
Woodburn Target Industry Analysis

July 2016

Prepared for:
City of Woodburn

REPORT

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Summary

The City of Woodburn last conducted an Economic Opportunities Analysis in 2001. This analysis provided a comprehensive factual basis that described Woodburn's economy. The purpose of this report is to provide the City with a current independent analysis of Woodburn's economy to identify the City's economic opportunities and the best use of the Southwest Industrial Reserve Area through a target industry analysis. The analysis also considers target industries for three other sites: Stacy Allison Way, Commerce Way/Front Street, and Young Street/Highway 99. Before making investments in or developing new or changing existing policies to regulate uses in these development areas, the City wants to understand the characteristics of businesses that may reasonably be expected to locate on the sites, such as wages, job density, and other impacts. This analysis provides this information and helps inform Woodburn decision-makers as they consider the City's potential role in development of these areas.

Throughout this report we compare Woodburn to Marion County and the Portland Region, which includes Clackamas, Washington, and Multnomah Counties. We examine Woodburn's opportunities in the context of the economy of Marion County because Woodburn is located within the County, not far from Salem and Keizer. We consider Woodburn within the context of the Portland Region because Woodburn is located just south of Wilsonville, the southern-most city in the Portland Region.

Target Industries for Woodburn

This report identified target industries for Woodburn based on these characteristics: (1) the amount and concentration of employment in clusters in Woodburn, (2) average wages in clusters in Woodburn, (3) Woodburn's comparative advantages for economic development, and (4) industries with high concentration and employment in Marion County and the Portland Region.

Mature Clusters

Our analysis has identified that Woodburn has high concentrations of employment and medium to large amounts of employment across several traded-sector clusters. These clusters are key target industries for Woodburn and all have pay above the city's average pay of \$34,295:

- **Production Technology and Machinery.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: manufacturing of machinery for food production, automatic sprinklers systems, bailing machines, hydraulic jacks, and other machinery production.
- **Plastics Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: plastic and rubber products, chemical manufacturing, plumbing fixtures, plastic bottles, plastic bags, and other plastic products such as air mattresses, dinnerware, or plastic hardware. The Plastics cluster is

strongly linked to production technology and machinery, and other chemical manufacturing.

- **Metal Product Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: prefabricated metal building and component manufacturing, ornamental and architectural metal work manufacturing, bathtubs and sinks, metal pipe hangars, fire escapes, grills and grill work, and all other miscellaneous fabricated metal product manufacturing.
- **Food Processing and Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: baked goods, fruit and vegetable canning, frozen foods, confectionary manufacturing, breweries, wineries, and coffee and tea manufacturing.

Potential Growing and Emerging Clusters

Woodburn appears to have to some competitive advantages with firms that provide goods and services for many of these larger traded sector businesses. The analysis of clusters and employment patterns in Woodburn, Marion County, and the Portland Region suggest that Woodburn has opportunities for business development in these rapidly growing clusters:

- **Apparel Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: cutting and sewing apparel, embroidering on textile products, carpet cutting and binding, sleeping bag manufacturing, hats and glove manufacturing, and other apparel manufacturing.
- **Distribution and E-commerce.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: wholesale trade, farm supplies and merchant wholesalers, refrigerated warehousing and storage, packaging and labeling services, or other warehouse and distribution.

The City could encourage growth through business recruitment that supports its concentrated clusters, but may not currently exist or have a strong base in Woodburn. These businesses supporting clusters in the Portland Region or Marion County might include:

- **Automotive Transportation Equipment Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: motor vehicle parts manufacturing, motor vehicle metal stamping, and other transportation equipment manufacturing.
- **Information Technology and Analytic Technology.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: software publishers, electronic computer manufacturing, semiconductor manufacturing, laboratory instrument manufacturing.

Recommendations

This report documents economic development opportunities for the entire city of Woodburn, including identifying target industries to focus the City's economic development policies. This section summarizes key recommendations for addressing economic development issues identified through this analysis that affect the entire city of Woodburn and the four sites analyzed in this study. The report contains the full list of recommendations from this analysis.

Economic Development Recommendations for Woodburn

- **Develop policies that are flexible and focus on the types of industries that the City wants to attract.** This analysis identified a range of traded-sector target industries, including those present in Woodburn but also industries that are opportunities for Woodburn due to the City's location in northern Marion County and south of the Portland Region. It is almost certain that in 10 or 20 years Woodburn's economy will have changed and the clusters of industries in Woodburn will include one or more industries not currently present in the City.

As the City proceeds with economic development planning, we recommend that the City develop Comprehensive Plan Policies and other policies that provide flexibility to accommodate the uses that the City wants to encourage but also allows other uses that are similar but not named in the Target Industry Analysis. The City should examine opportunities to add flexibility to the City's zoning code to implement and support changes to the City's Comprehensive Plan Policies and other policies.

- **Develop an economic development strategy.** The purpose of the strategy is to focus the City's energies on the economic development actions that the City should take immediately and those that can wait for a few years. It should result in agreement from City staff and the City Council about where to focus the City's resources for economic development. The strategy could be relatively simple and does not have to require more technical analysis about the city's economy or economic development, beyond the information in this report. The strategy should identify the City's economic development priorities and identify a timeline for implementing actions to achieve those priorities.

The strategy should prioritize City investments in development of the sites discussed in this report. We recommend the City prioritize investments in the sites likely to develop sooner, including the Southwest Industrial Reserve Area and Stacey Allison Way. The City should make long-term plans for investments in the sites that are less likely to develop soon, including the Commerce Way/Front Street Area and the Highway 99 and Young Street Area.

- **Build and expand partnerships.** The City has existing partners in economic development, such as the Woodburn Chamber of Commerce, SEDCOR, the Mid-Willamette Valley Council of Governments, Marion County, and Business Oregon. The City should maintain and build these partnerships, including identifying areas where the City and partners could work together to solve issues, as discussed in the full report.

Recommendations for the Southwest Industrial Reserve Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Southwest Industrial Reserve Area to develop with a diverse mixture of businesses.

- **Align the zoning on the site with the desired uses.** The current industrial zone for the site does not allow a number of the target industries and other manufacturers, such as beverage or food manufacturing, furniture manufacturing, leather manufacturing, plastics manufacturing, textile manufacturing, or wood products manufacturing.

At a minimum, we recommend allowing all of the industries and manufacturers identified in this Target Industry Analysis in the Southwest Industrial Reserve Area. The City may want to consider allowing a broader range of manufacturing and industrial uses on the site as well and perhaps limit the types of industries that the City does not want (e.g., heavy industrial users). The City may want to consider re-zoning the southern part of the Southwest Industrial Reserve Area for a broader array of flexible uses to allow a range of small-scale manufacturing, artisan production, and food processing.

- **Different parts of the site may develop for different uses and at different times.** The City should be prepared for the site to develop in phases, with market demand. The implication of having development occur at different points is that the types of uses on the site are likely to vary and different levels of effort may be needed to support development within the site.
 - **Work with developers on the northern part of the site about the mix of uses.** The prospective developer of the northern 108 acres, Specht Development, has expressed interest in developing buildings for distribution, possibly with some manufacturing businesses as well. Given demand for and relative scarcity of distribution sites with direct access to I-5 in the Portland Region, this portion of the site might develop entirely (or almost entirely) with distribution uses.
 - **Development of the southern part of the site will require upgrades to Stacy Allison Way and possibly to Evergreen Avenue.** The largest barrier to development of the southern part of the site will be the transportation improvements needed to provide access to the site. As a general rule, developers are responsible to pay for these types of infrastructure development. However, if the City wants to encourage development of these sites, the City should consider identifying funding sources to support extension of these roads. Some potential sources include Systems Development Charges or State infrastructure funds. The City should work with the landowners to assess their interest in developing the parcel, along with their timeline.
 - **Consider working with the landowners of the two southern most parcels in the Stacy Allison Way site (see the following page) and identify development opportunities and infrastructure connectivity with the southern part of the**

Southwest Industrial Reserve Area. These two areas are adjacent and will require road extensions to support development. Identified uses on these sites could be complementary or could be developed together. Possible complementary uses could include food processing, brewery, or other development that uses flex space.

Recommendations for the Stacy Allison Way Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Stacy Allison Way Area to develop.

- **Consider the types of uses the City would like to see on the site and ensure that the zoning for the site allows these uses.** The site could support a range of development types, such as retail, commercial services, flex space for artisan and other types of production, and (if allowed) light industrial such as food and beverage processing.
- **Consider the connections between the southern part of this site and the Southwest Industrial Reserve Area.** The areas to the south of the site, next to the Southwest Industrial Reserve Area, may have potential for development with small light industrial or flex uses, possibly connected with or complementary of the development that occurs on the southern portion of the Southwest Industrial Reserve Area. The City may want to consider re-zoning the southern portions of the site to allow a wider range of commercial, flex, and light industrial uses.
- **Development of the southern two parcels of the site will require upgrades to Stacy Allison Way and possibly to Evergreen Avenue.** The largest barrier to development of the southern two parcels on of the site will be the transportation improvements needed to provide access to the parcels. If the City wants these sites to develop, the City will need to identify funding sources to support extension of these roads, such as Systems Development Charges or State infrastructure funds.

Recommendations for the Commerce Way/Front Street Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Commerce Way/Front Street Area to develop.

- **Development of the parcel is constrained by current transportation access.** Access from the site to Front Street is via Commerce Way to Hardcastle Avenue. Access to Highway 214 is via Front Street. The site is most likely to be used by a business that does not require large truck freight access, given these transportation constraints.
- **Work with stakeholders to identify opportunities for development of the site.** Other than the transportation improvements needed on the site, the City's role in developing the site may be as a convener of stakeholders. The City should work with stakeholders on marketing the site and connecting stakeholders potentially interested in locating on the site with landowners or developers of the site.

- **Continue to look for development opportunities.** Development of this site may not occur for years, depending on landowner preferences and timing of transportation improvements. There may be future interest in the site, with changes in the market or the landowners' interest in developing the site.

Recommendations for the Highway 99 and Young Street Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Highway 99 and Young Street Area to develop.

- **Continue to implement the vision for the site identified in the *Highway 99E Corridor Plan*.** The *Plan* envisions development of Highway 99E as a vibrant, safe, and sustainable business district that is accessible by automobile, pedestrians, and bicyclists. The *Plan* identifies the Highway 99 and Young Street Area as the gateway to Woodburn's downtown and hub of the Highway 99 district. The *Plan* describes redevelopment that includes retail (e.g., shops and restaurants), commercial office space, a brewery (which is light manufacturing), and multifamily housing in the western portions of the site.

The City has taken the initial steps to implement the plan by rezoning the site to Mixed Use Village, which allows a wide range of pedestrian-oriented uses, such as those described above. The City also expanded the Urban Renewal Area to include a portion of the site.

This site has many landowners and includes vacant and developed parcels. In the absence of City action, the site is likely to continue developing in parts, with areas such as the parcel along Highway 99 developing first and parcels along Young Street developing later, possibly with unconnected uses.

The site is a redevelopment opportunity that will take investment and focused effort on the part of the City. If the City wants the site to redevelop with interrelated uses as envisioned in the *Highway 99E Corridor Plan*, the City should consider purchasing parcels, assembling the site, and developing a master plan for the site.

