the timeline and costs to begin operating at the site. Costs include utility costs, taxes, permitting costs, and available incentives.

Jurisdictions in Eastern Oregon that have difficulty attracting larger industrial employers, can choose to focus on infrastructure for small businesses and entrepreneurs. These include smaller flex spaces with access to reliable broadband services. Once they establish this core infrastructure, many communities in Eastern Oregon can also leverage lifestyle and quality of life as factors to attract entrepreneurs who are generally more mobile than larger, established businesses.

With these considerations in mind and considering that the potential growth industries described in the prior section are generally small businesses, the following are the site needs for businesses that may locate in Lakeview. For the most part, Lakeview's potential growth industries need relatively flat sites, especially for industrial or manufacturing businesses. Commercial businesses, especially those serving tourism, will need a site with high visibility and/or a location along Highway 395 or Highway 140. Industrial businesses will need easy access to these highways but may not need a location directly along the highways.

For the most part, the size of sites needed by most potential growth industries will range from space in an existing building to a site of one acre or less to sites up to 5 acres for manufacturing businesses.

Manufacturing and other industrial businesses likely to locate in Lakeview will have a range of space needs:

- **Small-scale manufacturing space.** Businesses would be located in an industrial building with other users.
- **Space in an existing building.** The majority of businesses that work with Business Oregon on site selection request space in existing buildings.
- **A site to develop a new building.** Some manufacturers may need a site to build a building specific to their needs, possibly with accessory buildings for storage. These businesses are most likely to need a site of one to five acres in size.

Site needs for new services for residents and visitors may include businesses locating in existing buildings, commercial nodes of one-half to two acres in residential neighborhoods, or commercial development sites generally less than two acres for new commercial buildings. Development of senior housing with services may require sites of about one to five acres and may be located in residential areas.

The site needs of commercial businesses locating in Paisley are likely to include: relatively flat sites, along Highway 39 (or with visibility from the Highway), and be relatively small, generally less than one acre. If Paisley attracts manufacturing businesses, they will likely need to develop a new building and would likely need a site of one to five acres.

4. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Lakeview UGB and Paisley UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the Lakeview UGB and Paisley UGB. The results are based on analyses of Lake County and State of Oregon GIS data by ECONorthwest and reviewed by Lakeview and Paisley staff. The methodology we used to develop the buildable lands inventory is presented in Appendix B.

Land Base

Exhibit 23 and Exhibit 24 summarize all land included in the employment land base (e.g., lands with plan designations that allow employment) in the Lakeview UGB and Paisley UGB. ECONorthwest used this land base in the buildable lands analysis for Lakeview and Paisley. The land base includes traditional employment designations within the Lakeview UGB and Paisley UGB. According to 2018 data, within Lakeview’s UGB there are about 1,352 acres in 833 tax lots in total.

Exhibit 23. Commercial and industrial land in Lakeview UGB, gross acres, 2018

| Plan Designation | Number of taxlots | Percent | Total taxlot acreage | Percent |
|---|-------------------|-------------|----------------------|-------------|
| Central Commercial | 121 | 15% | 117 | 9% |
| Central Commercial - Highway Commercial | 561 | 67% | 525 | 39% |
| General Industrial | 134 | 16% | 635 | 47% |
| Industrial Commercial | 2 | 0% | 23 | 2% |
| Quarry | 15 | 2% | 53 | 4% |
| Total | 833 | 100% | 1,352 | 100% |

Source: ECONorthwest analysis of data from Lake County.

Within Paisley’s UGB there are about 161 acres in 177 tax lots in total.

Exhibit 24. Employment land in Paisley UGB, gross acres, 2018

| Plan Designation | Number of taxlots | Percent | Total taxlot acreage | Percent |
|------------------|-------------------|-------------|----------------------|-------------|
| Commercial | 29 | 16% | 6 | 4% |
| Rural Center | 148 | 84% | 154 | 96% |
| Total | 177 | 100% | 161 | 100% |

Source: ECONorthwest analysis of data from Lake County.

The next step in the inventory was to classify lands into mutually-exclusive categories that relate to their development status. The categories include:

- Vacant land
- Partially vacant land
- Developed land
- Undevelopable land
- Public or exempt land

Exhibit 25 and Exhibit 26 show commercial, industrial, and county land in Lakeview and Paisley by classification (development status). Of the 1,352 acres in the Lakeview UGB, about 399 acres (29%) are in classifications with no development capacity (or, “committed acres”). Of the remaining 954 acres, 738 acres (55%) are constrained and 216 acres (16%) are buildable land with development capacity.

Exhibit 25. Employment land by classification and plan designation, gross acres, Lakeview UGB, 2018

| Plan Designation | Total acres | Committed acres | Constrained acres | Buildable acres |
|---|--------------|-----------------|-------------------|-----------------|
| Central Commercial | 117 | 32 | 85 | 0.1 |
| Central Commercial - Highway Commercial | 525 | 123 | 343 | 59 |
| General Industrial | 635 | 231 | 265 | 140 |
| Industrial Commercial | 23 | 10 | 1 | 12 |
| Quarry | 53 | 3 | 44 | 6 |
| Total | 1,352 | 399 | 738 | 216 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

Of the 161 acres in the Paisley UGB, about 50 acres (31%) are in classifications with no development capacity (or, “committed acres”). Of the remaining 111 acres, 85 acres (53%) are constrained and 26 acres (16%) are buildable land with development capacity.

Exhibit 26. Employment land by classification and plan designation, gross acres, Paisley UGB, 2018

| Plan Designation | Total acres | Committed acres | Constrained acres | Buildable acres |
|------------------|-------------|-----------------|-------------------|-----------------|
| Commercial | 6 | 6 | 0 | 1 |
| Rural Center | 154 | 44 | 85 | 25 |
| Total | 161 | 50 | 85 | 26 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, riparian setback areas and steep slopes).

Exhibit 27 shows unconstrained buildable acres for vacant and partially vacant land by plan designation. The results show that Lakeview has about 216 net buildable acres in commercial, industrial, range, and quarry designations. Of this, 27% (59 acres) is in the central commercial and central commercial/highway commercial designations, 5% (12 acres) is in industrial commercial designations, 65% (140 acres) is in general industrial designations, and 2% (6 acres) is in quarry designations.

Exhibit 27. Employment land with unconstrained development capacity (Vacant, and Partially Vacant) by plan designation, gross acres, Lakeview UGB, 2018

| Plan Designation | Total Buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|---|-----------------------|--------------------------------|--|
| Central Commercial | 0.1 | 0.1 | 0 |
| Central Commercial - Highway Commercial | 59 | 40 | 19 |
| General Industrial | 140 | 138 | 2 |
| Industrial Commercial | 12 | 0 | 12 |
| Quarry | 6 | 5 | 0.4 |
| Total | 216 | 183 | 33 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

Exhibit 28 shows unconstrained buildable acres for vacant and partially vacant land by plan designation. The results show that Paisley has about 26 net buildable acres in commercial and rural center designations. Of this, 3% (1 acre) is in commercial designations and 97% (25 acres) is in rural center designations.

Exhibit 28. Employment land with unconstrained development capacity (Vacant, Partially Vacant) by plan designation, gross acres, Paisley UGB, 2018

| Plan Designation | Total Buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|------------------|-----------------------|--------------------------------|--|
| Commercial | 1 | 1 | 0 |
| Rural Center | 25 | 22 | 3 |
| Total | 26 | 23 | 3 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

The following maps show buildable lands and development constraints for Lakeview and Paisley for commercial and industrial lands.

Lakeview EOA Buildable Lands Inventory Commercial/Industrial Development Status

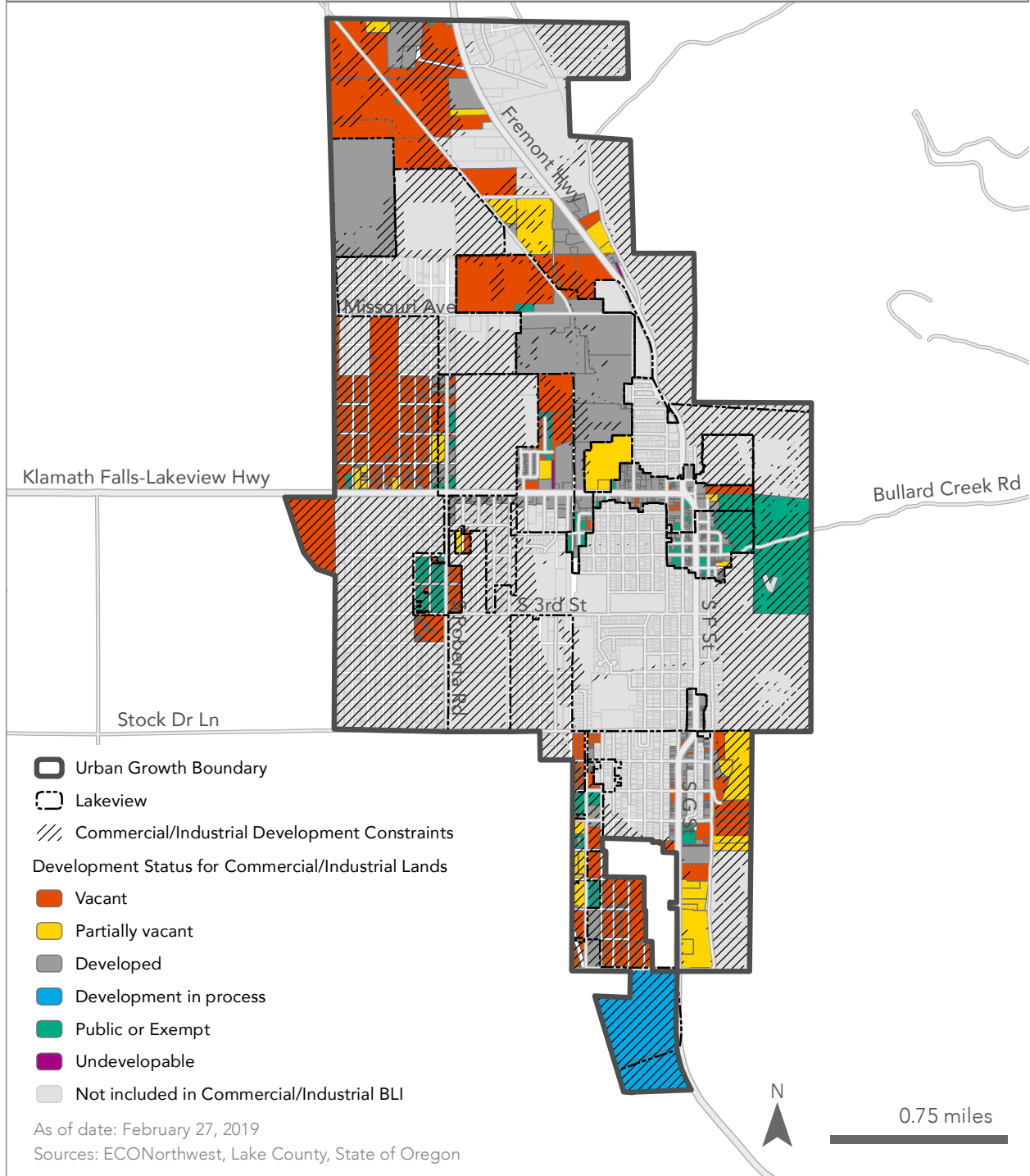


Exhibit 30. Buildable employment land by Plan Designation with development constraints, Lakeview UGB, 2018

Lakeview EOA Buildable Lands Inventory

Commercial/Industrial Buildable Land

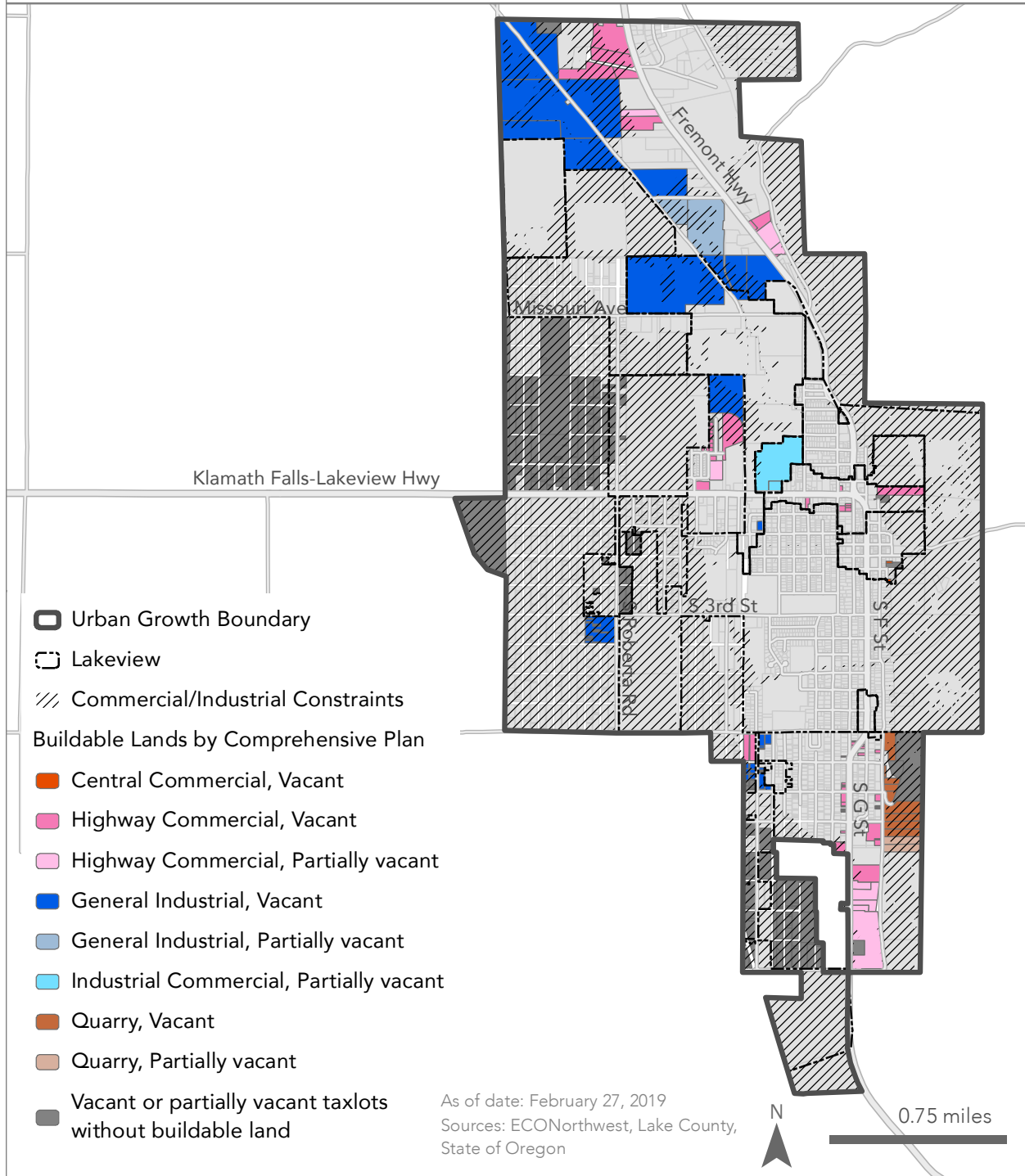
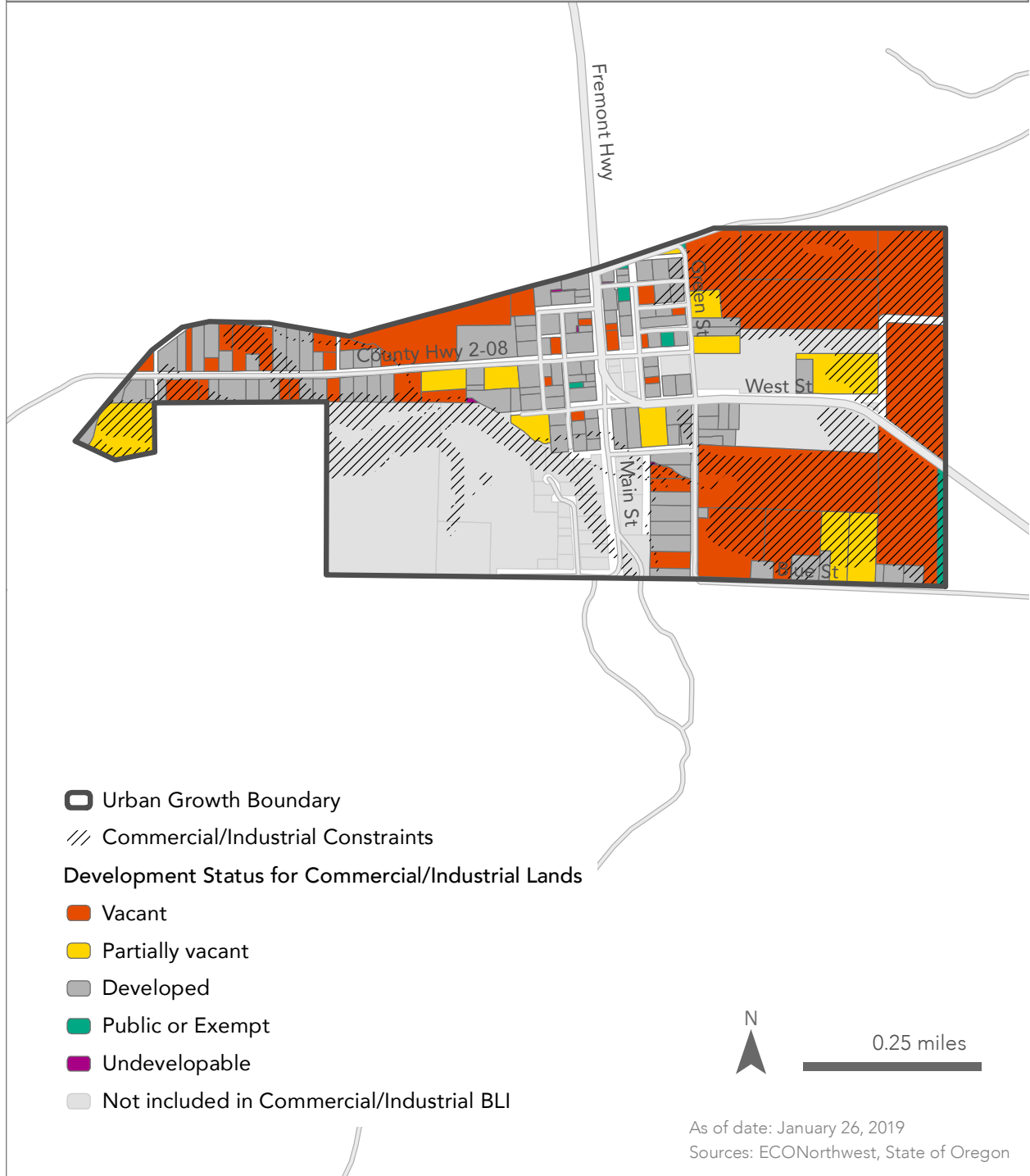