- **Identify funding sources to support redevelopment of the site.** If the City prioritizes redevelopment of the City, the City will need to identify funding sources to support redevelopment. A portion of the site is within the Urban Renewal Area and a portion is outside of the Urban Renewal Area. The City should identify other sources of funding to support redevelopment, such as including infrastructure improvements in the Capital Improvement Plan, Systems Development Charges, or State or other funds for corridor redevelopment.

Introduction

The City of Woodburn last conducted an Economic Opportunities Analysis in 2001. This analysis provided a comprehensive factual basis that described Woodburn's economy. Woodburn implemented the key finding of the Economic Opportunities Analysis in 2015 by expanding its urban growth boundary (UGB) in 2015 to include 190 acres of industrial land located near Woodburn's I-5 interchange, called the Southwest Industrial Reserve Area.

The purpose of this report is to provide the City with an independent analysis of Woodburn's economy to identify the City's economic opportunities and the best use of the Southwest Industrial Reserve Area through a target industry analysis. The analysis also considers target industries for three other sites: Stacy Allison Way, Commerce Way/Front Street, and Young Street/Highway 99. Before making investments in or developing new or changing existing policies to regulate uses in these development areas, the City wants to understand the characteristics of businesses that may reasonably be expected to locate on the sites, such as wages, job density, and other impacts. This analysis provides this information and helps inform Woodburn decision-makers as they consider the City's potential role in development of these areas.

Throughout this report, we compare Woodburn to Marion County and the Portland Region, which includes Clackamas, Washington, and Multnomah Counties. We examine Woodburn's opportunities in the context of the economy of Marion County because Woodburn is located within the County, not far from Salem and Keizer. We consider Woodburn within the context of the Portland Region because Woodburn is located just south of Wilsonville, the southern-most city in the Portland Region. Additional information about the economic characteristics of Marion County and the Portland Region are in Appendix A.

Data and Methods Used in this Analysis

This analysis builds from existing data sources, including:

- **The U.S. Census and American Community Survey** provide information about the population, demographics, and socioeconomic characteristics of people living in Woodburn.
- **The U.S. Census Bureau On the Map** tool provides information about commuting patterns in Woodburn.
- **The Oregon Employment Department's Quarterly Census of Employment and Wages** provides information about employment and average wage in Woodburn and the surrounding region.
- **The U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics** provide information about income, employment, and other economic indicators.
- **Data from the City of Woodburn** about the four sites examined in this study, including tax lot and ownership data and information about infrastructure (e.g., sanitary sewer) availability on each site.

- **Other sources** of data, such as the Oregon Office of Economic Analysis.

Identifying target industries for Woodburn required an understanding of the groupings and relationships between industries in Woodburn and the surrounding regions. This analysis was accomplished through development of a cluster analysis for Woodburn, which categorized employment into clusters for Woodburn, Marion County, and the Portland Region using Quarterly Census of Employment and Wages (QCEW) data.

Clusters are geographic concentrations of industries related by knowledge, skills, inputs, demand and/or other linkages. This analysis uses the methodology and cluster definitions developed by Harvard economist Michael Porter. The purpose of analyzing economic clusters is to show interrelationships between industries and better understand development opportunities among clusters and businesses. Understanding these inter-industry relationships can help identify strategies for business recruitment and business development. There are generally two types of economic clusters, local and traded.

- **Local** industries primarily serve the local population and support traded sector industries. Examples of local industries would be real estate services, hospitals, or personal services such as drycleaners. However, the local industries may also play an important supporting role in the overall economic growth of the region.
- **Traded** industries are those that concentrate in particular regions but sell products or services across regions and countries. Businesses in traded industries typically higher average wages and productivity compared local industries.

Appendix A presents a longer discussion of the methodology used to develop the cluster analysis.

Organization of this Report

This report is organized as follows:

- **Section 2. Key Findings** presents economic indicators and trends that affect Woodburn's economy, as well as competitive advantages for economic development.
- **Section 3. Site Analysis** includes site area maps and attributes for each of the four proposed sites. The four sites under consideration are: Southwest Industrial Reserve Area, Stacy Allison Way, Commerce Way/Front Street Area, and Highway 99 and Young Street Commercial.
- **Section 4. Recommendations** address economic development issues identified through this report that affect the city of Woodburn. The section also makes policy recommendations to facilitate development on each of the four sites analyzed in this study.

This report also includes one appendix:

- **Appendix A, Woodburn's Economic Characteristics**
- **Appendix B, Site Profiles**

Key Findings

This section presents key finding and information from the analysis. Detailed information, including sources of information, is available in the full analysis in Appendix A. This section focuses on the issues that have the most important implications for economic development in Woodburn.

Woodburn's Economy

National and State Trends Affecting Economic Development in Woodburn

This section presents the implications of national, state, and regional economic trends on economic growth in Woodburn. At the national level, the United States has recovered from the recent recession, though growth in aggregate demand has been slow. Low interest rates have also created distortions in the market where rapid investment led to supply outstripping demand for oil and wheat, dampening commodity prices and reducing profits for domestic firms.

Despite sluggish growth across the country, Oregon's economic recovery has been relatively strong across financial services, apparel, and technology. The manufacturing industry in Oregon has not suffered recent job losses, which have been seen across other areas of the U.S., however, employment growth has slowed due to declining exports.

Woodburn benefits by being located just south of the Portland Region, which has seen historically high employment growth in recent years. Woodburn generally follows the economic trends within the three-county Portland Region, and will likely benefit from excess land capacity and cheaper rents as other businesses in the region look to expand operations. Woodburn also benefits through its location in connection to the Marion County economy, especially the agricultural and food processing sectors.

The following are key national and state trends and their implications for Woodburn, summarized from longer discussions in Appendix A:

- **Growth in the nation and Oregon presents opportunities for growth in Woodburn.** Since 2009, the US GDP and employment have recovered and are growing. The federal government's economic forecast predicts a moderate pace of economic growth, with gradual increases in employment and real GDP (roughly 3% through the end of 2016). Forecasts of growth for Oregon, from the State and private firms, predict that Oregon's economy will continue growing through 2020 and will exceed national average growth.

Economic growth in Woodburn is markedly improved from the 2007-2009 recession. The Oregon Office of Economic Analysis states that employment in the Portland area and Marion and Polk counties are growing at historically high rates. Growth of the regions around Woodburn suggests opportunities for Woodburn to grow as well.

- **Woodburn is able to attract workers from the Portland Region and Marion County but businesses may have challenges in finding some types of workers.** Businesses in

Oregon are generally able to fill jobs, either from available workers living within the State or by attracting skilled workers from outside of the State. Availability of labor depends, in part, on population growth and migration. About two-thirds of Oregon's population growth is the result of people moving into Oregon. Given Woodburn's location in the Mid-Willamette Valley and just south of the Portland Region, the city is located in a prime area to access workers living in the most populous areas of Oregon.

Availability of labor also depends on workers' willingness to commute. Workers at businesses in Oregon are typically willing to commute, with half of workers commuting 30 minutes or less. About 80% of people who work at businesses in Woodburn commute into Woodburn from outside of the city. Woodburn's businesses are able to access skilled and educated workers from across the Portland Region and from within the mid-Willamette Valley.

Discussions with business stakeholders in Woodburn indicate that businesses have difficulty finding dependable, skilled production workers, such as for manufacturing jobs. Stakeholders indicate that they are able to find and retain white-collar workers, such as managers. These issues are common across cities in Oregon.

- **Need for new workers will be driven, in part, through need for replacement workers as the baby boomers retire.** The number of Oregonians aged 65 and older will nearly double between 2015 and 2050, while the number of people under age 65 will grow by only about 29%. Even given this trend, the need for workers to replace retiring baby boomers will outpace job growth. Across Oregon, management occupations and teachers will have the greatest need for replacement workers because these occupations have older-than-average workforces.

Businesses in Woodburn will need to replace workers as they retire, consistent with state trends. While replacement workers will be most needed in white-collar occupations, replacement workers will also be needed for blue-collar production workers. Given the difficulty in finding production workers in Woodburn (and other cities), retirement of the baby boomers will put additional pressure on the finding dependable blue-collar production workers. If businesses are not able to find sufficient production workers in Woodburn, economic growth in the city may slow, as businesses relocate or choose to grow in areas where finding production workers is easier.

- **Higher energy prices may slow growth in the long-term.** Although energy prices are currently low by historical standards, over the long-term, energy prices are forecast to return to relatively high levels, as the economy and the population grow. As energy prices increase over the planning period, energy consumption for transportation may decrease. Increasing energy prices may decrease willingness to commute long distances. However, the impact on transportation costs from energy prices may be partly offset by increased energy efficiency of vehicles and stricter emissions standards.

In Woodburn, like other Willamette Valley communities, very large increases in energy prices may affect workers' willingness to commute, especially workers living the furthest from Woodburn or workers with lower paying jobs. In addition, very large

increases in energy prices may make shipping freight long distances less economically feasible, resulting in a slow-down or reversal of off-shore manufacturing, especially of large, bulky goods.

- **Growth of small businesses will play an important role in employment growth in Woodburn.** Small business, with 100 or fewer employees, account for about 80% of businesses in Oregon and across the nation. Private businesses with 10 or fewer employees account for nearly two-thirds of businesses in Woodburn. Growth of small businesses is an important economic opportunity for Woodburn.

Competitive advantages in Woodburn

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

Woodburn's primary competitive advantages are: location, access to I-5, availability of serviced industrial land, access to skilled labor, proximity to Portland and Salem, and quality of life. These factors make Woodburn attractive to residents and businesses that want a high quality of life where they live and work.

The local factors that form Woodburn's competitive advantage are summarized below.

- **Location.** Woodburn is located in Marion County, about 15 miles south of Wilsonville (the southern-most city in Metro), about 30 miles south of the City of Portland, and approximately 18 miles north of Salem. Businesses in Woodburn have access to the labor force in the Portland Region and Mid-Willamette Valley, as well as the natural resources from surrounding rural areas, such as agricultural products, lumber, and other resources.
- **Transportation.** Woodburn is located along I-5. Substantial upgrades were completed on Woodburn's I-5 interchange in 2015 to increase transportation capacity. Woodburn may be attractive to businesses that need visibility on I-5 (e.g., retail or service businesses) or direct access to an I-5 interchange with capacity for additional freight or automotive uses.

Businesses in Woodburn also have access to Highway 214/211 and Highway 99, which connects Woodburn to rural parts of Marion and Clackamas Counties. In addition, the Union Pacific Railroad mainline passes through Woodburn, providing freight service to businesses located adjacent to the rail line.

Firms needing passenger air transportation, such as regional corporations or professional service firms, have access to the Portland International Airport, which is about forty-five minutes to an hour from Woodburn by car.

- **Existing employment base.** Woodburn had about 9,700 employees in 2014. About 40% of Woodburn’s employment is in commercial industries, such as health care or accommodations and food services. About 35% of Woodburn’s employment is in industrial businesses, such as manufacturing or wholesalers and 25% is in retail businesses. The remaining 3% is in government. In addition, Marion County has nearly 140,000 employees and the Portland Region has 870,000 employees.¹

The existing businesses and other employers in Woodburn create opportunities for expansion of existing businesses and growth of new related businesses. In addition, Woodburn has additional economic development opportunities from businesses in Marion County and the Portland Region. These opportunities are discussed in subsequent sections of this report.