Exhibit 31. Employment land by classification with development constraints, Paisley UGB, 2018

Paisley EOA Buildable Lands Inventory Development Status



Paisley EOA Buildable Lands Inventory

Commercial/Industrial Buildable Land

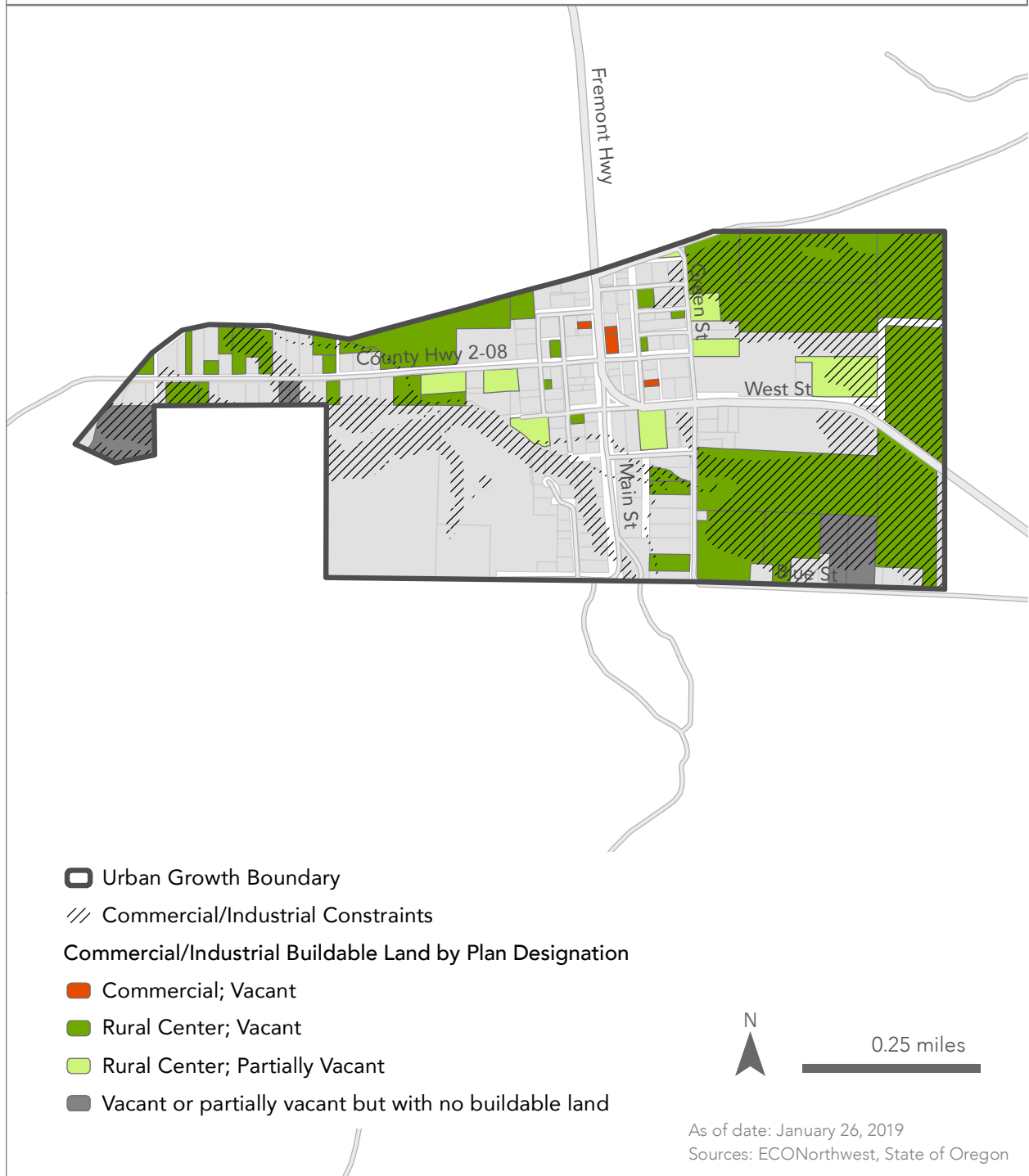


Exhibit 33 and Exhibit 34 show the size of lots by plan designations for buildable employment land. Lakeview has 75 lots that are smaller than 0.5 acres (with 11 acres of land), 16 lots between 0.5 and 1 acres (11 acres of land), 9 lots between 1 and 2 acres in size (14 acres of land), 8 lots between 2 and 5 acres in size (27 acres of land), 7 lots between 5 and 10 acres in size (54 acres of land), 3 lots between 10 and 20 acres in size (31 acres of land), and 2 lots over 20 acres in size (66 acres of land).

Exhibit 33. Lot size by plan designation, gross buildable acres, Lakeview UGB, 2018

| | Buildable acres in taxlot | | | | | | |
|---|---------------------------|-------------|-----------|-----------|------------|-------------|-----------|
| | <0.5 acres | 0.5-1 acres | 1-2 acres | 2-5 acres | 5-10 acres | 10-20 acres | >20 acres |
| Buildable acres on taxlots | | | | | | | |
| Central Commercial | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Central Commercial - Highway Commercial | 8 | 6 | 9 | 15 | 22 | 0 | 0 |
| General Industrial | 2 | 3 | 3 | 12 | 33 | 20 | 66 |
| Industrial Commercial | 0 | 1 | 0 | 0 | 0 | 11 | 0 |
| Quarry | 2 | 2 | 2 | 0 | 0 | 0 | 0 |
| Acreage subtotal | 11 | 11 | 14 | 27 | 54 | 31 | 66 |
| Number of taxlots with buildable acreage | | | | | | | |
| Central Commercial | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Central Commercial - Highway Commercial | 52 | 8 | 6 | 5 | 3 | 0 | 0 |
| General Industrial | 14 | 4 | 2 | 3 | 4 | 2 | 2 |
| Industrial Commercial | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| Quarry | 7 | 3 | 1 | 0 | 0 | 0 | 0 |
| Taxlot count subtotal | 75 | 16 | 9 | 8 | 7 | 3 | 2 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

Paisley has 30 lots that are smaller than 0.5 acres in size (with 7 acres of land), 10 lots between 0.5 and 1 acre (about 6 acres of land), 1 lot between 1 and 2 acres (about 2 acres of land), 2 lots between 2 and 5 acres (about 5 acres of land), and 1 lot between 5 and 10 acres (6 acres of land).

Exhibit 34. Lot size by plan designation, gross buildable acres, Paisley UGB, 2018

| | Buildable acres in taxlot | | | | | | |
|---|---------------------------|-------------|-----------|-----------|------------|-------------|-----------|
| | <0.5 acres | 0.5-1 acres | 1-2 acres | 2-5 acres | 5-10 acres | 10-20 acres | >20 acres |
| Buildable acres on taxlots | | | | | | | |
| Commercial | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rural Center | 6 | 6 | 2 | 5 | 6 | 0 | 0 |
| Acreage subtotal | 7 | 6 | 2 | 5 | 6 | 0 | 0 |
| Number of taxlots with buildable acreage | | | | | | | |
| Commercial | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rural Center | 26 | 10 | 1 | 2 | 1 | 0 | 0 |
| Taxlot count subtotal | 30 | 10 | 1 | 2 | 1 | 0 | 0 |

Source: ECONorthwest analysis of data from Lake County and State of Oregon.

5. Land Sufficiency and Conclusions

This chapter presents conclusions about Lakeview and Paisley’s employment land sufficiency for the 2019-2039 period. The chapter then concludes with a discussion about Lakeview and Paisley’s land base and its ability to accommodate growth over the next 20 years, as well as recommendations for each community to consider, ensuring it meets its economic growth needs throughout the planning period.

Land Sufficiency

Lakeview UGB

Exhibit 35 shows commercial and industrial land sufficiency within the Lakeview UGB. It shows:

- **Vacant Unconstrained Land** from Exhibit 27 for land within UGB. Exhibit 35 shows that Lakeview has 145 gross acres of industrial land and 71 gross acres of commercial land.
- **Demand for Commercial and Industrial Land** from Exhibit 20. Exhibit 35 shows Lakeview will need a total of 11 gross acres for industrial uses and 12 gross acres for commercial uses over the 2019-2039 period.

Exhibit 35 shows that Lakeview has:

- A 134-acre surplus of industrial land.
- A 59-acre surplus of commercial land.

Exhibit 35. Comparison of the Capacity Unconstrained Vacant Unconstrained Land with Employment Land Demand by Land Use Type, gross acres, Lakeview UGB, 2019–2039

| Land Use Type | Land Supply (Suitable Gross Acres) | Land Demand (Gross Acres) | Land Sufficiency (Deficit) |
|---------------|---------------------------------------|------------------------------|-------------------------------|
| Industrial | 145 | 11 | 134 |
| Commercial | 71 | 12 | 59 |
| Total | 216 | 23 | 193 |

Source: ECONorthwest

Paisley UGB

Exhibit 36 shows commercial and industrial land sufficiency within the Paisley UGB. It shows:

- **Vacant Unconstrained Land** from Exhibit 28 for land within UGB. Exhibit 36 shows that Paisley has 26 gross acres of employment land.
- **Demand for Commercial and Industrial Land** from Exhibit 21. Exhibit 36 shows Paisley is expected to need a total of 0.5 gross acres for employment uses over the 2019-2039 period.

Exhibit 36 shows that Paisley has a 25-acre surplus of employment land in the Rural Center zone.

Exhibit 36. Comparison of the Capacity Unconstrained Vacant Unconstrained Land with Employment Land Demand by Land Use Type, gross acres, Paisley UGB, 2019–2039

| Land Use Type | Land Supply (Suitable Gross Acres) | Land Demand (Gross Acres) | Land Sufficiency (Deficit) |
|---------------|--|------------------------------|-------------------------------|
| Commercial | 1 | 0.5 | 0.1 |
| Rural Center | 25 | | 25 |
| Total | 26 | 1 | 26 |

Source: ECONorthwest

Conclusions and Recommendations

The following are recommendations that apply to Lake County, the Town of Lakeview, and the City of Paisley, for actions that can be taken together:

- **Identify opportunities to diversify Lake County's economic base.** Diversifying Lake County's economy will require coordinating economic development efforts with the county and communities, as well as with local and regional economic development organization listed below. We make this recommendation to the county and communities to work together on this issue because it is going to take resources (staff and financial resources) that could be pooled together among the county and communities. The County and communities should consider the following actions:
 - *Update the Economy Element of the Comprehensive Plan.* The information in the Comprehensive Plans about the economy for Lakeview and Paisley is very outdated. This report presents an updated factual basis for the Comprehensive Plans. We recommend that Lakeview and Paisley both revise their existing Comprehensive Plan policies for economic development and adopt this report as an appendix to their Comprehensive Plan.
 - *Identify champions for economic development.* Pursuing economic development will require champions for economic development. They could be led by a county-wide economic development specialist, but each community will also need champions to move forward and create support for economic development efforts. The local champions could be elected or appointed official or city staff. A first step in identifying champions could be to convene work sessions among local leaders to align policy decisions, using the recommendations in this EOA as a starting point. This group can work to identify which implementation action items should move forward, as well as the prioritization of those action items.
 - *Develop an Economic Development Strategy.* Diversifying Lake County's economic base will require deliberate effort (led by the economic development champions) and would benefit from development of an Economic Development Strategy. The strategy should focus on specific and achievable actions that the county and communities can take within the next five years (some of which are suggested in this report) and should have broader focus than land use, considering issues such as workforce development and collaborating with businesses to support business growth. The Strategy should have actions that address county-wide issues as well as actions for each community. Coordinating actions in the local strategy with South Central Oregon Economic Development District's (SCOEDD) five-year Comprehensive Economic Development Strategy (CEDS) can help to identify funding and partnerships for infrastructure, workforce development, resources for businesses, and other economic development needs in the County.