- **Labor market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available, but the quality, skills, wages, and experience of available workers as well. Businesses in Woodburn have access to highly educated skilled workers and unskilled workers from across Marion County and the Portland Region. As discussed previously, stakeholders in Woodburn suggest that, while businesses are able to attract sufficient white-collar workers (e.g., people in management), businesses in Woodburn struggle to attract and retain reliable, skilled production workers for manufacturing and other blue-collar jobs.
- **Buildable land.** This report describes four key sites for economic development in Woodburn. The largest site is the Southwest Industrial Reserve Area, a 188-acre site that was brought into Woodburn’s Urban Growth Boundary in 2015. In addition, the Stacy Allison Way site is adjacent to the Southwest Industrial Reserve Area, within the city limits, and is 47 acres in size. These sites are located along I-5, with excellent visibility and access to I-5.

Woodburn has other development sites throughout the city. Other examples include the Commercial Way/Front Street site, which has nearly 20 acres of buildable land. This site has access to Highway 214. In addition, the Young Street/Highway 99 site is 10 acres in size and has a mixture of vacant and redevelopable land.

These and other commercial and industrial sites within Woodburn offer opportunities for business development. These sites offer opportunities for development of multiple businesses, providing opportunities for growth of businesses with similar labor and supply chain needs.

- **Economic development partnerships.** Woodburn’s partners in economic development include Woodburn Chamber of Commerce, SEDCOR, the Mid-Willamette Valley Council of Governments, Marion County, and Business Oregon. Woodburn is able to work with these and other regional partners to provide infrastructure and services needed to retain and attract businesses to Woodburn.

¹ Oregon Employment Department, Quarterly Census of Employment and Wages

- **Public policy.** Public policy can impact the amount and type of economic growth in a community. The City can impact economic growth through its policies about the provision of land and redevelopment. Success at attracting or retaining firms may depend on availability of attractive sites for development and public support for redevelopment. In addition, businesses may choose to locate in Woodburn (rather than in a different part of the Willamette Valley) based on: development charges (i.e., systems development charges), availability of public infrastructure (i.e., transportation or sanitary sewer), and attitudes towards businesses.
- **Quality of life.** Woodburn's high quality of life and urban amenities are a competitive advantage for attracting businesses to the city. The community's quality of life attributes include: comparatively affordable housing, safe and attractive neighborhoods, good quality schools, parks, shopping opportunities, cultural activities, and access to outdoor recreation. Woodburn's relatively close location to Salem and Portland provides businesses and residents of Woodburn with relatively easy access to the urban amenities in those cities.

Woodburn's disadvantages for economic development include:

- **Production workers.** Businesses in Woodburn report that it is difficult to find dependable workers for production, such as manufacturing. Stakeholders reported issues such as limited educational opportunities for workforce training, worker reliability and work ethic, and substance abuse issues. These issues are similar to the issues reported by stakeholders in other cities in Oregon.
- **Transportation infrastructure.** While Woodburn's I-5 interchange has been newly re-built and has available capacity, state highways in Woodburn have transportation infrastructure challenges. In some areas, Highway 99 needs maintenance and portions of Highway 214 does not have enough capacity to accommodate traffic in Woodburn.
- **Regulatory issues.** Stakeholders report that Woodburn has some regulatory barriers that negatively affect business growth. The barriers identified by Stakeholders include: need for clarity in the development and entitlement process, complexity in building inspection process, and high fees and other development costs.²

² This project did not include an evaluation of these barriers to determine whether these issues create barriers to development that are unique to Woodburn. We recommend that the City evaluate these issues, such as determining whether the City's SDCs are higher than other cities between Salem and Portland.

Employment in Woodburn

Woodburn's existing employment base is an important factor in future economic development opportunities for the city. Exhibit 1 shows that Woodburn's employment grew faster than Marion County, Portland Region, and Oregon since 2005. Employment growth and level surpassed pre-recessionary levels. Woodburn had 9,073 in 2008 and 9,733 jobs by 2014 (6% growth).

Employment grew faster in Woodburn than in Marion County, and Portland. Employment grew by 6% from 2013 to 2014 in Woodburn, compared to 4% in Marion County and 3% in the Portland Region over the same period.

Exhibit 1. Nonfarm Employment Growth Since 2003, by Region, 2003-2014

Source: QCEW, State of Oregon Employment Department.

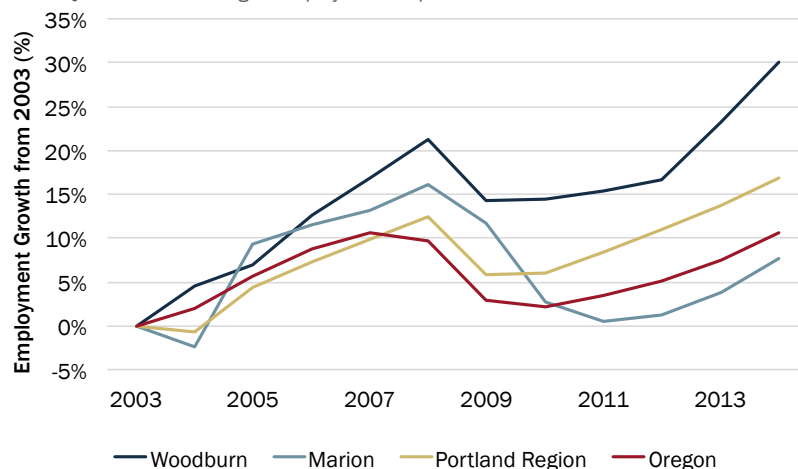


Exhibit 2 shows the growth of nonfarm average wages since 2003. The average annual wage in Woodburn (\$34,295) was below Marion County's (\$40,200), and the Portland Region's (\$53,400), in 2014. While Woodburn's employment has increased since 2010, the city's average annual wages were relatively stagnant, beginning to grow between 2012 and 2014.

Woodburn's Average Nonfarm Wages have seen an increase of 3% each year from 2012 to 2014. Woodburn's annual average growth rate was 1.1% from 2003 to 2014. This is lower than Marion County's (1.9%), Portland Metro's (2.3%), and the State's (2.8%).

Exhibit 2. Growth in Average Nonfarm Wage Since 2003, by Region, 2003-2014

Source: QCEW, State of Oregon Employment Department.

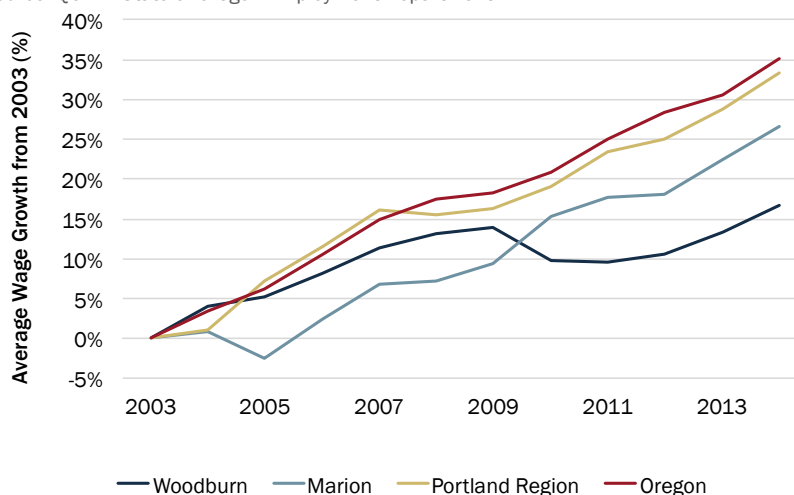


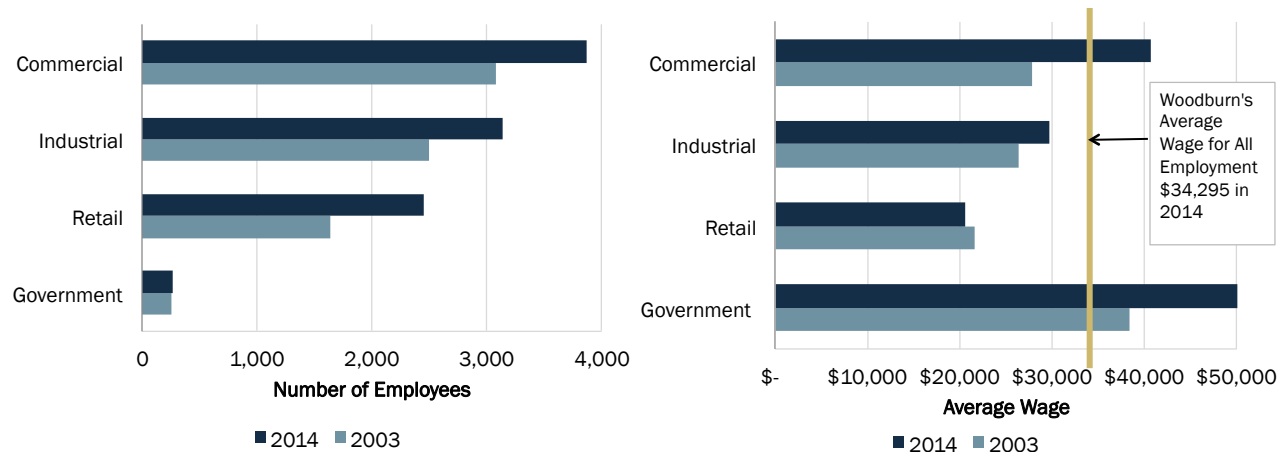
Exhibit 3 shows employment and wages, by region for 2003 and 2014, grouped into the following broad sectors:

- **Industrial** employment includes manufacturing, wholesale trade, and transportation and warehousing, construction, and other related industries. Industrial employment accounts for 32% of Woodburn’s employment and has the highest average wage in 2014, at 46% above the average wage for the City.
- **Retail** employment includes businesses that are predominantly retail.
- **Commercial** employment includes a range of services, such as finance, real estate, professional and technical services, educational services (including public and private education), health care and social assistance, arts and entertainment, accommodation and food services, and other services.
- **Government** employment includes only employment in Public Administration.

The sector with the largest increase was retail, with an increase of 22% employees since 2009. The majority of this employment growth happened at the Woodburn Premium Outlets. Retail employment accounted for 25% of Woodburn’s employment in 2014.

The sectors with the highest wages were Industrial, Commercial and Government (with the smallest amount of employment). Retail employment had the lowest wages, substantially below the City’s average wage of \$34,295.

Exhibit 3. Change in Employment and Wages (nominal change), Woodburn UGB, 2003-2014



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.

Exhibit 4 shows employment growth since 2003, by broad sector, in Woodburn. Industrial employment was most negatively affected by the recession, with a steep decline in employment in 2008. The sectors with the fastest growth since 2013 were retail and industrial.