- *Develop and implement the one-year action plan for economic development and recreation.* The County is currently working on a one-year action plan for economic development in Lake County. It outlines actions for entrepreneurship, forestry, education, and training. The County should continue to develop this one-year action plan, along with the five-year Strategy and the SCOEDD regional strategy, and update it as needed. Part of implementation of the plan will be coordination with key partners will help to ensure that the County is not taking on more responsibility than staff's capacity.
- *Coordinate and market opportunities for growth in Lake County.* A key part of the economic development strategy will be coordinating local economic development champions and stakeholders with regional and state partners on economic development, including SCOEDD, Business Oregon, the Department of Land Conservation and Development (DLCD), and other State agencies that are part of the South Central Oregon Regional Solutions Team. For example, the communities should work with Business Oregon to ensure that vacant commercial and industrial sites (for sale or lease) are listed on the Oregon Prospector website and that Business Oregon staff are aware of key development opportunities in the communities. Other partnership examples include working with Business Oregon and the Lake County Chamber of Commerce on recruitment and retention efforts or working to incorporate the community of Christmas Valley to engage businesses and residents there on strategic planning for economic development and rural infrastructure.
- **Identify actions to grow tourism and attract visitors to Lake County throughout the year.** Tourism in Lake County is focused in the late spring through early fall. Growing Lake County's economy will include increasing tourism across the year. The easiest times to increase tourism may be in the "shoulder" seasons in the mid-spring and mid-fall. Increasing tourism in the "shoulder" seasons will require giving visitors a reason to come to Lake County when they normally would not. Lake County can continue to build on work completed for Travel Oregon's rural tourism studio for the Oregon Outback for ideas and actions to grow tourism across the county, focusing on "magnet tourism" opportunities such as outdoor recreation, geology, and western heritage. Specific activities to build upon based on these broad "magnet tourism" categories are the trail system linking to the Oregon Timber Trail, road and mountain biking on the Oregon Desert Trail, snowshoeing and skiing, four-wheeling, hang gliding, gemstone mining, and the rodeo.

- **Address workforce issues.** A key challenge for businesses in Lake County is attracting reliable and sober workers. One approach to addressing this issue is teaching life skills to young people at the high school or post-high school training offered by a nonprofit organization. In addition, businesses in Lake County will need workers who are semi-skilled and skilled. Trade skills and other training is offered by community colleges. Lake County is not fully served by a community college and may not have the capacity for teaching life skills, though the County may explore options to expand training program opportunities in their partnership with Klamath Community College. Making these types of training available and easily accessible in the County will require substantial and on-going effort. The County should also work to ensure that these opportunities are made available to all community members, including culturally specific services to historically underrepresented community members such as Native American and Spanish speaking community members. The County and communities can work together to identify champions of these efforts, working with the school district and tapping resources from across South Central Oregon.

Other factors in attracting the needed workforce in Lake County are access to adequate workforce housing and ensuring quality child care is available. The County and communities should work with development partners to plan for housing that is affordable at all income levels, specifically focused on incomes of workers in Lake County. The County and communities may have opportunities to support development of child care facilities, especially Lakeview.

The conclusions and recommendations about commercial and industrial land sufficiency for Lakeview are:

- **Lakeview is forecast to grow in both commercial and industrial employment sectors.** Lakeview is planning for growth of 272 new jobs in the city over the 2019 to 2039 period. About 105 of the jobs will be in industrial land uses, 101 in office and commercial services, and 33 in retail. Growth of these jobs will result in demand for about 12 gross acres of commercial land and 11 gross acres of industrial land.
- **Lakeview has enough employment land to accommodate growth.** Exhibit 35 shows Lakeview has enough land for employment growth over the next 20 years, with 59-acre surplus of Commercial land and a surplus of 134 acres for industrial land.

Lakeview will need to coordinate with Lake County for development of land that is outside of the town limits but within the urban growth boundary. Much of Lakeview's vacant land is located outside of the town limits on unincorporated land within the UGB. The Town will need to coordinate development of this land with the County. Where possible, the Town should annex newly developing land into the town limits.

- **Lakeview will need to address key infrastructure needs in the Town, especially for development of industrial land.** Lack of infrastructure (including water, wastewater, and transportation) to service industrial land is a barrier to development of industrial land and can be a barrier to development of commercial land. The Town will need to work with landowners and developers to develop infrastructure to serve key industrial sites. Specific key infrastructure needs throughout Lakeview include access to reliable internet and connections to natural gas. Providing both better internet connections and natural gas infrastructure would potentially bring new businesses to Lakeview that cannot currently locate in the Town because of the lack of access to these resources.
- **Lakeview will need to address the lack of sufficient workforce housing.** The lack of workforce housing is a significant barrier to economic development in Lakeview. Through development of the Housing Needs Analysis (HNA) for Lakeview and Paisley and this report, employers reported a range of housing issues that prevent them from recruiting staff to Lakeview. These issues include very poor condition housing, lack of high amenity housing for business management, and insufficient housing for seasonal workers.

Without opportunities for development or rehabilitation of housing, businesses will continue to have difficulties in filling vacant positions and other businesses may choose not to locate or growth in Lakeview. The City and County will need to address these housing issues in order to provide opportunities for businesses to grow in Lakeview. Approaches to addressing these issues are presented in the *Lakeview Housing Policies and Actions* memorandum, which is part of the HNA project.

- **Monitor and replenish the supply of commercial and industrial land on a regular basis.** The buildable lands inventory identifies the existing development status of employment land in Lakeview. While Lakeview will not completely update the buildable lands inventory on an annual basis, City staff should still monitor the development status of these employment lands and replenish the supply of land ready for development, as possible.
- **Most new businesses will be relatively small and will require small and mid-sized sites.** Lakeview’s businesses are generally small, averaging about 5 employees per business. Businesses with 9 or fewer employees account for 48% of private employment. Growth of small businesses presents key opportunities for economic growth in Lakeview. Lakeview has about 91 sites smaller than one acre and 17 sites between one and five acres. In addition, Lakeview has 10 sites between five and 20 acres and two sites larger than 20 acres. Some of these sites (or larger sites) may subdivide into smaller sites. Types of buildings and spaces that would be compatible for small businesses in Lakeview, as well as align with the Town’s economic development goals, include:
 - **Mixed-used buildings.** These buildings would provide both commercial / industrial and residential uses. While the uses should be compatible with each other (i.e., prevent nuisance uses that would discourage potential residents), this can present an opportunity to revitalize commercial corridors in Lakeview and also provide needed housing.

- **Small flex space.** Lakeview has a need for spaces that allow for flexible uses and sizes between 500 to 2,000 square feet. This type of configuration for businesses in Lakeview could be an option for further development of the incubator building in Lakeview.
- **Storage.** Businesses in Lakeview also need access to adequate storage facilities. While this is the current majority use of the incubator site, the Town can explore options to promote storage facilities in other areas of Lakeview, freeing up space in the incubator building for more incubator-related activities.
- **Identify opportunities for infill development or redevelopment.** Lakeview’s downtown area is generally built out, with few areas with vacant land. Lakeview should identify opportunities for infill and redevelopment in downtown. Redevelopment could involve substantial renovation or change of use of existing buildings or demolition of existing buildings and building of newer, more productive buildings. Infill development may be expansion of existing buildings or building new buildings adjacent to existing buildings. In both cases, new development that increases capacity for business activity is an opportunity.

The on-going brownfields project will identify several sites in Lakeview that are suspected brownfields and assess pollution and contamination on those sites. If the sites are brownfields and contamination is remediated, these sites provide opportunity for redevelopment for commercial or industrial uses or even for residential uses.

In the near-term Town staff should identify opportunities for near-term development and infill. After identifying a specific area (or areas) of near-term focus, representatives from DLCD and Regional Solutions may have grant funding available to assist in creating an implementation plan for needed infrastructure and other improvements for these specific areas. The primary barrier to any redevelopment plan is the willingness of landowners to redevelop their property.

- **Support development of vacant and potentially redevelopable sites through working with landowners to ensure that sites are adequately serviced with municipal infrastructure.** Aside from ensuring that there is sufficient land to support employment growth, one of the most important ways that the Town can support economic development is through planning for and developing infrastructure (e.g., roads, water, sanitary sewer, and storm water systems). We recommend that the Town align its goals for economic development with infrastructure development through updates to the Town’s Capital Improvements Plan.
 - Lakeview should coordinate development on sites within the UGB but outside of town limits with the County. Development of these areas should occur at urban levels of density, ensuring that land is used efficiently.

- Lakeview should work with landowners of key development sites to assess whether the landowners are willing to develop or sell their land. For key development or redevelopment sites, the City can work with landowners to make land development-ready, most notably by planning for infrastructure extensions to provide services to the sites. Implementing an Urban Renewal District or Oregon Main Streets program could be one option for the Town to explore for redevelopment of properties within downtown Lakeview, while also promoting improvements to streetscapes, building facades, etc.
- Lakeview should continue to seek support for infrastructure development from organizations such as Business Oregon, DLCD, Oregon Department of Transportation (ODOT), USDA, and other sources of funding.
- **Identify opportunities to support the creation, growth, development, and retention of businesses in Lakeview.** Retention and expansion of new and existing businesses is one of Lakeview’s key opportunities for economic growth. Lakeview provides opportunities for development of a range of businesses, from commercial businesses that provide services to visitors to manufacturing of renewable energy or other products. The Town can support businesses by understanding businesses’ opportunities for growth and expansion and lowering or eliminating the barriers in Lakeview that limit growth and expansion. Some barriers are beyond control of the City, such as access to capital.
- **Support entrepreneurs and small businesses.** Cities can provide support by allowing home occupations or working closely with small businesses to ensure they have the help they need through the planning process. Lakeview could identify opportunities to more directly support small businesses, through working with partners to provide shared workspace (such as a small amount of office space at a public building). Ensuring that internet connections are reliable and have sufficient communication speeds to allow businesses to operate remotely across the internet.
 - *Support potential child-care facility.* An example of supporting potential entrepreneurs in Lakeview would be for the Town to explore funding and resources to improve available facility for a potential child care provider. More broadly, Lakeview can coordinate with the County and other regional or state partners to establish small business development centers to connect entrepreneurs and small business owners with needed services, resources, and other business assistance.
 - *Explore options for implementing the Klamath IDEA.* The Klamath IDEA is an entrepreneurship development program sponsored by Oregon Solutions with several local partners in Klamath, Oregon. It is focused on attracting entrepreneurs from outside of Klamath to build a stronger entrepreneurial environment. This program could be replicated in Lakeview to provide more resources for entrepreneurs and small businesses.

- *Prioritize use of incubator building for job creation.* Available space for entrepreneurs to work in a collaborative environment is a key feature of a business incubator. Lakeview’s existing incubator building, which is owned by the Lake County Commissioner’s office, could provide this type of space for entrepreneurs who are looking to start a business in Lakeview.
- **Use the Opportunity Zone to catalyze economic development in Lakeview.** Lakeview has an Opportunity Zone, which is a Federal program that allows investors to defer and reduce payment of capital gains taxes and, in some cases, eliminate payment of capital gains entirely on specific investments in Opportunity Zones. Investments must come through an Opportunity Fund—a loosely defined new type of investment vehicle. Many existing LLCs, partnerships, and other business types can create an Opportunity Fund. Investments can be made in property (real estate) or businesses that are located within the zone. Business Oregon, the economic development agency for the State of Oregon, is working to connect potential investors with Opportunity Zones across the state.

In Lakeview, potential investors have shown interest in implementing a fund in Lakeview. To allow for greater education of local community leaders and residents, the Town may host a workshop to provide further educational material on the structure and outcomes of Opportunity Zone investments.
- **Develop policies to support attraction of renewable energy producers and other manufacturing.** Lakeview has a land base that could support mid-sized manufacturing companies, such as Red Rock Biofuels. The Town should identify the barriers to development of key industrial sites and, to the extent possible, remove or lower those barriers.

The conclusions and recommendations about commercial and industrial land sufficiency for Paisley are:

- **Paisley is forecast to grow in private employment sectors.** Paisley is planning for growth of 7 new private sector jobs in the city over the 2019 to 2039 period. Growth of these jobs will result in demand for about one-half an acre of land, mostly likely commercial land.
- **Paisley has enough employment land to accommodate growth.** While Paisley has a limited supply of commercial land, it has enough land to accommodate expected employment growth. In addition, Paisley has 25 vacant unconstrained acres of land in Rural Center, where commercial uses are allowed with a conditional use permit. The Rural Center provides opportunities for growth of commercial uses beyond what is expected. If Paisley begins to see more interest in commercial development, the City may want to work with land owners to identify areas to re-zone to Commercial to avoid the need for a conditional use permit.

- **Evaluate rezoning some land to commercial.** The City has less than one acre of vacant commercial land. Most vacant land within the UGB where commercial development is located is zoned Rural Center. Stakeholders report that development in Paisley is slow, in part, because landowners are not eager to develop their land. The City should consider working with willing landowners to remove barriers to commercial development on land zoned Rural Center. For example, the City could work with a willing land owner to rezoning some land zoned Rural Center to the Commercial zone, which would remove the need for a conditional use permit to allow commercial development.
- **Identify opportunities for infill development or redevelopment.** Paisley should continue to identify opportunities for infill and redevelopment in downtown, such as the historic hotel site and former restaurant. Redevelopment could involve substantial renovation or change of use of existing buildings or demolition of existing buildings and building of newer, more productive buildings. Infill development may be expansion of existing buildings or building new buildings adjacent to existing buildings. In both cases, new development that increases capacity for business activity is an opportunity. Paisley may also pursue assistance through a Main Street grant to help provide a pictorial vision for redevelopment, which would help property owners better understand—through diagrams, images, or renderings—how Paisley could change to align with the community’s goals.

In the near-term City staff and leaders should identify opportunities for near-term development and infill. After identifying a specific area (or areas) of near-term focus, representatives from DLCDC and Regional Solutions may have grant funding available to assist in creating an implementation plan for needed infrastructure and other improvements for these specific areas. The primary barrier to any redevelopment plan is the willingness of landowners to redevelop their property.

- **Identify opportunities to grow business in Paisley.** Paisley has a very small economic base, with a substantial amount of employment in government activities. Paisley may be able to grow employment through attracting footloose telecommuters who can live anywhere but may choose Paisley for its small-town atmosphere and high quality of life. One barrier to attracting telecommuters is reliable, fast internet access.

A strong source of employment near Paisley is through farming and ranching activities. Opportunities to maintain and grow these industries will require additional training and education programs for Paisley students, who may not understand the opportunities for a career in farming or ranching. The school could seek resources to build upon its existing welding program, expanding to other skilled trades required for farming and ranching.

In addition, Paisley could grow employment through growth of tourism. Paisley and its surrounding areas are attractive for tourism but there are few amenities in Paisley for tourists. There is one small hotel, a saloon, and a market. Additional overnight accommodations, such as the redevelopment of the historic hotel site, would allow visitors to stay overnight. Another opportunity might be an RV or tiny home park. In addition, Paisley would want to work with partners to advertise itself as a place to visit, along with development of interpretive signage, informational kiosk in downtown Paisley, and documentation of the area's heritage. The City may consider partnering with the Resource Assistance for Rural Environments (RARE) program to help build temporary capacity to complete these economic development projects.

- **Evaluate opportunities for production of renewable energy.** Paisley has a geothermal plant that is built but is not in use. To work through the outstanding issues to operate the plant, we recommend that the City work with the Regional Solutions team, which includes representatives from ODOT, DLCDC, the Governor's office, Department of Environmental Quality, United States Forest Service, Oregon Department of Fish and Wildlife, Oregon Water Resources Department, and Business Oregon. With support and guidance from a combination of these state agencies, the City can better coordinate with the owner of the facility to determine if there is a way to bring the plant into production or otherwise make use of the facility. In addition, there may be opportunities for other types of renewable energy production, such as solar arrays or biomass energy production.
- **Support entrepreneurs and small businesses.** Cities can provide support by allowing home occupations or working closely with small businesses to ensure they have the help they need through the planning process. Paisley could identify opportunities to more directly support new and existing small businesses, entrepreneurs, and microenterprises, through working with partners to provide shared workspace (such as a small amount of office space at a public building). Ensuring that internet connections are reliable and have sufficient communication speeds will allow businesses to operate remotely across the internet. For example, entrepreneurs or small businesses that produce small goods or specialty items can sell their product on the internet, to reach a larger market while still operating out of Paisley.