Most of Woodburn's broad sectors surpassed their pre-recessionary peaks and continue to grow. The fastest growing sector in Woodburn was retail. The sector grew 49% from 2003 to 2014, and added 365 jobs since 2011.

The Industrial and commercial sectors grew 25% and 26% from 2003 to 2014.

Exhibit 4. Woodburn's Employment Growth Since 2003, by Sector, 2003-2014

Source: QCEW. State of Oregon Employment Department.

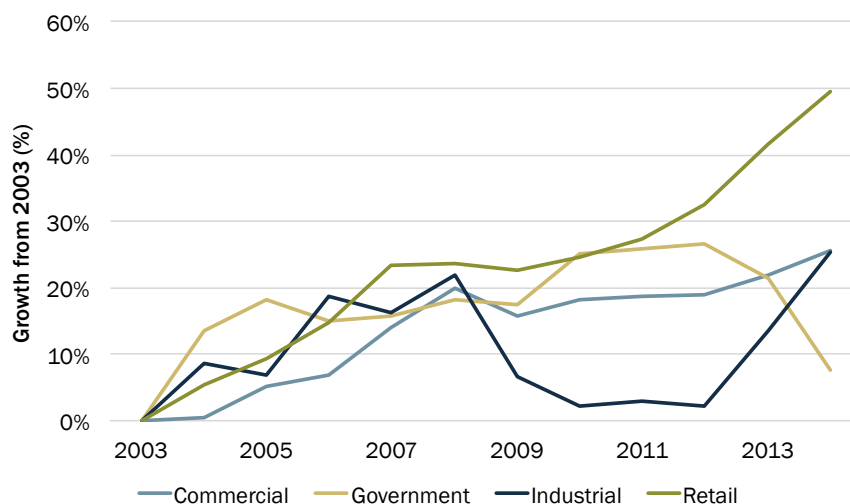
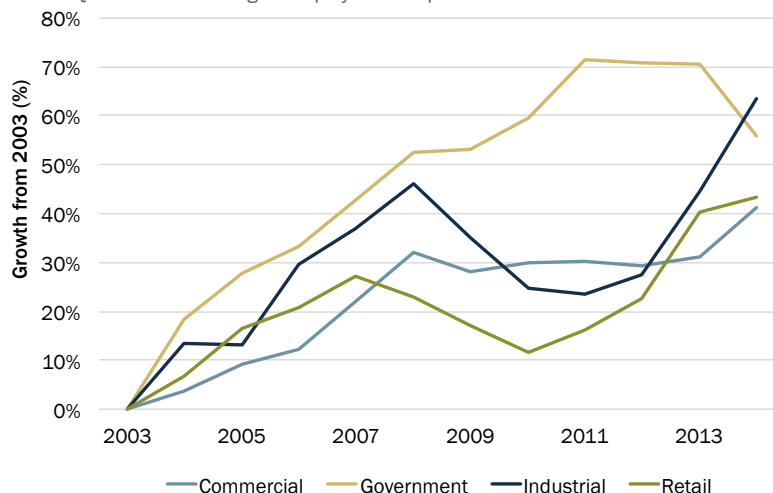


Exhibit 5 shows wage growth by sector. The sectors with the fastest growing wages were Government and Industrial sectors. Wage growth in Retail decreased sharply in the recession and increased sharply since 2010.

Woodburn's average wage growth has been increasing in the commercial, industrial, and retail sectors. Average wage growth increased 8% from 2013 to 2014. Average wage growth in the industrial sector increased by 13% in the same time period.

Exhibit 5. Woodburn's (nominal) Wage Growth Since 2003, by Sector, 2003-2014

Source: QCEW. State of Oregon Employment Department.



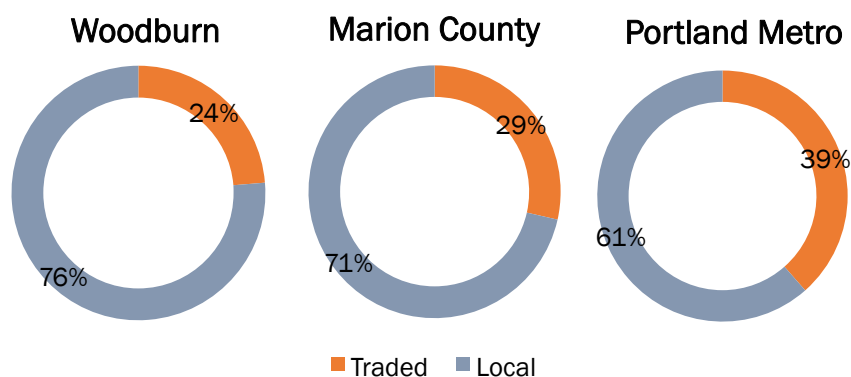
Employment clusters in Woodburn

This section presents the results of a cluster analysis for Woodburn. Clusters are geographic concentrations of industries related by knowledge, skills, inputs, demand and/or other linkages. The purpose of creating economic clusters is to show interrelationships between industries, which can include co-location patterns, supply/demand chain linkages, and similarities in labor specialization. Understanding these inter-industry relationships can help identify optimal strategies for business recruitment discussions. There are generally two types of economic clusters, local and traded.

- **Local** industries primarily serve the local population and support traded sector industries. Examples of local industries would be real estate services, hospitals, or personal services such as drycleaners. However, the local industries may also play an important supporting role in the overall economic growth of the region.
- **Traded** industries are those that concentrate in particular regions but sell products or services across regions and countries. Traded industries comprised about 32% of national employment in 2003 and have higher average wages and productivity compared local industries³. These general results have encouraged economic development policies that focus on increasing regional strength in traded industries.

Exhibit 6 shows the share of employment in traded and local clusters across the three geographies. Compared to the national average of 32% of traded sector employment, the Portland Region has a higher than average employment in traded sector industries, at 39% of employment. Marion County's employment is close to Porter's estimate at 29%. Woodburn is slightly underrepresented in traded sector jobs, at 24% of employment, which is not unusual, as firms in traded-sectors tend to cluster in large urban areas.

Exhibit 6. Traded versus Local employment, by region, 2014



Source: QCEW. State of Oregon Employment Department.

³ Porter, Michael. 2015. U.S Cluster Mapping.

<http://clustermapping.us/sites/default/files/page/Categorization%20of%20Traded%20and%20Local%20Industries%20in%20the%20US%20Economy.pdf>

Exhibit 7 traded clusters in Woodburn that added or lost 25 or more jobs from 2003 to 2014. Appendix A shows changes in employment in the same clusters in Marion County and Portland Region.

Woodburn has added over 400 jobs in food processing and manufacturing and apparel manufacturing, since 2003. That same number was lost in distribution and e-commerce and business services since 2003.

Exhibit 7. Woodburn's Job Creation in Traded Clusters, 2003-2014

Source: QCEW. State of Oregon Employment Department.

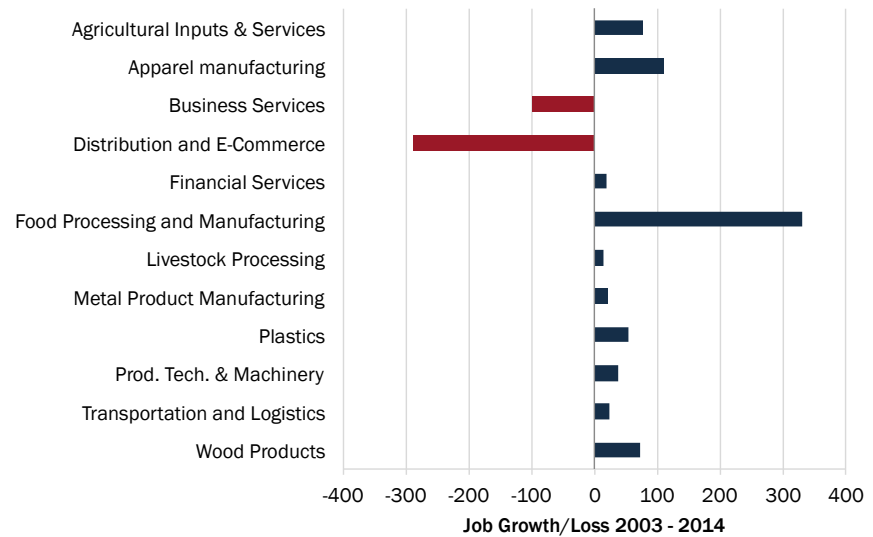


Exhibit 8 and Exhibit 9 show average annual wages for traded-commercial and traded-industrial sectors in Woodburn, Marion County, and the Portland Region. In 2014, Woodburn's total average wage across all sectors was \$34,295, with the highest average wages in insurance, plastics, and business services. The average wage in Marion County was \$40,200 in 2014, with the highest earning clusters in insurance, communications, and construction. The Portland Region had the highest average wage in 2014 at \$53,400, with the highest earning clusters in business services, communications, and insurance.

Though average earnings overall, are higher in Marion County and the Portland Region, some clusters shown in Exhibit 8, such as plastics and metal product manufacturing, are on par with similar businesses in the rest of the region. This could signal that these clusters in Woodburn generate high value-added jobs that are competitive or complimentary to clusters in the Portland Region and Marion County.

Exhibit 8. Traded Sector Clusters with Average Annual Wages above \$40,000 in Woodburn, 2014

Source: QCEW. State of Oregon Employment Department.