Paisley, like Lakeview, could also explore implementation of the Klamath IDEA, to build resources and attract more entrepreneurs to Paisley. More broadly, Paisley can coordinate with the County and other regional or state partners to establish small business development centers to connect entrepreneurs and small business owners with needed services, resources, and other business assistance. The City can also work with the Lake County Chamber of Commerce to regularly distribute tourism information through the network of existing businesses.

Appendix A. National, State, and Regional and Local Trends

National Trends

Economic development in Lakeview, Paisley, and Lake County over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace.** Analysis from the Congressional Budget Office (CBO) predicts real GDP to grow by 3.1% in 2018, 2.4% in 2019, and settle just under 2% growth for the rest of the decade (through 2028), assuming current laws remain intact.³⁸

The unemployment rate is expected to decrease to 3.6% by the end of 2018 and fall to 3.4% in 2019. Thereafter, the CBO predicts the unemployment rate will rise to 3.8% in 2020 and approach 4.8% through the end of the forecast period (2028).³⁹

As demand for labor increases and market competition for workers pushes the growth of hourly wage compensation, the CBO projects “the increase in labor compensation, in turn, dampens demand for labor, slowing employment growth and, by 2020, diminishing the positive employment gaps.”⁴⁰

- **The aging of the Baby Boomer generation, accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 61 million in 2017 to over 86 million in 2035, a 41% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 9% over the same time period, from 174 million to almost 190 million in 2035. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2014 but by 2035 there will be 46 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.⁴¹

³⁸ Congressional Budget Office. *An Update to the Economic Outlook: 2018 to 2028. August 2018.* Retrieved from: <https://www.cbo.gov/system/files?file=2018-08/54318-EconomicOutlook-Aug2018-update.pdf>.

³⁹ *Ibid.*

⁴⁰ *Ibid.*

⁴¹ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2015, *The 2018 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 5, 2018. Retrieved from: <https://www.ssa.gov/oact/tr/2018/tr2018.pdf>.

Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with about 30% in 1992.⁴² This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%, or a 90% increase over the 2000 to 2017 period. Over the same seventeen-year period, workers 45 to 64 years increased by about 7%.⁴³

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.⁴⁴
- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail sales person, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.⁴⁵

The national median income for people over the age of 25 in 2017 was about \$47,164. Workers without a high school diploma earned \$20,124 less than the median income, and workers with a high school diploma earned \$10,140 less than the median income. Workers with some college earned \$6,916 less than median income, and workers with a bachelor's degree earned \$13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.⁴⁶

⁴² "The Health and Retirement Study," 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

⁴³ Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

⁴⁴ "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

⁴⁵ "Occupational Employment Projections to 2016-2026," Bureau of Labor Statistics, 2018.

⁴⁶ Bureau of Labor Statistics, Employment Projections, March 2018. http://www.bls.gov/emp/ep_chart_001.htm

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010. Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.⁴⁷

Since the end of the recession (or 2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.⁴⁸

- **The importance of entrepreneurship and growth in small businesses.** According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers.⁴⁹ The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁵⁰
- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening.

⁴⁷ Brill, Michael R. and Samuel T. Rowe, "Industry Labor Productivity Trends from 2000 to 2010." Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

⁴⁸ Michael Brill, Brian Chanksy, and Jennifer Kim. "Multifactor productivity slowdown in U.S. manufacturing," *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: <https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm>.

⁴⁹ US Small Business Office of Advocacy. 2018 Small Business Profile. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

⁵⁰ National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012). <https://www.nlc.org/supporting-entrepreneurs-and-small-business>

Lower paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than \$20 per hour over the next 20 years. About 30% of jobs paying \$20 to \$40 per hour and 4% of jobs paying \$40 or more are at risk of being automated over the next 20 years.⁵¹

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g. production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).⁵² This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.^{53,54,55} This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.⁵⁶

- **Consolidation of Retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off, ‘mom and pop shops’ toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist; for example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales and by 2007, they accounted for about 33%.⁵⁷ The more recent shift began in the late 1990s, where technological advances have provided consumers the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly preferential to millennials and Generation X, who are easier to reach online and are more responsive to digital ads than older generations.⁵⁸ Since 2000, e-commerce sales

⁵¹ Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

⁵² Autor, David H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives*, Volume 29, Number 3, Summer 2015, Pages 3–30.

⁵³ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

⁵⁴ Otekhile, Cathy-Austin and Zeleny, Milan. (2016). Self Service Technologies: A Cause of Unemployment. *International Journal of Entrepreneurial Knowledge*. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

⁵⁵ PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation.

⁵⁶ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

⁵⁷ Hortaçsu, Ali and Syverson, Chad. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. *Journal of Economic Perspectives*, Volume 29, Number 4, Fall 2015, Pages 89-112.

⁵⁸ Pew Research Center (2010b). *Generations 2010*. Retrieved Online at: <http://www.pewinternet.org/Reports/2010/Generations-2010.aspx>

grew from 0.9% to 6.4% (2014) and are forecasted to reach 12% by 2020. It is reasonable to expect this trend to continue. With it has come closures of retail stores. By 2027 for example, an estimated 15% of about 1,050 U.S. malls in smaller markets will close, impacting local employment levels, local government revenue streams (tax dollars), and neighborhood character.

While it is unclear what impact e-commerce will have on employment and brick and mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences).

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.⁵⁹
- **Continued increase in demand for energy.** Energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.9%) and, to a lesser extent, commercial users (0.4%). Residential consumption is forecasted to stagnate (0.0%), and transportation will slightly decrease (-0.1%). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2017 to 2050, the Energy Information Administration projects that U.S. overall energy consumption will average a 0.4% annual growth rate, while

⁵⁹ For a more thorough discussion of relevant research, see, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

consumption of renewable sources grows at 1.4% per year. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2017 to 2050 period. Demand for electricity is expected to increase, albeit slowly, over 2017 to 2050 as population grows and economic activity increases.⁶⁰

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.⁶¹ Over 2019 to 2035, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption a result of increasing fuel economy more than offsets the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.
- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.⁶² Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.⁶³

In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, (5) increase sea level, (6) increase wildfire frequency, and (7) increase forest vulnerability to tree disease.⁶⁴ These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.⁶⁵

⁶⁰ Energy Information Administration, 2018, *Annual Energy Outlook 2018 with Projections to 2050*, U.S. Department of Energy, February 2018. <https://www.eia.gov/outlooks/aeo/pdf/AEO2018.pdf>. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=2-AEO2018&cases=ref2018&sourcekey=0>.

⁶¹ Energy Information Administration, 2018, *Annual Energy Outlook 2018 with Projections to 2050*, U.S. Department of Energy, February 2018.

⁶² U.S. Global Change Research Program. *National Climate Assessment*. 2018. <https://nca2018.globalchange.gov/>

⁶³ Oregon Global Warming Commission. *2018 Biennial Report to the Legislature*. 2018. <https://www.keeporegoncool.org/reports/>

⁶⁴ U.S. Global Change Research Program. *National Climate Assessment*. "Chapter 24: Northwest." 2018. <https://nca2018.globalchange.gov/chapter/24/>

⁶⁵ Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest*. Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from <http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf>; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." In *The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cses.washington.edu/db/pdf/

The Oregon Climate Change Research Institute (OCCRI) evaluated potential scenarios for “Climate Change Influence on Natural Hazards in Oregon Counties” in 2018. OCCRI specifically focused on Counties in the Gorge and Eastern Oregon and evaluated the potential increased or decreased risk for natural hazards such as heat waves, cold waves, heavy rains, river flooding, drought, wildfire, poor air quality, windstorms, dust storms, increased invasive species, and loss of wetland ecosystems. Across the eight counties evaluated, the hazards most likely to increase with the effects of climate change are heat waves, heavy rains, river flooding, wildfires, increased invasive species, and loss of wetland ecosystems.⁶⁶

These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today’s models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:⁶⁷

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon’s agriculture through changes in growing season, temperature ranges, and water availability.⁶⁸ Climate change may impact Oregon’s forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.⁶⁹
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,⁷⁰ (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States*. Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. “Climate-driven variability and trends in mountain snowpack in western North America.” *Journal of Climate* 19(23): 6209-6220.

⁶⁶ Oregon Climate Change Research Institute. *Climate Change Influence on Natural Hazards in Oregon Counties*. August 2018 and *Fourth Oregon Climate Assessment Report*. January 2019.

⁶⁷ The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

⁶⁸ “The Economic Impacts of Climate Change in Oregon: A preliminary Assessment,” Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

⁶⁹ “Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis,” Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

⁷⁰ “The Economic Impacts of Climate Change in Oregon: A preliminary Assessment,” Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy “continues to hit the sweet spot.”⁷¹ They also report, “job gains are enough to match population growth and absorb the workers coming back into the labor market. Wages are rising faster than in the typical state, as are household incomes.”⁷² Though they note recent growth is slower than growth experienced several years ago.

Wages in Oregon continue to remain below the national average, but they are at its highest point relative to the early 1980s. The OEA reports that new Oregon Employment Department research “shows that median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years.”⁷³ These wage increases are “substantially stronger for the Oregonians who have been continually employed over the last three years.”⁷⁴

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon’s economy. This is an approximate 2.2% annual growth in total nonfarm employment relative to 2017 levels.⁷⁵ The leisure and hospitality, construction, professional and business services, and health services industries are forecasted to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon’s economy improves. Oregon is seeing an increase in household formation rates, which is good for the housing market as this will “help drive up demand for new houses”.⁷⁶ Though younger Oregonians are tending to live at home

⁷¹ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 2.

⁷² *Ibid*, page 2.

⁷³ *Ibid*, page 5.

⁷⁴ *Ibid*, page 5.

⁷⁵ *Ibid*, page 13.

⁷⁶ *Ibid*, page 13.

with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2018 are on track to just under 22,000 units annually. This is "driven in large part by a decline in multifamily permit activity."⁷⁷ Through 2020, the OEA forecasts moderate to strong housing growth. Beyond this time frame, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.⁷⁸

The Oregon Index of Leading Indicators (OILI) has grown quite rapidly since January 2017. The leading indicators showing improvement are: consumer sentiment, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, semiconductor billings, and withholdings. The indicators that are slowing include air freight and the Oregon Dollar Index and the indicators not improving include help wanted ads and housing permits.⁷⁹

Oregon's economic health is dependent on the export market. The value of Oregon exports in 2017 was \$21.9 billion. The countries that Oregon exports the most to are China (18% of total Oregon exports), Canada (11%), Malaysia (11%), South Korea (9%), Japan (8%), and Vietnam (7%).⁸⁰ With straining trade relations overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.⁸¹ An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy. Furthermore, with the United States' withdrawal from the Trans-Pacific Partnership in January 2017, it is unclear how much Pacific Northwest trade will be impacted in the years to come.

Long-term Trends

State, regional, and local trends will also affect economic development in Lakeview, Paisley, and Lake County over the next 20 years. The most important of these trends includes: continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington. From 1990 to 2017, Oregon's population increased by about 1.3 million, 66% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was just over 33,200. During the early- to mid-1990's, Oregon's net

⁷⁷ *Ibid*, page 13.

⁷⁸ *Ibid*, page 13.

⁷⁹ *Ibid*, page 10.

⁸⁰ United States Census Bureau. State Exports from Oregon, 2014-2017. Retrieved from: <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁸¹ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 14.

migration was highest, reaching over 60,000 in 1991, with another smaller peak of almost 42,100 in 2006. In 2017, net migration reached just over 56,800 persons. Oregon has not seen negative net migration since a period of negative net migration in the early- to mid-1980's.⁸² Oregon's population has continued to get more ethnically and racially diverse, with Latino population growing from 8% of the population in 2000 to 12% of the population in 2012-2016. The non-white population grew from 13% of the population to 15% of the population over the same period. Lake County's population is diversifying in similar ways as the State's but at a slower pace.

- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.91 million in 2018 to just over 1.99 million in 2022, an increase of 80,000 jobs. The industries with the largest growth are forecasted to be Professional and Business Services, Health Services, and Retail, accounting for 61% of employment growth.⁸³
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled \$19.4 billion in 2008, nearly doubling since 2000, and reached almost \$22 billion in 2017. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Malaysia, South Korea, and Japan as top destinations. Oregon's largest exports are tied to high tech and mining, as well as agricultural products.⁸⁴ Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.⁸⁵
- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood Products industry and concurrent growth of employment in other manufacturing industries, such as high-technology manufacturing (Industrial Machinery, Electronic Equipment, and Instruments), Transportation Equipment manufacturing, and Printing and Publishing.⁸⁶
- **Income.** Oregon's income and wages are below that of a typical state. However, mainly due to the wage growth over the last two to three years, Oregon wages are at their highest point relative to other states since the recession in the early 1980's. In 2017, the

⁸² Portland State University Population Research Center. 2017 Annual Population Report Tables. April 2017. Retrieved from: <https://www.pdx.edu/prc/population-reports-estimates>.

⁸³ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 38.

⁸⁴ United States Census Bureau. State Exports from Oregon, 2014-2017. Retrieved from: <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁸⁵ Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2017 Geographic Profile, Manufacturing (31-33). Retrieved from: qualityinfo.org.

⁸⁶ Although Oregon's economy has diversified since the 1970's, natural resource-based manufacturing accounts for about 38% of employment in manufacturing in Oregon in 2017, with the most employment in Food Manufacturing (nearly 30,000) and Wood Product Manufacturing (nearly 23,000) (QCEW).

average annual wage in Oregon was \$51,117, and the median household income was \$60,212 (compared to national average wages of \$53,621 in 2017, and national household income of \$60,336).⁸⁷ Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from \$202.2 billion in 2018 to \$247.5 billion in 2022.⁸⁸ Per capita income is expected to increase by 16% over the same time period, from \$48,000 (thousands of dollars) in 2018 to \$55,800 in 2022 (in nominal dollars).⁸⁹

- **Small businesses continue to account for a large share of employment in Oregon.**

While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

In 2017 small businesses (those with 100 or fewer employees) accounted for 95% of all businesses and 66% of all private-sector employment in Oregon. Said differently, most businesses in Oregon are small (in fact, 78% of all businesses have fewer than 10 employees), but the largest share of Oregon's employers work for large businesses.

The average annualized payroll per employee for small businesses was \$37,149 in 2015, which is considerably less than that for large businesses (\$54,329) and the statewide average for all businesses (\$47,278).⁹⁰ Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 startup companies were created each month; 29% of these companies were founded by people between 20 to 34 years of age.⁹¹

⁸⁷ Average annual wages are for "Total, all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2017. Retrieved from: <https://www.qualityinfo.org>; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

⁸⁸ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 39.

⁸⁹ *Ibid*, page 39.

⁹⁰ U.S Census Bureau, 2015 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States. <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>.

⁹¹ Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: <https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf>.

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon’s economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. According to the Kauffman Index, Oregon ranked 13th in the country in 2017 for its startup activity, a measurement comprised of three statistics: rate of new entrepreneurs, opportunity share of new entrepreneurs, and startup density.⁹² This ranking is higher than its 2016 rank of 15. Oregon’s rate of new entrepreneurs (the percent of adults that became an entrepreneur in a given month) was in steady decline post-recession, but since 2013, it has gradually recovered to about 0.34% in 2016. This rate is still well below Oregon’s pre-recession peak of 0.43% in 2000, but its recent growth broadly exhibits business ownership and formation is increasing.

Moreover, in 2018, the Oregon Office of Economic Analysis reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses “are a smaller share of all firms than in the past.”⁹³ Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

⁹² Kauffman Foundation. *The Kauffman Index, Oregon*. Retrieved from: <https://www.kauffman.org/kauffman-index/profile?loc=41&name=oregon&breakdowns=growth|overall,startup-activity|overall,main-street|overall>.

⁹³ Lehner, Josh. (August 2018). “Start-Ups, R&D, and Productivity.” Salem, OR: Oregon Office of Economic Analysis. Retrieved from: <https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/>.

Regional and Local Trends

Throughout this section and the report, Lakeview and Paisley is compared to Lake County and the State of Oregon. These comparisons are to provide context for changes in Lakeview’s, Paisley’s, and Lake County’s socioeconomic characteristics.

Availability of Labor

The availability of trained workers in Lakeview, Paisley, and Lake County will impact development of their economies over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in Lakeview, Paisley, and Lake County over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Population Change

Population growth in Oregon tends to follow economic cycles. Oregon’s population grew from 2.8 million people in 1990 to 4.1 million people in 2017, an increase of almost 1,300,000 people at an average annual rate of 1.40%. Oregon’s growth rate slowed to 1.1% annual growth between 2000 and 2017.

The respective populations of Lakeview and Paisley decreased, on an annual average basis, over the 1990 to 2017 period. Lakeview’s population shrunk by 226 residents and Paisley’s population shrunk by 80 residents, whereas Lake County’s population increased by 934 residents. Though Lake County’s population grew over 1990 to 2017, its average annual growth rate was slower relative to Oregon.

Exhibit 37. Population Change, Lakeview, Paisley, Lake County, and Oregon, 1990 – 2017

| Geography | 1990 | 2000 | 2010 | 2017 | Number | Percent | AAGR |
|-------------|-----------|-----------|-----------|-----------|-----------|---------|-------|
| Oregon | 2,842,321 | 3,421,399 | 3,831,074 | 4,141,100 | 1,298,779 | 46% | 1.4% |
| Lake County | 7,186 | 7,422 | 7,570 | 8,120 | 934 | 13% | 0.5% |
| Lakeview | 2,526 | 2,474 | 2,685 | 2,300 | -226 | -9% | -0.3% |
| Paisley | 350 | 247 | 250 | 270 | -80 | -23% | -1.0% |

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2017.

Age Distribution

The number of people aged 65 and older in the U.S. is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.⁹⁴

Exhibit 38 through Exhibit 42 show the following trends:

- Paisley’s population is getting older faster than Lakeview, Lake County, and Oregon. This suggests that Paisley is attracting more people in their mid- to later- adult lives and more people over 65 years of age.
- Lakeview’s median age has decreased, whereas the median age for Paisley, Lake County, and Oregon have increased. This could, in part, be due to the relatively sizable increase in Lakeview residents aged 18 to 24 and those younger than 5 years of age. Lakeview’s 2012-2016 age distribution shows the City is attractive to people in their young- to mid-adult lives, which affects potential availability of mid-career workers.
- Lake County’s population is expected to continue to age, with people 60 years and older increasing from 34% of the population in 2016 to 43% of the population in 2035, consistent with Statewide trends. While the share of retirees in Lakeview’s and Paisley’s respective populations may increase over the next 20 years, the number of people nearing retirement (e.g., 55 to 70 years old) is likely to increase. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in Lakeview and Paisley.

Lakeview’s median age has decreased by 2.6 years since 2000 and Paisley’s median age has increased by 7.9 years since 2000.

These changes suggest that Lakeview is attracting more workers in their early- to mid-adult lives and Paisley is attracting more people over 65 years of age.

Exhibit 38. Median Age, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2012-2016 5-year estimates, Table B01002.

| | | | | |
|----------------|-------------------------|------------------------|----------------------------|-----------------------|
| 2000 | 42.7 Lakeview | 49.2 Paisley | 42.7 Lake County | 36.3 Oregon |
| 2012-16 | 40.1 Lakeview | 57.1 Paisley | 48.7 Lake County | 39.1 Oregon |

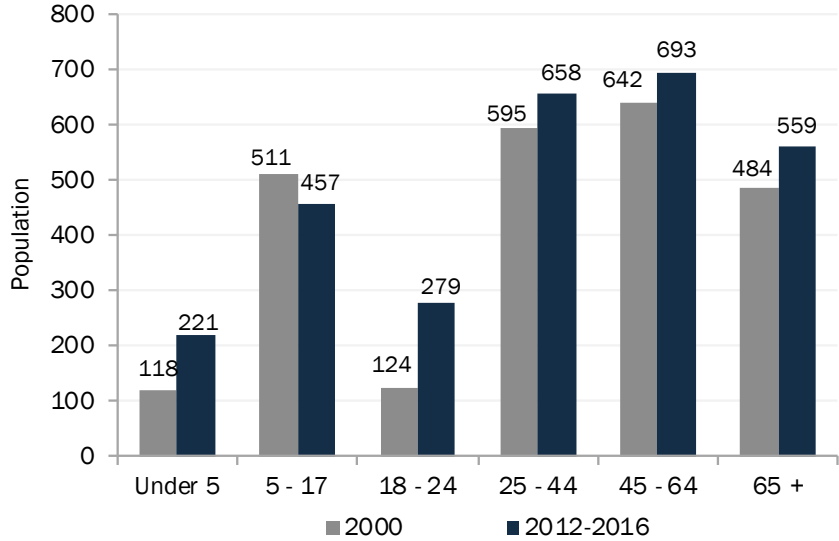
⁹⁴ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, *The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

From 2000 to 2012-2016, Lakeview's largest population increase was for residents aged 18 to 24 years old (125%).

This is larger than statewide trends, which grew by 11% over the same period.

Exhibit 39. Lakeview Population Change by Age Group, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2012-2016 5-year estimates, Table B01001.

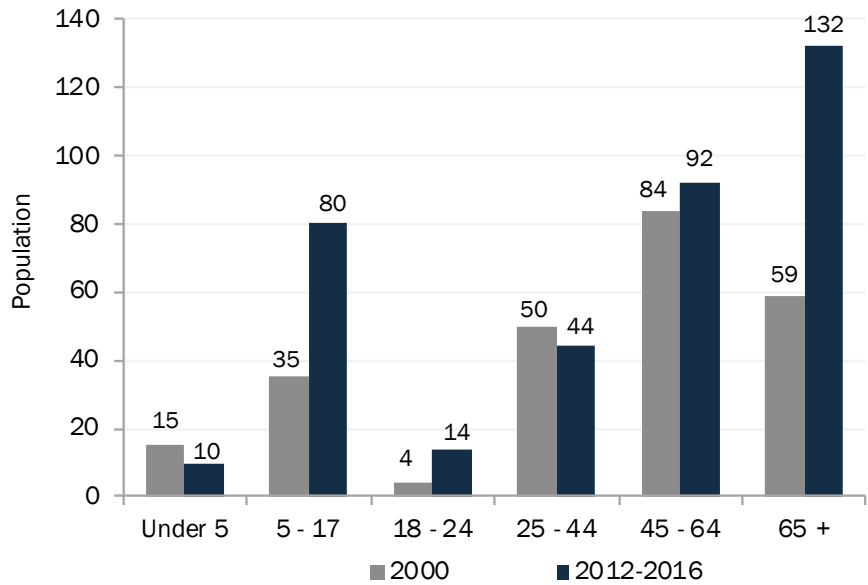


From 2000 to 2012-2016, Paisley's largest population increase was for residents aged 5 to 17, 18 to 24, and 65 years and older.

Paisley residents aged 65 and older increased 124% over 2000 to 2012-2016, which is larger than statewide trends (a 45% increase in this age group over the same period).

Exhibit 40. Paisley Population Change by Age Group, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2012-2016 5-year estimates, Table B01001.

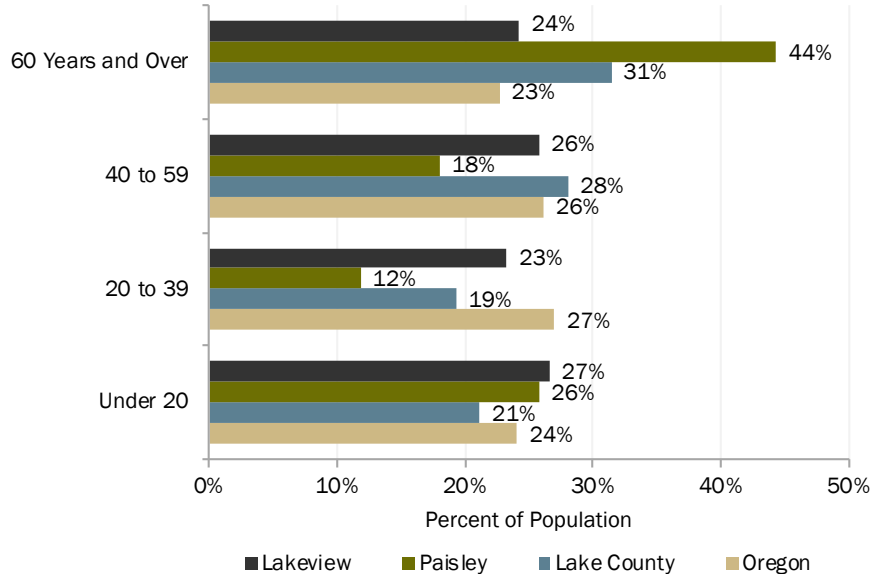


Over 2012-2016, 49% of Lakeview’s residents were between 20 and 59 years old, 30% of Paisley’s residents were of this age group, and 47% of Lake County’s residents were in this group.

Paisley has a larger share of residents over 60 years of age (44%) relative to Lakeview (24%), Lake County (31%), and Oregon (23%). Lakeview’s age distribution is relatively comparable to that of Oregon for age groups 40 to 59 and those 60 years and older.

Exhibit 41. Population Distribution by Age, Lakeview, Paisley, Lake County, and Oregon, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimates, Table B01001.

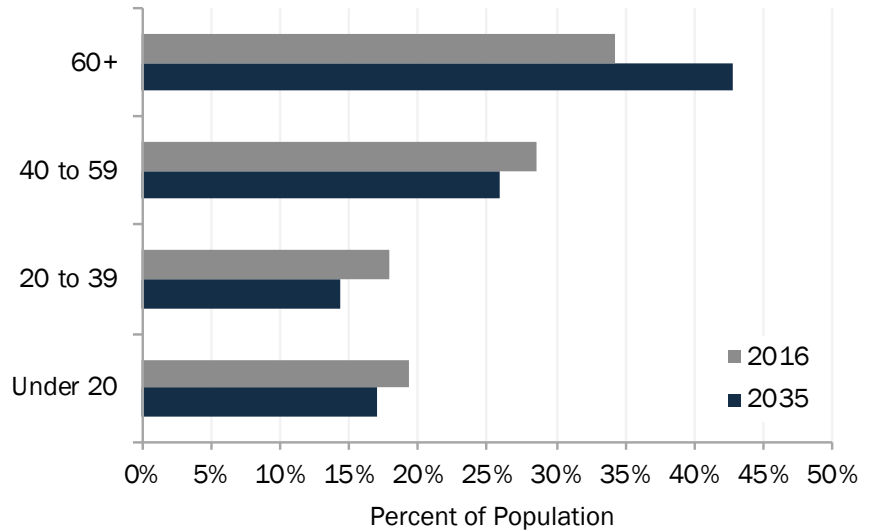


By 2035, Lake County will have a larger share of residents older than sixty than it does today.

The share of residents aged 60 years and older will account for 43% of Lake County’s population, compared to 34% in 2016.

Exhibit 42. Lake County Population Growth by Age Group, 2016 – 2035

Source: Oregon Population Forecast, 2017.



Race and Ethnicity

Lake County is becoming more racially and ethnically diverse. The Hispanic and Latino as well as non-white populations increased in Lake County between 2000 and 2012-2016. A similar trend occurred in the communities in Lake County, with the exception of Paisley’s Hispanic and Latino population, which decreased from 1.2% to 0.5%, and Lakeview’s non-white population, which decreased from 9% to 8% during the same time period.

The non-white population is defined as the share of the population that identifies as another race other than “White alone” according to Census definitions. The small size of the communities in Lake County results in small sample sizes, and thus margin of error is considerable for the estimate of these populations.

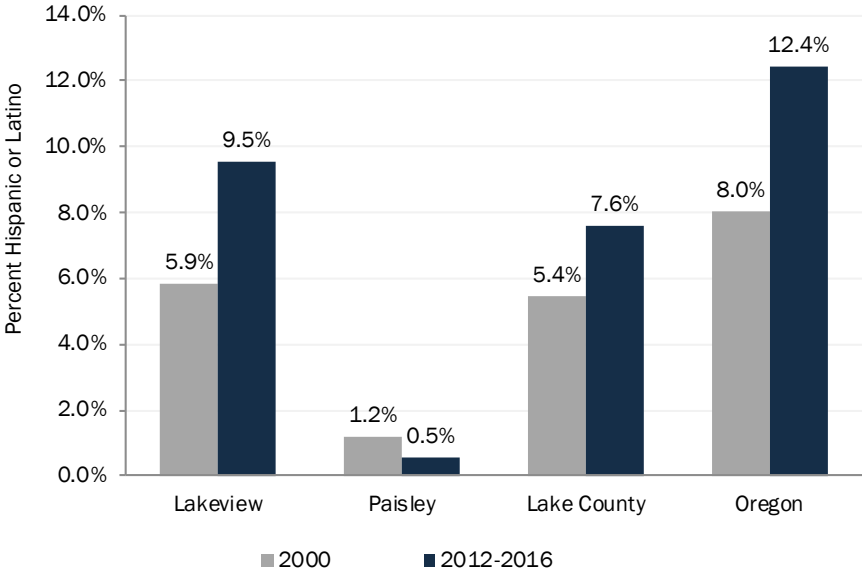
Exhibit 43 and Exhibit 44 show the change in the share of Hispanic and Latino and non-white populations in Lake County and its communities, compared to Oregon, between 2000 and 2012-2016. The groups with the largest share of the non-white population in 2012-2016 were those that identify as “some other race alone” or “two or more races,” each representing 4% of the population. While Lake County is less ethnically and racially diverse than the State, providing culturally specific services to Native American and Spanish-speaking community members can help improve their participation in the workforce and economy.

Lake County’s Hispanic / Latino population increased between 2000 and 2012-2016 from 5% to 8%.

Lake County its cities are less ethnically diverse than the State.

Exhibit 43. Hispanic or Latino Population as a Percent of the Total Population, 2000, 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012-2016 ACS Table B03002.