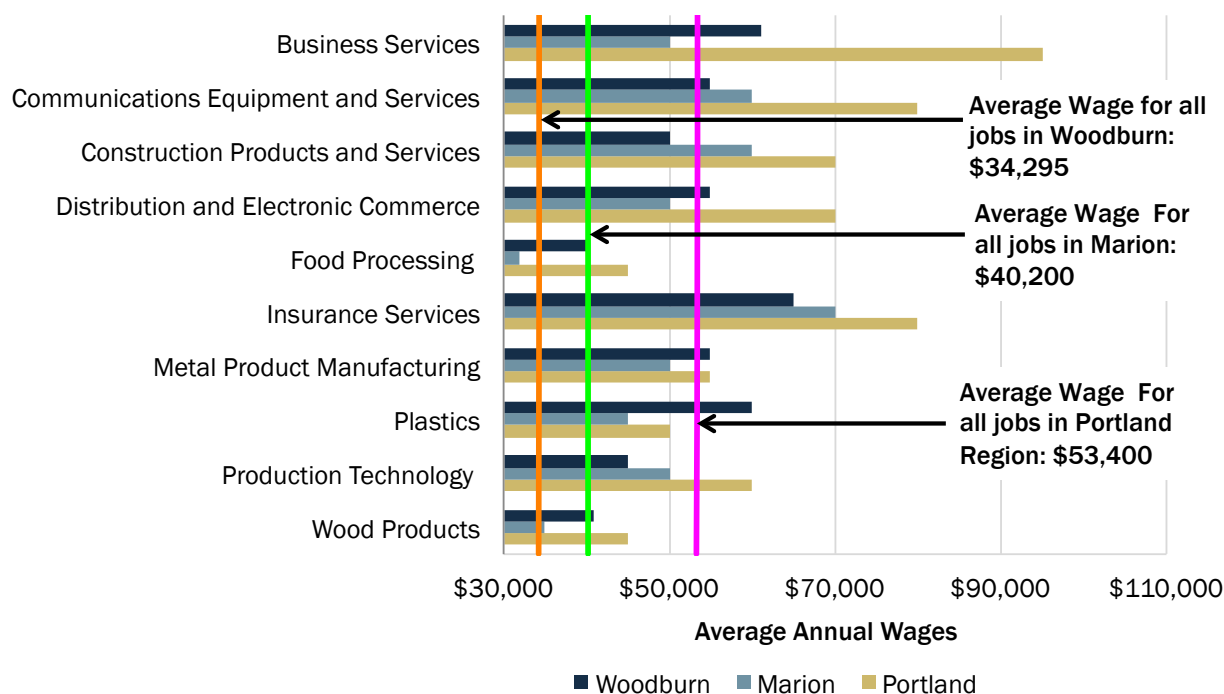
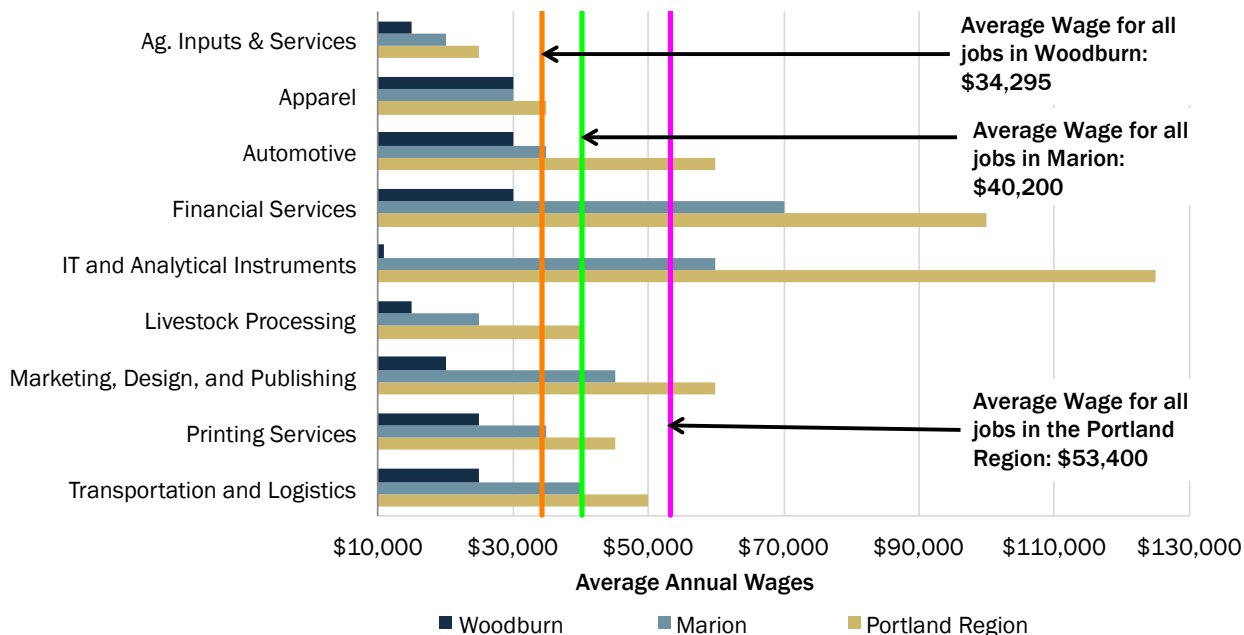


Exhibit 9 shows Woodburn's traded industrial and commercial clusters that have average annual wages under \$40,000 in Woodburn.

Exhibit 9 Traded Sector Clusters with Average Annual Wages below \$40,000 in Woodburn, 2014

Source: QCEW. State of Oregon Employment Department.



The analysis identified the following clusters as having an unusually high concentration of employment in Woodburn, suggesting competitive advantages, in Woodburn are:

- Apparel Manufacturing
- Food Processing and Manufacturing
- Plastics Manufacturing
- Metal Product Manufacturing
- Agricultural Inputs and Services
- Production Technology and Machinery

Other clusters in Marion County or the Portland Region that are not present in Woodburn are:

- Education and knowledge creation in the Portland Region
- Forestry in Marion County
- Furniture manufacturing in Marion County
- Video production and distribution in the Portland Region

Please see Appendix A for more details about the cluster analysis and the types of industries in each cluster.

Woodburn's Target Industries

Woodburn's target industries begin with the analysis of clusters in Woodburn, Marion County, and the Portland Region. Economic clusters are a geographic concentration of businesses that find it mutually beneficial to be located near to similar businesses and inputs of production. This frequently occurs as businesses look to reduce fixed costs and scale operations. Pairing together businesses that share supply chain relationships also ensure ready access to skilled labor that can ensure businesses can remain efficient.

Understanding the linkages between clusters in a region can help identify strengths and challenges for a region's development strategy. This not only allows policymakers to identify their unique strengths, but can help them understand the linkages to help develop new economic clusters in their region

For example, while there is a technology cluster developing in the Portland Region, there may be opportunities for firms who support technology companies through intermediate goods and services, such as metals manufacturing, to locate in Woodburn because of easy access to transportation corridors and available land. Firms in metals manufacturing may see advantages to relatively less expensive land in Woodburn, but might need help with training the labor force needed to support the new jobs.

Understanding this relationship allows policymakers and practitioners to develop strategies holistically, while tailoring their approach to each economic cluster. This section presents target industries for Woodburn starting with mature clusters (i.e., well-established clusters in Woodburn), emerging clusters (i.e., clusters with little or no employment in Woodburn but well-established in Marion County or the Portland Region), and declining clusters (e.g., clusters with very low average wage or with decreasing employment in Woodburn).

Mature Clusters

Our analysis has identified that Woodburn has high concentrations of employment and medium to large amounts of employment across several traded-sector clusters. Several of these clusters, such as food processing and plastics are high value-added clusters, which require a skilled workforce.

- **Production Technology and Machinery.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: manufacturing of machinery for food production, automatic sprinklers systems, bailing machines, hydraulic jacks, and other machinery production. The high concentration of employment of this cluster in Woodburn compared to the rest of the state suggests that this cluster is more productive in Woodburn than it would be anywhere else. This cluster has an average wage, which is higher than the median income for a household in Woodburn (\$43,144).
- **Plastics Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: plastic and rubber products, chemical manufacturing, plumbing fixtures, plastic bottles, plastic bags, and other plastic

products such as air mattresses, dinnerware, or plastic hardware. The cluster is comprised of chemical manufacturing and chemical and rubber product manufacturing. Woodburn's plastics cluster has a higher average wage than both the Marion County and Portland's plastics cluster. The Plastics cluster is strongly linked to production technology and machinery, and other chemical manufacturing. Bringing support businesses of the plastic cluster could increase employment and opportunities businesses that these clusters support, such as metals manufacturing and production technology. The average wage for this cluster in Woodburn is greater than \$62,000.

- **Metal Product Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: prefabricated metal building and component manufacturing, ornamental and architectural metal work manufacturing, bathtubs and sinks, metal pipe hangars, fire escapes, grills and grill work, and all other miscellaneous fabricated metal product manufacturing. This cluster employs close to 100 people in Woodburn. The metal product-manufacturing cluster is related to production technology and machinery, and recreational good manufacturing. This cluster's average wage in Woodburn is \$54,645.
- **Food Processing and Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: baked goods, fruit and vegetable canning, frozen foods, confectionary manufacturing, breweries, wineries, and coffee and tea manufacturing.. This industry is traded cluster and exports its goods out of Woodburn and sometimes out of the country. This cluster employs over 400 people in Woodburn with an average wage of \$40,928. Comparing this to the Portland Region's food processing and manufacturing cluster's average wage of \$43,211 strongly suggest that Woodburn is just as, if not more, competitive at food processing and manufacturing.

Exhibit 10 shows five of Woodburn's industry clusters (three of which are mature clusters, and two are emerging clusters, as discussed in the next section) and illustrates the relationships between these clusters, showing which are most interdependent in Woodburn.

Different colored clusters represent varying levels of employment concentrations compared to Oregon.

- Green circles represent clusters that have an unusually high concentration of employment in Woodburn compared to Oregon, making this cluster an export industry;
- Yellow circles represent an average amount of employment in Woodburn, and;
- Gray circles represent clusters with a low concentration of employment in Woodburn, making it an import industry.

The lines between each cluster show the strength of linkage between them, using analysis from U.S. Cluster Mapping⁴. The strength of the linkages considers: locational characteristics (e.g., access to transportation or other infrastructure), supply chain linkages (e.g., need for similar

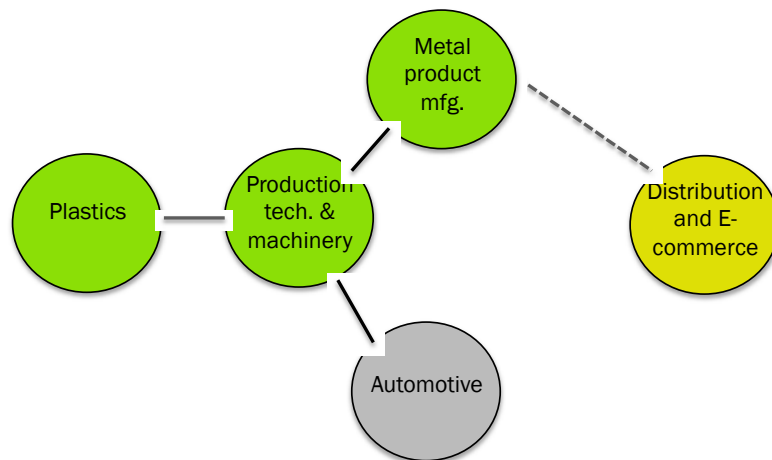
⁴ Porter, Michael. 2015. http://www.clustermapping.us/region/county/marion_county_or

materials or services), and labor specialization (e.g., workers with similar skills). Clusters with similar locational, supply chain, and labor specialization have a stronger linkage or relationship.

- Black solid lines show a strong linkage or relationship (Strong relationship)
- Solid gray lines represent an intermediate relationship (Intermediate relationship)
- Dotted gray lines show some linkage between clusters (Low relationship)

Exhibit 10 Woodburn's Cluster Concentrations and Relationships for Production Technology and Machinery and Related Clusters

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.
Note: Automotive is Transportation Equipment Manufacturing



Woodburn already has a skilled labor force across several traded clusters. In addition, Woodburn also has a geographical advantage for attracting and growing businesses in these clusters. The City of Woodburn is located on I-5, approximately 30 miles from Portland and 18 miles from Salem. Being located along this main transit route places Woodburn in a key spot for taking advantage of these two economic hubs.

With the newly acquired land, businesses could see this location as an opportunity to reduce transportation costs associated with moving their goods to market. For example, some firms in the agricultural exports industry may see value in moving closer to the Port of Portland, while taking advantage of the less expensive land in Woodburn.

The combination of ready labor, reduced transport costs, and available land will help businesses in these clusters see Woodburn as an opportune location to reduce costs and expand operations.

The presence of these clusters can be important drivers of regional competitiveness and innovation. Strong supply chain relationships and geographic co-location allow these firms to operate more efficiently as they can share common technologies, infrastructure, knowledge pools, and supply chain relationships.

Take the simplified example of a kitchen knife manufacturer. Inputs to a knife are intermediate wood and metal products that are used in the manufacturing process. Additionally, the manufacturer requires skilled labor to operate the machinery and ensure a high quality of work.

Industries that require these intermediate goods will choose to locate in regions where both the capital and labor needed to create the final goods are available.

Potential Growing and Emerging Clusters

According to our analysis, Woodburn appears to have some competitive advantages with firms that provide goods and services for many of these larger traded sector businesses. The analysis of clusters and employment patterns in Woodburn, Marion County, and the Portland Region suggest that Woodburn has opportunities for business development in this rapidly growing cluster:

- **Apparel Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: cutting and sewing apparel, embroidering on textile products, carpet cutting and binding, sleeping bag manufacturing, hats and glove manufacturing, and other apparel manufacturing. Woodburn has an existing apparel manufacturing cluster, comprised of businesses involved with textile product mills, and apparel contractors. The apparel cluster has strong linkages with textiles, footwear, leather products, and printing. The City could try to recruit business that supports textile product mills. The average wage for this cluster is below \$30,000 in Woodburn.

Woodburn also has mature industries in the distribution cluster that could be nurtured, or expanded using the newly acquired land and proximity to I-5.

- **Distribution and E-commerce.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: wholesale trade, farm supplies and merchant wholesalers, refrigerated warehousing and storage, packaging and labeling services, or other warehouse and distribution. This cluster employs over 600 people in Woodburn, with an average level of concentration of employment compared to Oregon. The average wage for this cluster in Woodburn is \$53,593. This cluster is made up generally of wholesalers and is an integral part of the supply chain. The newly acquired land places Woodburn in an ideal location to store and move agricultural products along the I-5 corridor.

Discussions with developers suggest that distribution and e-commerce is a significant opportunity for Woodburn. The Southwest Industrial Reserve Area is one of the larger industrial sites available just south of the Portland Region, with direct access to I-5. The developer of the Southwest Industrial Reserve Area has identified the opportunity to build about 1.7 million square feet of industrial built space on the site. They expect the majority of demand to be from distributors, possibly with smaller tenants in other industries, such as food processing.

The City could encourage growth by recruiting another business that supports its concentrated clusters, but do not currently exist or have a strong base in Woodburn. The City could look specifically at businesses, which will support the cluster in the Portland Region or Marion County. Some examples include:

- **Automotive Transportation Equipment Manufacturing.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: motor vehicle parts manufacturing, motor vehicle metal stamping, and other transportation equipment manufacturing. The cluster is currently composed of other motor vehicle parts manufacturing. This cluster is listed as an opportunity because it is not thriving in Woodburn, but it is in Portland with an average wage of \$61,812. Furthermore, Woodburn has all the clusters present that are closely linked with the automotive cluster, (e.g. production technology, metal working, plastics, and metal product manufacturing).
- **Information Technology and Analytic Technology.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: software publishers, electronic computer manufacturing, semiconductor manufacturing, laboratory instrument manufacturing. These are high paying jobs that often require large lots. The data did not provide enough information to report average wages in Woodburn. However, this cluster's average wage is \$70,299 in Marion County, and \$124,608 in the Portland Region. If the City could recruit one of these types of businesses, it would create jobs and wealth.

Declining Clusters

Many high value-added service jobs that offer high wages, requiring a higher degree of specialization, tend to co-locate with similar firms in urban areas. This draws many of these toward Portland Metro area. Due to Woodburn's location and small population, this makes the city less competitive for attracting large corporations to the new property. The clusters in this section are present in Woodburn but have especially low wages or declining employment over the 2003 to 2014 period.

Between 2003 and 2014, Woodburn saw a decline in many jobs in business services. As the economy has shifted toward high value-added service jobs, the demands for educational attainment and specialization have also increased. Woodburn has a relative small percentage of residents with a bachelor's degree compared to Marion County, and the Portland Region, which places the city at a disadvantage for some of these jobs.

The cluster analysis identified one cluster, in particular, that showed a medium level of employment, high LQ, but low average wage:

- **Agricultural inputs and services.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: farm labor contractors and crew leaders. Agricultural inputs and services employed a large number of people, and had a high concentration of employment in 2013. The employment and employment concentration suggests agricultural inputs and services are successful in Woodburn, but because of a low average wage, this cluster is listed as a declining cluster. This cluster is related to food processing and manufacturing. While this is a cluster with low average wage (about \$15,000 in Woodburn), it may provide important inputs to other agricultural production or food processing in Woodburn and Marion County. If this is

the case, it is likely that food processing and manufacturing firms would experience benefits from having this input located close by, and would make this cluster a strength in Woodburn.

- **Business Services.** Examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: architectural services, computer system design services, engineering services, data processing and hosting, payroll services, management services, and other business services such as brokers, appraisers and estate assessment. This cluster employs over 60 people, and has an average wage of \$61,053 in Woodburn. High paying jobs that make up this cluster would certainly benefit the city of Woodburn and its workers. The number of people employed in this cluster has decreased in Woodburn since 2003 but increased in the Portland Region from 2003 to 2014.

Conclusion of the cluster analysis

Woodburn's primary economic opportunities will be in attracting and growing businesses that need or prefer to locate in communities with Woodburn's competitive advantages, such as the City's access to I-5, availability of buildable land near I-5, existing business base, and high quality of life. These clusters are primarily: production technology and machinery, plastics, metal product manufacturing, food processing and manufacturing, distribution and e-commerce, Woodburn may also have opportunities in clusters such as automotive transportation equipment manufacturing, information technology and analytic technology, apparel manufacturing, business services, and agricultural inputs and services.

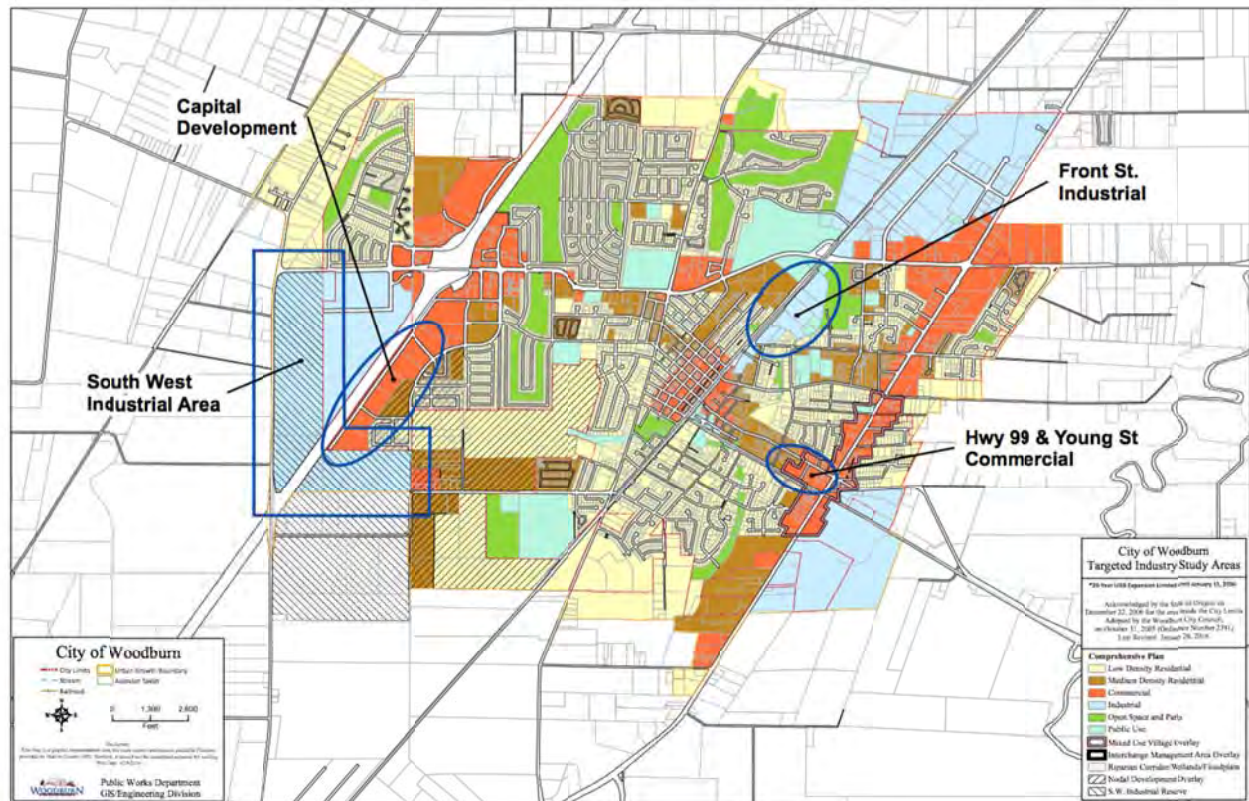
The findings of the target industry analysis are consistent with the findings of the "Mid-Willamette Valley Supply and Target Industry Growth Recommendations for Marion, Polk and Yamhill Counties" (2014) report. This report identified the following target industry clusters for the Mid-Willamette Valley: food and beverage; chemicals and plastics; metal, machinery, and equipment; and furniture, wood, and paper. This analysis identified opportunities in all of these sectors except furniture, wood, and paper. It is not unreasonable to suppose that Woodburn may attract businesses in this sector, given the large presence of this cluster throughout the Mid-Willamette Valley. For example, Woodburn had a furniture manufacturing business until the business moved out of the city.

Site Analysis

This project focused on analysis of economic opportunities for our sites, shown in Exhibit 11: Southwest Industrial Reserve Area, Stacy Allison Way, Commerce Way/Front Street Area, and Highway 99 and Young Street Commercial. Each site profile includes information on site attributes and site area maps. Site attributes include the total size and ownership of the site.

This section summarizes the site analysis presented in detail in Appendix B.

Exhibit 11 Woodburn's Opportunity Sites



Source: City of Woodburn

Southwest Industrial Reserve Area

The Southwest Industrial Reserve Area is a 188-acre site in five parcels and three owners. It is currently outside of the city limits and zoned for Urban Transition (UT). Once it is brought into the city limits, it will be zoned Industrial. Exhibit 12 shows that the site is divided into two sections, with about 130 acres to the north and west of I-5 and about 58 acres to the south and east of I-5. Development of this site may occur at different times in these two areas, with one developing before the other.

This area is highly visible from I-5 and is within one-quarter mile of the I-5 interchange. Water, sanitary sewer, and stormwater drainage infrastructure is adjacent to the site. As the site develops, electrical service will be available from Portland General Electric and natural gas service from NW Natural Gas.

The section below describes key opportunities and constraints to developing the Southwest Industrial Reserve Area.

Opportunities

- **Site size.** The site is large (188 acres) and divided by I-5 into two sections; one section with approximately 130 acres and the other section with approximately 58 acres.
- **Proximity, access, and visibility from I-5.** The site is located within ¼ mile of the I-5 interchange. Some parts of the site are highly visible from I-5. The I-5 interchange has substantial capacity for freight and automotive traffic.