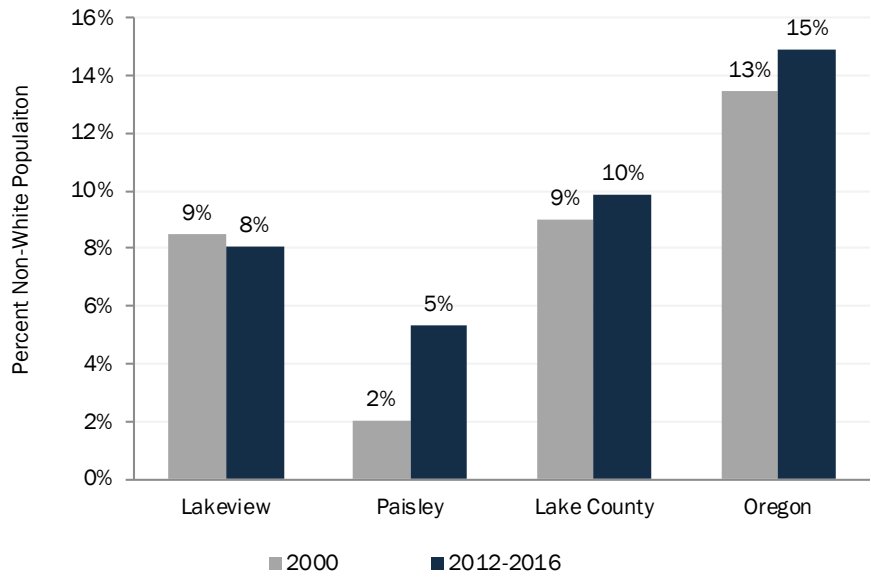


The non-white population in Lake County and Paisley increased between 2000 and 2012-2016, while it decreased in Lakeview and Paisley between 2000 and 2012-2016.

Lake County is less racially diverse than the State, at 10% compared to 15% in Oregon

Exhibit 44. Non-White Population as a Percent of the Total Population, 2000, 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table P007, 2012-2016 ACS Table B02001.



Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. While median household incomes for both Lakeview (\$38,953) and Paisley (\$37,679) were above the County median (\$33,453), average wages at businesses in Lakeview (\$41,354) were above the County average (\$39,059) and average wages at businesses in Paisley (\$34,533) were below the County average.

Between 2000 and 2017, Lake County’s average wages increased as they also did in Oregon and the nation. When adjusted for inflation, average annual wages grew by 10% across the three respective geographies.

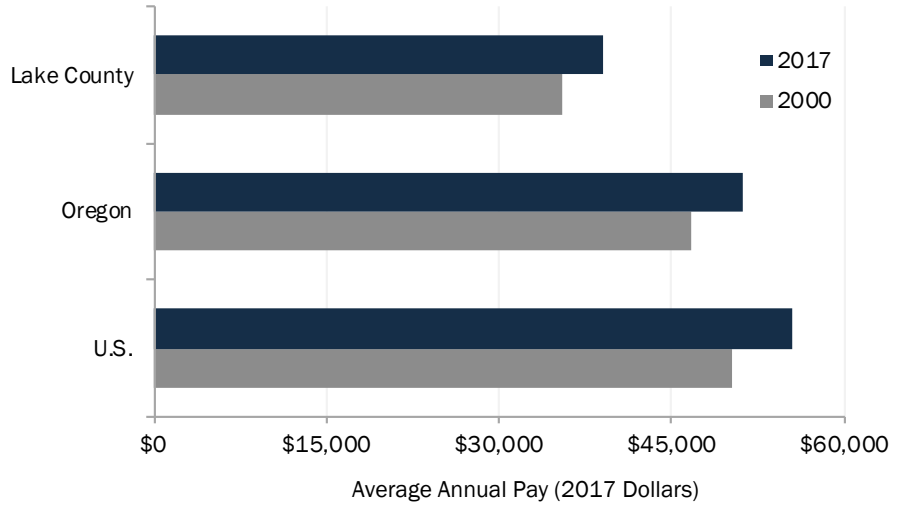
The increase in average wages in Lake County has many causes, but one cause is the change in mix of jobs in the County since 2001. Employment increased in sectors with above-average wages in Lake County, such as Transportation, Warehousing, and Utilities, as well as Government. Sectors with below-average wages decreased during the same time period, such as Leisure and Hospitality as well as Retail Trade (see Exhibit 4).

Over 2000 to 2017, average annual wages rose in Lake County, Oregon, and the nation.

In 2017, average annual wages were \$39,059 in Lake County, \$51,117 in Oregon, and \$55,390 across the nation.

Exhibit 45. Average Annual Wage, Covered Employment, Lake County, Oregon, and the U.S., 2000 to 2016, Inflation-adjusted 2017 Dollars

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.



Over the 2012-2016 period, median household incomes in Lakeview, Paisley, and Lake County were well below the State's median household income.

Of the three regional geographies, however, Lakeview and Paisley had higher median household incomes relative to Lake County.

Exhibit 46. Median Household Income (MHI),⁹⁵ 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 five-year estimates, Table B19013.



⁹⁵ The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

Median family incomes in Lakeview, Paisley, and Lake County were also well below that of the State's median family income for the 2012-2016 period.

Paisley, however, had the highest median family income relative to Lakeview and Lake County.

Exhibit 47. Median Family Income,⁹⁶ 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 five-year estimates, Table B19113.

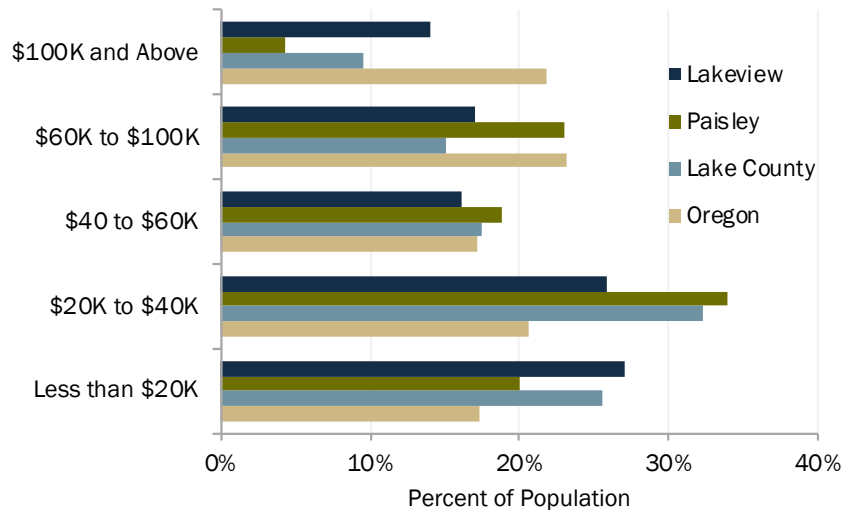
| | | | |
|-----------------------------|----------------------------|--------------------------------|---------------------------|
| \$43,906 Lakeview | \$56,250 Paisley | \$43,906 Lake County | \$65,479 Oregon |
|-----------------------------|----------------------------|--------------------------------|---------------------------|

During the 2012-2016 period, more than half of the households in Lakeview (53%), Paisley (54%), and Lake County (58%) earned less than \$40,000 annually.

Relative to Oregon, households in Lakeview, Paisley, and Lake County tend to have lower levels of household income.

Exhibit 48. Household Income by Income Category, Lakeview, Paisley, Lake County, and Oregon, 2012-2016, Inflation-adjusted 2016 Dollars

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimates, Table B19001.



⁹⁶ The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

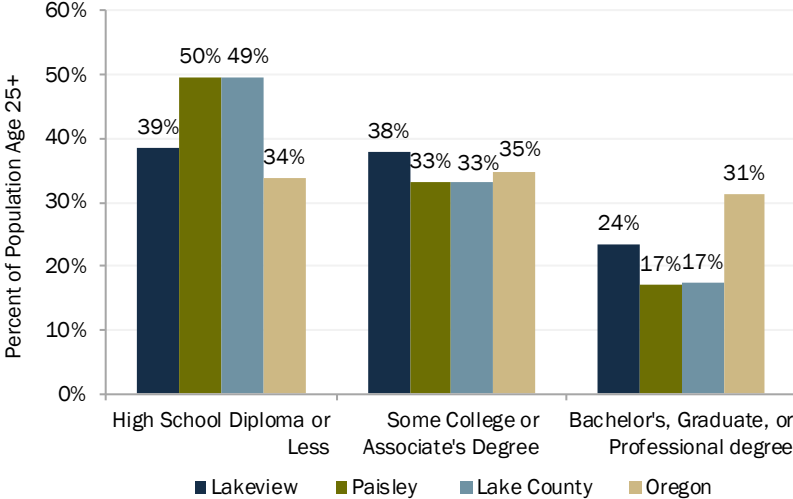
The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

Lakeview, Paisley, and Lake County residents are roughly equivalent to State residents with respect to some college or Associate degree attainment.

Residents in Lakeview, Paisley, and Lake County tend to have lower levels of Bachelor or professional degree attainment relative to the State.

Exhibit 49. Educational Attainment for the Population 25 Years and Over, Lakeview, Paisley, Lake County, and Oregon, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimates, Table B15003.



Labor Force Participation and Unemployment

The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2012-2016 American Community Survey, Lake County had more than 6,500 people in its labor force during that period. Lakeview had more than 2,200 people in its labor force and Paisley had more than 310 people in its labor force.

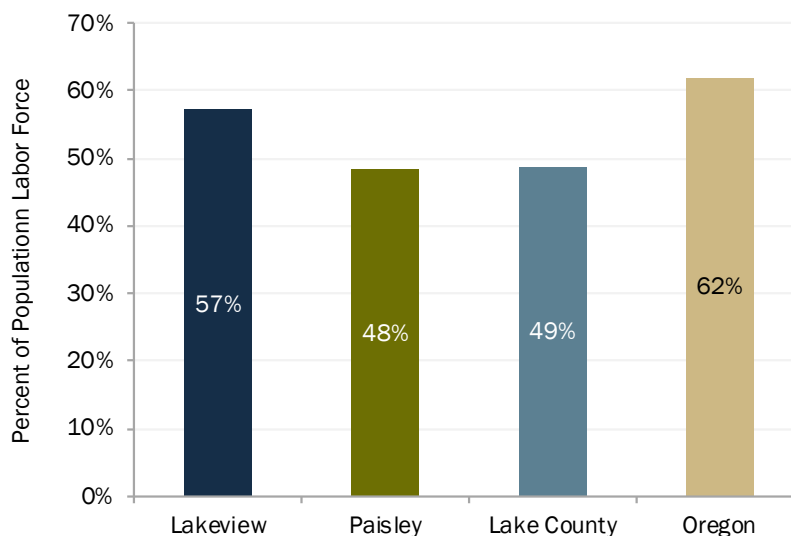
In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).⁹⁷ These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

Lakeview, Paisley, and Lake County have lower labor force participation rates (57%, 48%, and 49%, respectively) relative to Oregon (62%).

The likely reason for the higher labor force participation rate in Lakeview relative to Paisley and Lake County is the larger share of younger, working age adults (20 to 39 years of age).

Exhibit 50. Labor Force Participation Rate, Lakeview, Paisley, Lake County, and Oregon, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimates, Table B23001.

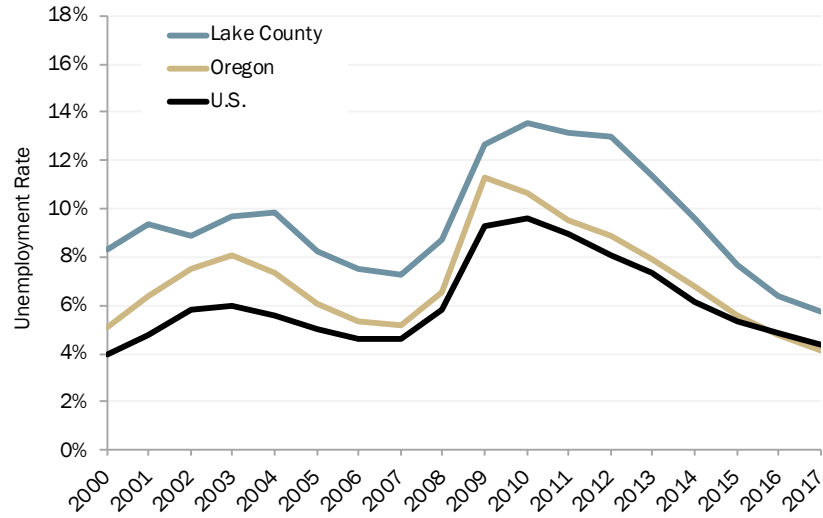


⁹⁷ Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey, Oregon Employment Department, June 2018.

The unemployment rate in Lake County, Oregon, and the nation has declined since the Great Recession. Unemployment rates for 2017 in Lake County (5.7%) and Oregon (4.1%) are below their respective 2000 rates (8.3% and 5.1%, respectively).

Exhibit 51. Unemployment Rate, Lake County, Oregon, and the U.S., 2000 – 2017

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

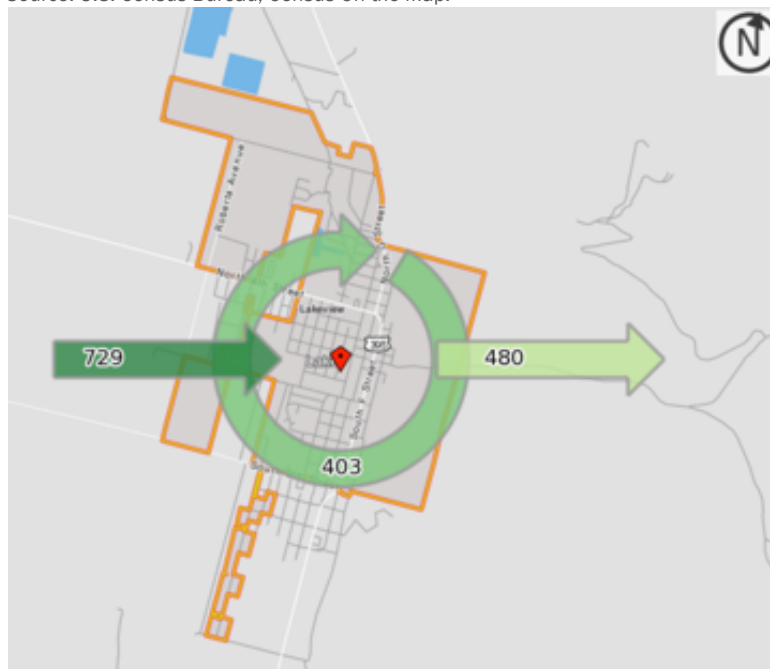
Commuting plays an important role in the economies of Lakeview, Paisley, and Lake County because employers in these areas are able to access workers from people living in cities across Lake County and from the broader eastern Cascades region. Over the 2012-2016 period, about 79% percent of Lakeview’s residents had a commute of less than 15 minutes compared to 76% of Paisley residents, 69% of Lake County residents, and 32% of Oregon residents.

Lakeview is part of an interconnected regional economy.

Fewer people both live and work in Lakeview than commute into or out of the Town. This commuting pattern differs from the larger Lake County in that more people both work and live in Lake County than commute into or out of the County for work.

Exhibit 52. Commuting Flows, Lakeview, 2015

Source: U.S. Census Bureau, Census On the Map.



About 36% of all people who work in Lakeview also live in Lakeview.

Exhibit 53. Places Where Lakeview Workers Lived,⁹⁸ 2015

Source: U.S. Census Bureau, Census On the Map.

| | | | |
|------------|----------------|-----------|---------------|
| 36% | 2% | 2% | 1% |
| Lakeview | New Pine Creek | Altamont | Klamath Falls |

⁹⁸ In 2015, 1,132 people worked at businesses in Lakeview, with 36% (403) people both employed and living in Lakeview.

About 46% of residents who live in Lakeview also work in Lakeview.

About 3% of Lakeview residents commute to Klamath Falls, another 3% to Bend, and 2% commute to Altamont.

Exhibit 54. Places Where Lakeview Residents were Employed,⁹⁹ 2015

Source: U.S. Census Bureau, Census On the Map.

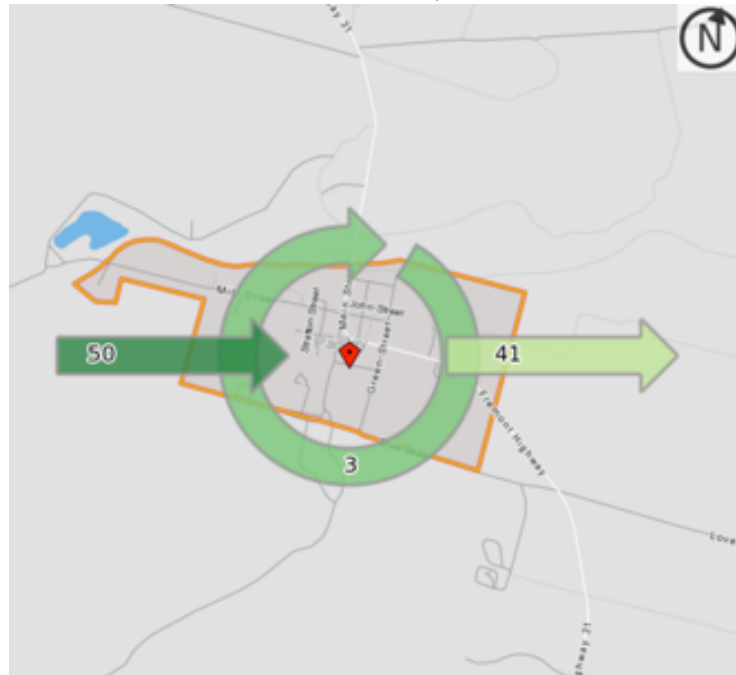


Paisley is also part of an interconnected regional economy.

Fewer people both live and work in Paisley than commute into or out of the City. This commuting pattern, similar to Lakeview, differs from the broader Lake County region.

Exhibit 55. Commuting Flows, Paisley, 2015

Source: U.S. Census Bureau, Census On the Map.



About 6% of all people who work in Paisley also live in Paisley.

Exhibit 56. Places Where Paisley Workers Lived,¹⁰⁰ 2015

Source: U.S. Census Bureau, Census On the Map.



⁹⁹ In 2015, 883 residents of Lakeview worked, with 46% of Lakeview residents (403 people) both living and employed in Lakeview.

¹⁰⁰ In 2015, 53 people worked at businesses in Paisley, with 6% (3) people both employed and living in Paisley.

About 7% of residents who live in Paisley also work in Paisley.

About 7% of Paisley residents commute to Lakeview and 5% commute to Boise City.

Exhibit 57. Places Where Paisley Residents were Employed,¹⁰¹ 2015

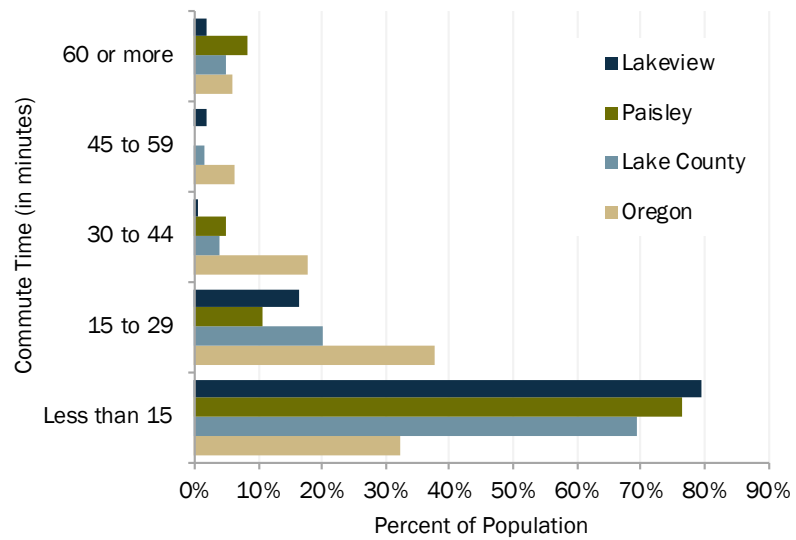
Source: U.S. Census Bureau, Census On the Map.



The vast majority of Lakeview, Paisley, and Lake County residents have a commute time of less than 15 minutes.

Exhibit 58. Commute Time by Place of Residence, Lakeview, Paisley, Lake County, and Oregon, 2012-2016

Source: U.S. Census Bureau, American Community Survey, 2012-2016 5-year estimates, Table B08303.



¹⁰¹ In 2015, 44 residents of Paisley worked, with 7% of Paisley residents (3 people) both living and employed in Paisley.

Agriculture in Lake County

Agricultural industries in Lake County have been, and continue to be, a large part of the South Central Oregon economy, including Lake County.

The U.S. Department of Agriculture completed the last Census of Agriculture in 2012. Exhibit 59 summarizes key characteristics of farms in Lake County, compared to Oregon, in both 2007 and 2012. In 2012, the average size of farms in Oregon was 460 acres, while the average size in Lake County was 1,762 acres. The average farm size in both Oregon and Lake County increased between 2007 and 2012, while the overall number of farms decreased. The age of farm owners is also a factor in changing agricultural industries.

Exhibit 59. Characteristics of Farms in Lake County and Oregon, 2007 and 2012

| | Oregon | | Lake County | |
|---|------------|------------|-------------|-----------|
| | 2007 | 2012 | 2007 | 2012 |
| Number of farms | 38,553 | 35,439 | 417 | 373 |
| Land in farms (acres) | 16,399,647 | 16,301,578 | 692,778 | 657,055 |
| Average size of farm (acres) | 425 | 460 | 1,661 | 1,762 |
| Average market value of products sold per farm (adjusted to 2012 dollars) | \$126,284 | \$137,805 | \$173,382 | \$229,615 |
| Average net cash farm income per farm (adjusted to 2012 dollars) | \$26,020 | \$22,954 | \$46,944 | \$61,119 |
| Average age of principal operator | 58 | 60 | 57 | 58 |

Source: U.S. Department of Agriculture. Census of Agriculture, 2007 and 2012.

The average market value of products sold per farm in Lake County was \$229,615 in 2012, higher than the average in Oregon overall (\$137,805). The average net cash farm income per farm in Lake County (\$61,119) was also higher than the state average (\$22,954). Furthermore, the net cash farm income increased in Lake County between 2007 and 2012 but decreased in Oregon overall. The strength of Lake County's agricultural production is related to the types of crops produced on land in the County. Exhibit 60 shows that the commodities in Lake County with the highest value of sales in 2012 were Other Crops and Hay and Cattle and Calves.

Exhibit 60. Value of Sales by Commodity Group (in \$1,000s), Lake County, 2007 and 2012

| | Lake County | |
|--|-------------|----------|
| | 2007 | 2012 |
| Grains, oilseeds, dry beans, and dry peas | (D) | \$836 |
| Nursery, greenhouse, floriculture, and sod | \$246 | \$191 |
| Other crops and hay | \$30,215 | \$44,062 |
| Poultry and eggs | \$2 | \$9 |
| Cattle and calves | \$40,691 | \$39,255 |
| Milk from cows | \$60 | - |
| Hogs and pigs | \$2 | - |
| Sheep, goats, wool, mohair, and milk | \$38 | (D) |
| Horses, ponies, mules, burros, and donkeys | (D) | \$161 |
| Other animals and other animal products | (D) | \$9 |

Source: U.S. Department of Agriculture. Census of Agriculture, 2007 and 2012. (D) denotes values that cannot be disclosed.

Tourism in Southern Oregon and Lake County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International’s Oregon 2017 Regional Visitor Report for the Southern Oregon Region, which is comprised of eastern Douglas, Klamath, Lake, Jackson, and Josephine counties.¹⁰² Broadly, travelers to the South Oregon Region account for:

- 4 million overnight trips in 2017, or 12% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, California, Washington, and New York: 35% of Southern Oregon Region visitors were from Oregon, 32% were from California, 6% were from Washington, and 4% were from New York.
- About 60% of Southern Oregon visitors over 2016 and 2017 stayed 2 or fewer nights in the Region, 37% stayed 3-6 nights, and 3% stayed 7 or more days. The average number of nights spent in the Region was about 2.8.
- The average per person expenditures on overnight trips in 2017 ranged from \$14 on transportation at destination to \$49 per night on lodging.
- About 72% of visits to the Southern Oregon Region over 2016 and 2017 were via personally-owned automobiles, 17% were by rental car, and 14% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be younger- or middle-aged adults, with the average age being about 48.1. Those aged 25 to 44 comprised 35% of the Region’s visits, 17% were between 45 and 64, and 27% were 65 or older. About 64% of visitors graduated college or completed a post-graduate education. Additionally, 38% of visitors earned less than \$50,000 in household income, 38% earned between \$50,000 and \$99,999, and 24% earned more than \$100,000. The average household income for Southern Oregon visitors was about \$70,540.

Lake County’s direct travel spending increased 46% from 2000 to 2017.

The Southern Oregon Region’s direct travel spending increased by 83% over the same period.

Exhibit 61. Direct Travel Spending (\$ millions), 2000 and 2017

Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2017.

| | | |
|------|------------------------|-------------|
| 2000 | \$600 | \$10 |
| | Southern Oregon Region | Lake County |
| 2017 | \$1,100 | \$14 |
| | Southern Oregon Region | Lake County |

¹⁰² “Oregon 2017 Regional Visitor Report, Southern Region,” Longwoods International, October 2018. Retrieved from: <http://industry.traveloregon.com/content/uploads/2018/10/OR-2017-Southern-Region-Visitor-Report.pdf>.

Lake County's lodging tax receipts increased 61% over 2006 to 2017.

Exhibit 62. Lodging Tax Receipts (\$ thousands), 2006 and 2017
 Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2017.

| | |
|-------------|-----------------------------|
| 2006 | \$98 Lake County |
| 2017 | \$158 Lake County |

Lake County's largest visitor spending for purchased commodities is accommodations and food services.

Exhibit 63. Largest Visitor Spending Categories (\$ millions), Lake County, 2017

Source: Dean Runyan Associates, Oregon Travel Impacts.

| | | |
|--|---|------------------------|
| \$1.9 Accommodations and Food Services | \$0.7 Arts, Entertainment, and Recreation | \$0.5 Retail |
|--|---|------------------------|

Lake County's largest employment generated by travel spending is in the accommodations and food service industry.

Exhibit 64. Largest Industry Employment Generated by Travel Spending, Lake County, 2017

Source: Dean Runyan Associates, Oregon Travel Impacts.

| | | |
|--|---|--------------------------|
| 138 jobs Accommodations & Food Service | 52 jobs Arts, Entertainment, and Recreation | 25 jobs Retail |
|--|---|--------------------------|

Appendix B. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Lakeview UGB and Paisley UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This appendix presents the methods used to develop the commercial and industrial buildable lands inventory for the Lakeview UGB and Paisley UGB.

Methods and Definitions

The BLI for Lake County includes all land that allows commercial and industrial uses within the UGBs of Lakeview and Paisley. From a practical perspective, land was included in the BLI if it met all of the following criteria: 1) it is inside the Lakeview UGB or the Paisley UGB, 2) it is inside a tax lot, and 3) if its current zoning/comprehensive plan designation allows employment uses. Note that tax lots do not generally include road or railroad rights-of-way or water. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Inventory Steps

The steps in the BLI are:

1. Generate UGB “land base”
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB “land base”

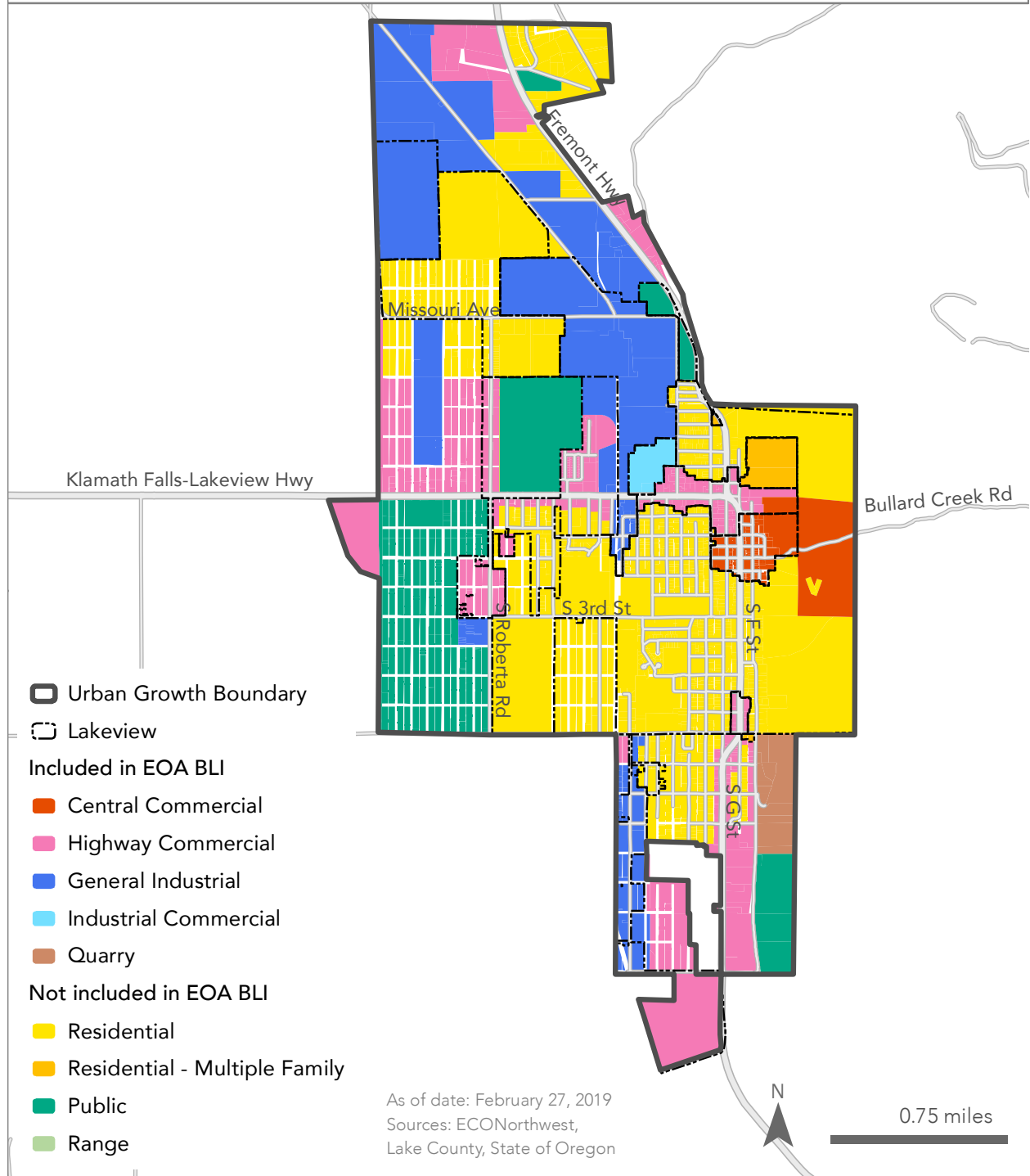
The commercial and industrial inventory used all of the tax lots in the Lakeview and Paisley UGBs with the appropriate zoning/plan designations. Exhibit 65 shows the specific designations that were used in the BLI.