The northern part of the site will access I-5 from Hillsboro Silverton Highway NE, which leads directly to I-5. A 22-acre portion of the northern part of the site is owned by a different owner than the owner of the 108 acres to the north. This 22-acre portion has excellent visibility from I-5 and may develop for different uses than the larger parcel to the north.

Exhibit 12 Southwest Industrial Reserve Area



Source: City of Woodburn

The south part of the site, east of I-5, might access I-5 from Stacey Allison Way and Evergreen Road. The portion of this site with the best visibility from I-5 is owned by the State of Oregon.

- **Few owners.** The majority of the site is owned by two related owners, with the State of Oregon owning a portion of the site along the eastern side of I-5.
- **Engaged developer with ideas for development of site.** Specht is a developer who is in the process of completing a development master plan for about 108 acres of the site, located north and east of I-5. Specht, working with Kidder Mathews on real estate management of the site, has proposed three possible development options, ranging in size from two buildings at 1.9 million square feet of space (221,000 s.f. and up to 1.7 mil. s.f.) to multiple buildings at 1.7 million square feet (221,000 s.f. to 560,000 s.f.). Specht has identified the most demand for the site from warehouse and distribution businesses, with some possible demand from manufacturers. Specht's development plans include the possibility of a mixture of large anchor tenants and smaller tenants within the buildings.
- **Existing infrastructure.** The site is served with water, sanitary sewer, and storm drainage. It is not clear whether the existing services to the site are sufficient to support potential development and this issue will not become clear until a specific development is proposed. Electrical and natural gas services are adjacent to the site and should be available for extension when the site develops.

Constraints

- **Existing zoning.** Woodburn's zoning for the site allows uses such as: transportation and warehouses, wholesale trade, machinery manufacturing, fabricated metals, products manufacturing (e.g., stone, class glass, and concrete), and credit unions.

Existing zoning does not allow a variety of manufacturing, such as beverage or food manufacturing, furniture manufacturing, leather manufacturing, plastics manufacturing, textile manufacturing, wood products manufacturing, or paper manufacturing. Zoning also does not allow heavy equipment and motor vehicle sales.

- **Compatibility with residential areas.** The southern portion of the site is adjacent to residential areas. Development of this portion of the site should mitigate potential conflicts of use, through use of landscaped buffers or other mitigation measures.
- **Development of smaller parcels.** The site includes three smaller parcels, with 22 acres in two parcels west of I-5 in one ownership and an 8-acre parcel east of I-5 owned by the State. Development on these sites may be difficult or happen at a later time because they are not connected with the larger developable parcels in the site.

Potential Target Industries

The Southwest Industrial Reserve Area has potential for development of a number of Woodburn's target industries, especially if the zoning barriers are addressed, allowing more

industrial uses on the site. The Southwest Industrial Reserve Area is likely to develop predominantly with traded-sector industries (rather than locally-serving industries), such as:

- **Distribution and e-commerce.** The site, especially the northern 108-acre portion of the site, is well positioned for distribution and e-commerce uses. The site's size and easy access and proximity to I-5 make it very appealing for distribution businesses. The developers engaged in master planning the site report that their market analysis shows the largest demand for distribution for a site like the Southwest Industrial Reserve Area.
- **Manufacturing.** The site may also be attractive to a variety of manufacturing uses, such as production technology and machinery, metal product manufacturing, plastics manufacturing, electronics manufacturing, apparel manufacturing, food processing, or a brewery or distillery. The City will need to allow a wider variety of uses on the site and may choose to work with the developers to ensure that a mixture of uses develop on the site.
- **Other uses.** Businesses not identified as target industries may locate on the site, if the City's zoning allows. For example, the analysis does not identify furniture manufacturing as a target industry for Woodburn but it is a cluster present in Marion County. Any number of businesses not in the target industries analysis may choose to locate on the site.

The types of uses may vary across the site, with the northern portion of the site more likely to develop with distribution businesses (because of access to I-5 by trucks) and the southern part of the site may be more likely to develop with light industrial uses.

Stacy Allison Way Area

The Stacy Allison Way is a 47-acre site in eight parcels with two owners. It is within the city limits and zoned for Commercial uses. Exhibit 13 shows that the site is a long strip just east of I-5. To the north of the site is large retail development (Wal-Mart), to the east is residential development, and to the south is a portion of the Southwest Industrial Reserve Area.

This site is very visible from I-5 and is within one-quarter mile of the I-5 interchange. Water, sanitary sewer, and stormwater drainage, electrical service, and natural gas service are adjacent to the site.

The section below describes key opportunities and constraints to developing the parcels on Stacy Allison Way.

Opportunities

- **Site size.** The site is relatively large, especially for a commercially zoned site. The size of the individual parcels may be appealing to retail or small commercial users, who generally need relatively small sites. Several of the parcels could be combined into one large parcel, if a user needed a long rectilinear site.
- **Proximity, access, and visibility from I-5.** The site is located within $\frac{1}{4}$ to one mile of the I-5 interchange. Nearly the entire site is highly visible from I-5. The I-5 interchange has substantial capacity for freight and automotive traffic.
- **Existing local roads.** The northern six parcels on the site (all under one ownership) are directly on Stacy Allison Way, with Hooper Street to the south and with some of the

Exhibit 13 Stacy Allison Way Area



Source: City of Woodburn

parcels on Evergreen Road to the east. Some parcels also have access to Center Street and Harvard Drive.

- **Few owners.** The site has two owners, with the six northern parcels owned by Capital Development Company and the southern two parcels in a separate ownership.
- **Developer engaged.** The northern six parcels are owned by a developer, Capital Development Company, who is interested in developing the site. Over the last few years, the developer has had inquiries from retail users, an automotive sales firm, and a hotel. The developers do not have specific plans for the site and are not actively listing the site for development at this time.
- **Existing infrastructure.** The site is served with water, sanitary sewer, and storm drainage. It is not clear whether the existing services to the site are sufficient to support potential development and this issue will not become clear until a specific development is proposed. Electrical and natural gas services are adjacent to the site and should be available for extension when the site develops.
- **Proximity to part of the Southwest Industrial Reserve Area.** The two southern most parcels are adjacent to the 51-acre portion of the Southwest Industrial Reserve Area. Any transportation extensions to serve these parcels can also serve this portion of the Southwest Industrial Reserve Area.
- **Zoning.** The site is zoned Commercial General. This zone allows for a mixture of retail, office, and light industrial uses. Some allowed uses include: business and professional services, offices, hotels, restaurants, local services (e.g., dry cleaning or theaters), and manufacturing of metal and furniture.
- **Nearby retail and residential uses.** To the north of the site is a Wal-Mart Supercenter and to the east of the site is residential development, with a mixture of apartments and single-family dwellings. To the extent that the potential uses on the site complement existing retail uses and provide services to people living nearby, the surrounding uses may be complimentary for new uses on the site.
- **Urban Renewal.** The site is within the City's Urban Renewal Area. The City may choose to use Urban Renewal to fund needed infrastructure upgrades or for other uses to facilitate development on the site.

Constraints

- **Need for transportation access to the south.** Stacy Allison Way and possibly one or more other local streets will need to be extended to provide transportation access to the southern two parcels on the site.
- **Compatibility with residential areas.** To the east of the site are residential areas. Development adjacent to residential uses should be done mitigate potential conflicts of use, through use of landscaping or other mitigation measures.

Potential Target Industries

The Stacy Allison Way site has potential for development of a number of Woodburn's target industries, constrained by the types of businesses that are allowed on the site by zoning.

Development across the site may vary depending on the location within the site, with more retail services in the northern portion of the site and more commercial and flex uses towards the southern portion of the site. Exhibit 14 illustrates how this interaction might work, with the southern two parcels in Stacy Allison Way developing with uses more consistent with the southern portion of the Southwest Industrial Reserve Area.

Exhibit 14 Potential interaction of Stacy Allison Way sites with the Southwest Industrial Reserve Area



The target industries and locally serving businesses that may locate on the site include:

- **Locally serving businesses.** These businesses would likely be located on the northern portion of the site and might include retail that provides goods or services to residents of Woodburn. These retail uses would, ideally, not compete directly with Wal-Mart. One example might be a Mercado, a traditional Mexican market, which sells food, produce, and handcrafts.
- **Business and office services.** These businesses might be located in the mid-section of the site. They might include one- or two-story office buildings or build-to-suit buildings for mid-sized company offices.
- **Light manufacturing.** The southern portion of the site might develop with light manufacturing and flex space, if allowed by zoning. The target industries that might locate here are food processing (e.g., a brewery or distillery), apparel manufacturing, or information technology and analytic technology (e.g., software publishers or electronics manufacturing).
- **Other businesses.** Like with Southwest Industrial Reserve Area, this site may attract businesses not identified in the target industry analysis, if zoning across the site allows these types of uses.

Commerce Way/Front Street Industrial Area

The Commerce Way and Front Street area is a 20-acre site in four parcels with three owners. It is within the city limits and zoned for Industrial uses. Exhibit 15 shows the site is an irregularly shaped area, partially rectilinear. It is located on the east side of Front Street and Commerce way. It is bordered by Mill Creek to the east and Highway 214 to the north. Surrounding uses include industrial businesses and open space.

This site has nearby access to Highway 214 and is about 1.7 miles from I-5. Water, sanitary sewer, and stormwater drainage infrastructure is adjacent to the site. As the site develops, electrical service will be available from Portland General Electric and natural gas service from NW Natural Gas.

The section below describes key opportunities and constraints to developing the parcels in this site.

Opportunities

- **Site size.** The site is moderately sized, at 19 acres. Industrial sites of this size are in demand from small to medium sized industrial uses and could develop with one to several industrial businesses.
- **Ownership.** The site has three owners. The City owns the northern 1.7-acre parcel, which is adjacent to the Woodburn Police Station. The 6.4-acre parcel has one owner and the southern 11.2-acre parcel has another owner.
- **Zoning.** The zoning on the site is Light Industrial, which allows a range of uses including food and beverage manufacturing, furniture manufacturing, plastics and rubber manufacturing, textile manufacturing, stone and glass product manufacturing,

Exhibit 15 Front Street Industrial Area



Source: City of Woodburn

wholesale trade, wood product manufacturing electronic equipment manufacturing, equipment manufacture and repair. Commercial uses allowed in Light Industrial zone include: contractors, automotive maintenance, fitness and recreational sports, and restaurants.

- **Rail Access.** The site is adjacent to the Union Pacific line, which runs between the site and Front Street. Accessing the site via rail would require a rail spur. Additional research would be necessary to determine whether a rail spur is feasible for this site.
- **Existing infrastructure.** The site is served with water, sanitary sewer, and storm drainage. It is not clear whether the existing services to the site are sufficient to support potential development and this issue will not become clear until a specific development is proposed. Electrical and natural gas services are adjacent to the site and should be available for extension when the site develops.
- **Access to Highway 214.** The site is near Highway 214. It accesses Highway 214 via Front Street. Access to Front Street is via Commerce Way and Hardcastle Avenue.