Exhibit 65. Zones in Lakeview and Paisley that will be included in BLI

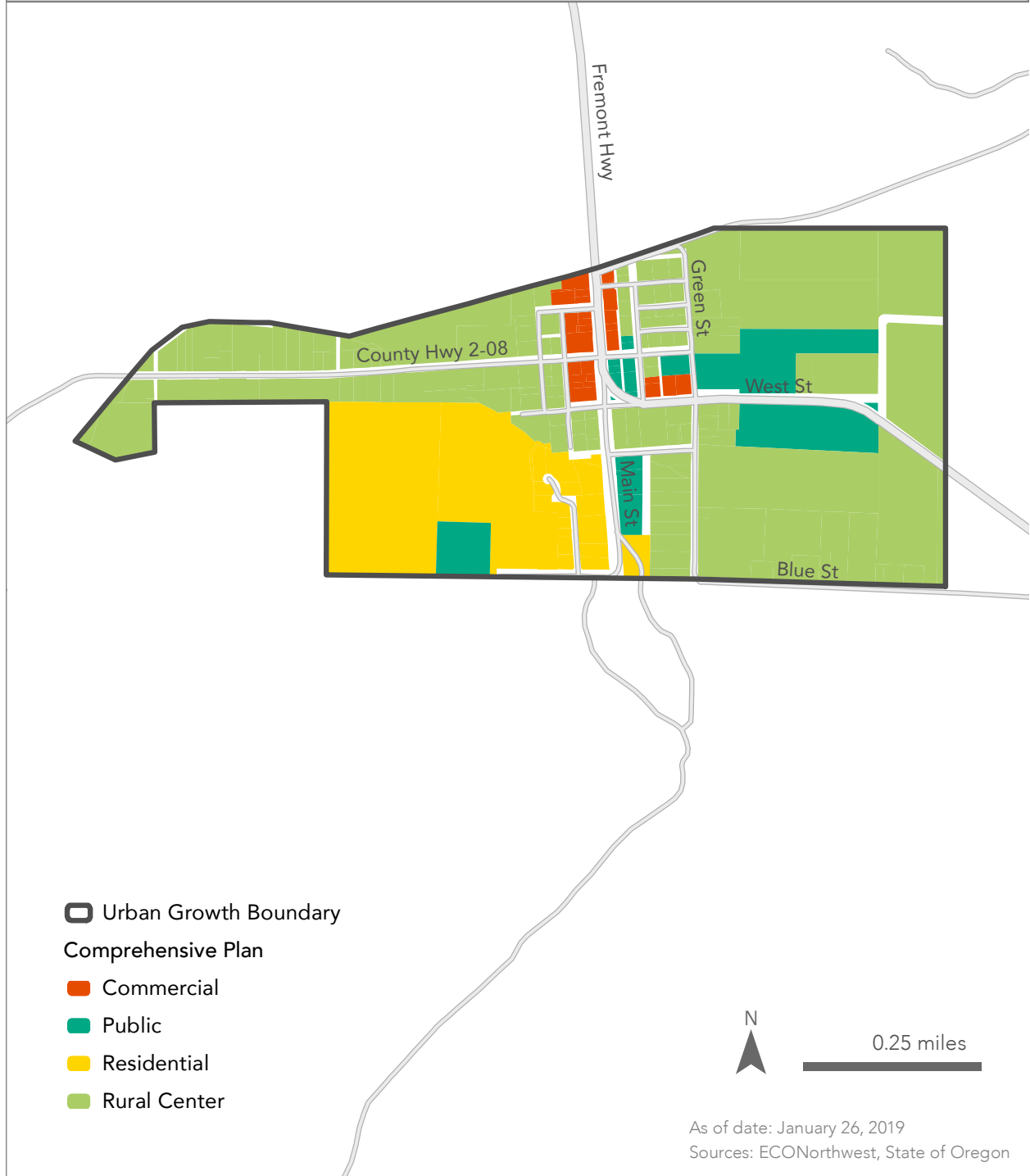
| Town of Lakeview Zones | Included in BLI? |
|-------------------------------|-------------------------|
| Central Commercial | Yes |
| Highway Commercial | Yes |
| Industrial Commercial | Yes |
| Public | No |
| Quarry | Yes |
| Range | No |
| Residential | No |
| Residential – Multiple Family | No |
| City of Paisley Zones | Included in BLI? |
| Commercial | Yes |
| Public | No |
| Residential | No |
| Rural Center | Yes |

In addition, we included all County-zoned land that falls within tax lots inside UGBs. Exhibit 66 and Exhibit 67 show land by comprehensive plan designation in the Lakeview UGB and Paisley UGB by zones included in the BLI.

Lakeview EOA Buildable Lands Inventory Comprehensive Plan Designations



Paisley EOA Buildable Lands Inventory Comprehensive Plan Designations



Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with an employment plan designation (based on definition above) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Partially vacant land
- Undevelopable land
- Public or exempt land

ECONorthwest identified buildable land and classify development status using a rule-based methodology. The rules are described below in Exhibit 68.

Exhibit 68. Rules for Development Status Classification

| Development Status | Definition | Statutory Authority |
|-----------------------|---|--|
| Vacant Land | <p>A tax lot:</p> <p>(a) Not currently containing permanent buildings or improvements; or</p> <p>(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements</p> <p>For the purpose of criteria (a) above, lands with improvement values of \$0 and without mobile homes (as identified by Lake County Assessment property class codes) were considered vacant.</p> | <p>OAR 660-009-005(14)</p> <p>We included all tax lots in the land base in the inventory—a more inclusive approach than required by law. Tax lots smaller than the thresholds were evaluated based on existing improvements.</p> |
| Partially Vacant Land | <p>Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination was based on a visual assessment and City staff verification.</p> | <p>No statutory definition</p> |
| Undevelopable Land | <p>Vacant tax lots less than 3,000 square feet in size are considered undevelopable.</p> | <p>No statutory definition</p> |
| Public or Exempt Land | <p>Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands and exempt land were identified using the Lake County Assessment property class codes. This category only includes public lands that are located in commercial plan designations.</p> | <p>No statutory definition</p> |

| Development Status | Definition | Statutory Authority |
|---------------------------|---|---|
| Developed Land | OAR 660-009-005(1) defines developed land as “Non-vacant land that is likely to be redeveloped during the planning period.” Lands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed. | OAR 660-009-005(1) We propose to address redevelopment potential on the demand side—operationalizing a definition of developed land consistent with this definition is complicated |

Step 3: Identify constraints

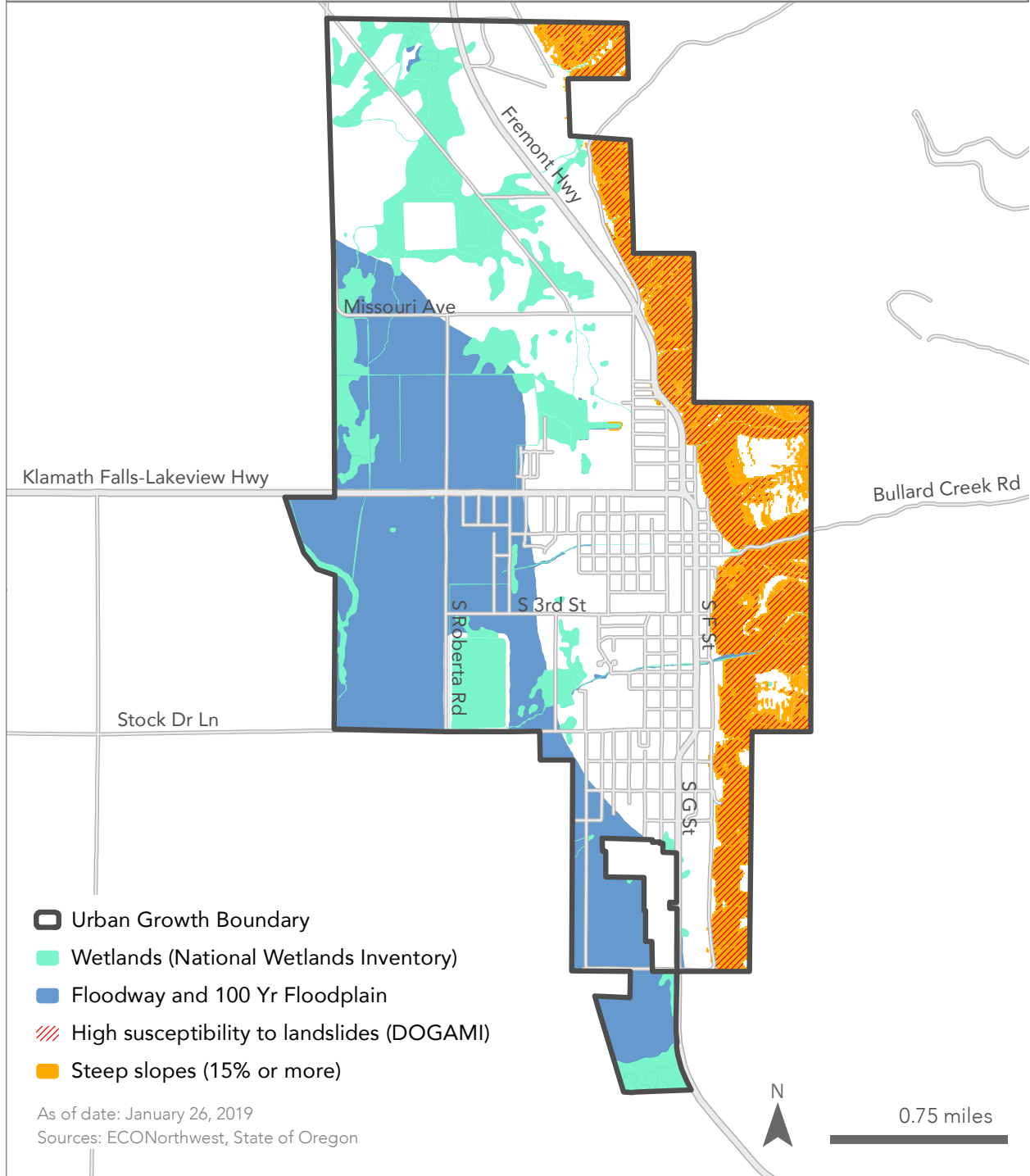
As shown in Exhibit 69, the BLI included development constraints consistent with guidance in OAR 660-008-0005(2).

Exhibit 69. Constraints to be included in BLI

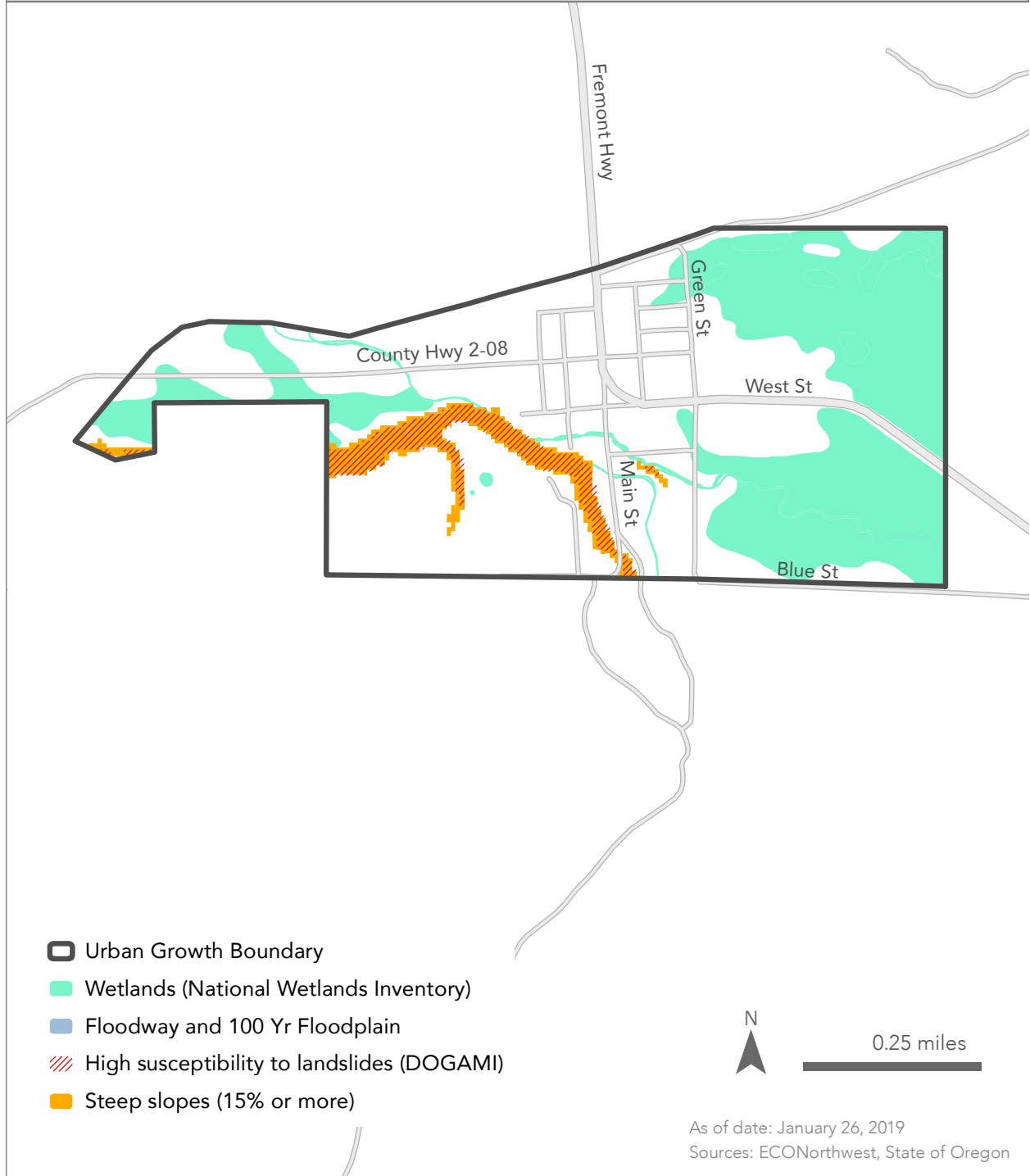
| Constraint | Statutory Authority | Threshold | File name/location |
|--|----------------------------|--|---|
| Goal 5 Natural Resource Constraints | | | |
| Regulated Wetlands | OAR 660-008-0005(2) | Within National Wetlands Inventory | https://www.fws.gov/wetlands/Data/Data-Download.html |
| Natural Hazard Constraints | | | |
| Floodways | OAR 660-008-0005(2) | Lands within FEMA floodway, compiled by DLCD from various sources | Oregon Spatial Data Library |
| 100 Year Floodplain | OAR 660-008-0005(2) | Lands within FEMA 100-year floodplain, compiled by DLCD from various sources | Oregon Spatial Data Library |
| Steep Slopes | OAR 660-008-0005(2) | Slopes greater than 15% | State Digital Elevation Model |
| Landslide Susceptibility | OAR 660-008-0005(2) | Land classified by DOGAMI as having “High” or “Very High” landslide susceptibility | https://www.oregongeology.org/pubs/ofr/p-0-16-02.htm |

These areas were evaluated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or partially vacant. Exhibit 70 and Exhibit 71 show the development constraints included in the BLI.

Lakeview EOA Buildable Lands Inventory Commercial/Industrial Constraints



Paisley EOA Buildable Lands Inventory Commercial/Industrial Constraints



Step 4: Verify inventory results

ECONorthwest used a multi-step verification process. The first verification step involved a “visual assessment” of land classifications using GIS and recent aerial photos. The visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the visual assessment methodology. The second round of verification involved County and City staff verifying the visual assessment output. ECONorthwest amended the BLI based on County and City staff review and a discussion of staff’s comments. The final verification is review by stakeholders, most especially PAC members.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in the remainder of this appendix. This includes a zoning/comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.