Constraints

- **Rail Road Tracks.** The railroad tracks create a barrier between the site and Front Street. Access to Front Street is via Commerce Way to Hardcastle Avenue.
- **Lack of direct access to Highway 214 or Front Street.** The site does not have direct access to Highway 214 or Front Street. Getting to Highway 214 requires getting to Front Street, a right hand turn onto Front Street, and a left hand turn onto an entrance ramp for Highway 214. This access is likely to limit businesses that move freight by large trucks.
- **Willingness of the owner to sell.** The site has a farmhouse and active farming activity. The willingness of the owner to sell the property may create short-term or mid-term constraints to development of the site.
- **Site configuration.** The site is slightly misshapen, especially the small northern most parcel, which is considerably narrower than the rest of the site. The configuration will not prevent use of the site but portions of the site, especially on the side by Mill Creek, may remain largely unused.
- **Stream buffer.** Development of the site will require maintaining a buffer with Mill Creek. Given the configuration of the site and the fact that Mill Creek runs along the eastern boundary of the site, this may not be a significant constraint to most uses.
- **Compatibility with nearby neighborhoods.** While there are no residential uses directly adjacent to the site, there are residential neighborhoods across Front Street from the site. Ensuring compatibility with these neighborhoods may limit the hours of operations or amounts of noise and smells from uses on the site. These compatibility issues may not create substantial issues because the Union Pacific line already creates noise disturbances and light industrial uses on the site may not create additional disturbances.

Potential Target Industries

The Commerce Way and Front Street area has potential for development of most of Woodburn's industrial target industries, including: production technology and machinery, plastics, metal product manufacturing, food processing and manufacturing, apparel manufacturing, automotive transportation equipment manufacturing, or information technology and analytic technology (electronics manufacturing). Like other sites in Woodburn, the site may attract businesses not identified as target industries may locate on the site, if the City's zoning allows.

The factor that may most constrain the types of development likely to occur on this site is transportation access. The existing access may be difficult for large trucks, making the site appealing to businesses that are not dependent on larger trucks. In addition, businesses that need to locate farther away from residential areas (because of noise or odors from production) may be less likely to locate on this site because of nearby neighborhoods.

Highway 99 and Young Street Commercial Area

The Highway 99 and Young Street commercial site is a 10-acre site in nine parcels with nine owners. It is within the city limits and zoned for Commercial uses. Exhibit 16 shows that the site is roughly rectilinear. It is located south of Young Street and west of Highway 99. The site includes existing development, such as residential development, commercial development, and industrial development.

This site is visible from Highway 99 and it is three miles from I-5. Water, sanitary sewer, and stormwater drainage, electrical service, and natural gas service are adjacent to the site.

The *Highway 99E Corridor Plan* presents Woodburn's vision for redevelopment along the Highway 99 corridor, including the vision for this site as the gateway to historic downtown Woodburn. The *Plan* envisions redevelopment of this site for commercial and retail uses, such as restaurants, shops, and office uses, with multifamily development in the western portions of the site. Since adoption of the *Plan* in July 2012, the City has implemented key recommendations to develop a Mixed Use Village to allow the types of development envisioned for the site and expanded the Urban Renewal Area to include this site.

The section below describes key opportunities and constraints to developing the parcels in this site.



Source: City of Woodburn

Opportunities

- **Access to Highway 99.** Portions of the site are located along Highway 99, providing opportunities for commercial development.
- **Access to Young Street.** Much of the site is along Young Street, which provides direct access to Highway 99.
- **Zoning.** The site is zoned Mixed Use Village. This zone allows for a mixture of retail office, and light industrial uses. Some allowed uses include: business and professional services, offices, hotels, restaurants, and local services (e.g., dry cleaning or theaters).
- **Nearby retail and residential uses.** Highway 99 has a mixture of locally serving commercial uses on it. The site has a number of occupied dwelling units.
- **Existing infrastructure.** The site is served with water, sanitary sewer, and storm drainage. It is not clear whether the existing services to the site are sufficient to support potential development and this issue will not become clear until a specific development is proposed. Electrical and natural gas services are adjacent to the site and should be available for extension when the site develops.
- **Urban Renewal.** A portion of the site is within the City's Urban Renewal Area. The City may choose to use Urban Renewal to fund needed infrastructure upgrades or for other uses to facilitate development on the site.

Constraints

- **Ownership.** The site is comprised of nine parcels with nine different owners. Coordinating development of the site for one or several compatible uses will require working with all nine owners or having one entity purchase all nine parcels. This ownership pattern creates substantial barriers to development.
- **Existing uses.** The site is developed with a variety of existing uses, including housing, a market, and what appears to be storage buildings or an industrial use. Some parts of the site are vacant or underutilized. The variety of existing uses creates constraints to redevelopment of the site for one use or several complementary uses.
- **Rail Road.** The Union Pacific line runs on adjacent to the site, creating a barrier to accessing the site from East Cleveland Street. Businesses locating on the site are unlikely to use the rail line.

Potential Target Industries

The types of businesses likely to locate on this site are generally not in Woodburn's list of target industries. This site may be attractive to retail and commercial services for residents of Woodburn, especially nearby neighborhoods and people traveling on Highway 99.

This site may also provide opportunities for special housing types, such as affordable housing or senior housing. Redevelopment of this site could include a mixture of residential, retail, and commercial services consistent with the current zoning.

Recommendations

This report documents economic development opportunities for the entire city of Woodburn, including identifying target industries to focus the City's economic development policies. This section begins with recommendations for addressing economic development issues identified through this analysis that affect the entire city of Woodburn. The section also includes recommendations about policies to facilitate development on each of the four sites analyzed in this study.

Economic Development Recommendations for Woodburn

- **Develop policies that are flexible and focus on the types of industries that the City wants to attract.** This analysis identified a range of traded-sector target industries, including those present in Woodburn but also industries that are opportunities for Woodburn due to the City's location in Marion County and south of the Portland Region.

The purpose of a target industry analysis is both to help the City understand specific economic development opportunities but also to illustrate the types of opportunities the city has. It is almost certain that in 10 or 20 years Woodburn's economy will have changed and the industry clusters in Woodburn will include one or more industries not currently present in the City.

As the City proceeds with economic development planning, we recommend that the City develop Comprehensive Plan Policies and other policies that provide flexibility to accommodate the uses that the City wants to encourage but also allows other uses that are similar but not named in the Target Industry Analysis. For example, the target industries are relatively clean and generally have average or above-average wages (compared to the city's average).

- **Develop an economic development and marketing strategy.** The purpose of the strategy is to focus the City's energies on the economic development actions that the City should take immediately and those that can wait for a few years. It should result in agreement from City staff and the City Council about where to focus the City's resources for economic development. The strategy could be relatively simple and does not have to require more technical analysis about the city's economy or economic development, beyond the information in this report. The strategy should identify the City's economic development priorities and identify a timeline for implementing actions to achieve those priorities. The strategy should market development sites in Woodburn, including providing information about City programs that may make it more attractive to businesses, such as the Enterprise Zone and Urban Renewal Area.

The strategy should prioritize City investments in development of the sites discussed in this report. We recommend the City prioritize investments in the sites likely to develop sooner, including the Southwest Industrial Reserve Area and Stacey Allison Way. The

City should make long-term plans for investments in the sites that are less likely to develop soon, including the Commerce Way/Front Street Area and the Highway 99 and Young Street Area.

- **Build and expand partnerships.** The City has existing partners in economic development, such as the Woodburn Chamber of Commerce, SEDCOR, the Mid-Willamette Valley Council of Governments, Marion County, and Business Oregon. The City should maintain and build these partnerships, including identifying areas where the City and partners could work together to solve issues, such as workforce development issues (discussed below). Some opportunities to work with partner agencies include:
 - **Connect businesses with resources.** The City can play a role in connecting businesses requiring assistance with those resource providers. For example, the Mid-Willamette Valley Council of Governments has Small Business Loan Programs that offer loans of \$200,000 to \$1 million through programs such as Small Business Administration programs, the Regional Revolving Loan Fund, or Oregon Business Development Fund from Business Oregon.
 - **Work with partner agencies to address the issues identified with recruiting skilled and semi-skilled workers.** One of the issues raised by businesses through this project was about the difficulty in finding skilled and semi-skilled production workers. The City can raise awareness of existing programs and can connect businesses to workforce training programs and resources. For example, the WorkSource Oregon offers resources and programs to match workers with businesses that are hiring. In addition, the City and partners can work together to with existing programs to help businesses grow their own skilled workforce. The City can also raise the awareness with partners about the opportunities for well-paying jobs at Woodburn businesses. The City may also be able to connect businesses with Woodburn's high schools to help schools understand the skills gap for high school graduates.

Recommendations for the Southwest Industrial Reserve Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Southwest Industrial Reserve Area to develop with a diverse mixture of businesses.

- **Align the zoning on the site with the desired uses.** The current industrial zone for the site does not allow a number of the target industries and other manufacturers, such as beverage or food manufacturing, furniture manufacturing, leather manufacturing, plastics manufacturing, textile manufacturing, or wood products manufacturing.

At a minimum, we recommend allowing all of the industries and manufacturers identified in the Target Industry Analysis in the Southwest Industrial Reserve Area. The City may want to consider allowing a broader range of manufacturing and industrial

uses on the site as well and perhaps limit the types of industries that the City does not want (e.g., heavy industrial users). The City may want to consider re-zoning the southern part of the Southwest Industrial Reserve Area for a broader array of flexible uses to allow a range of small-scale manufacturing, artisan production, and food processing.

- **Different parts of the site may develop for different uses and at different times.** The City should be prepared for the site to develop in phases, with market demand. For instance, the northern 108-acre parcel is likely to develop sooner than the southern 51-acre parcel because a developer is already engaged in planning for development of the northern part of the site. The implication of having development occur at different points is that the types of uses on the site are likely to vary and different levels of effort may be needed to support development within the site.
- **Work with developers on the northern part of the site about the mix of uses.** The prospective developer of the northern 108 acres, Specht Development, has expressed interest in developing buildings for distribution, possibly with some manufacturing businesses as well. Given demand for and relative scarcity of distribution sites with direct access to I-5 in the Portland Region, this portion of the site might develop entirely (or almost entirely) with distribution uses.

In working with the developer on development of this area, the City should pay attention to the transportation capacity issues in the Interchange Area Management Plan with the Oregon Department of Transportation to ensure that the proposed development is consistent with the Plan.

- **Development of the southern part of the site will require upgrades to Stacy Allison Way and possibly to Evergreen Avenue.** The largest barrier to development of the southern part of the site will be the transportation improvements needed to provide access to the site. As a general rule, developers are responsible to pay for these types of infrastructure development. However, if the City wants to encourage development of these sites, the City should consider funding sources to support extension of these roads. Some potential sources include Systems Development Charges or State infrastructure funds. The City should work with the landowners to assess their interest in developing the parcel, along with their timeline. The timing of development of this area may be determined, in large part, by timing of the road extensions.
- **Consider working with the landowners of the two southern most parcels in the Stacy Allison Way site and identify development opportunities and infrastructure connectivity with the southern part of the Southwest Industrial Reserve Area.** These two areas are adjacent and will require road extensions to support development. Identified uses on these sites could be complementary or could be developed together. Possible complementary uses could include food processing, brewery, or other development that uses flex space.
- **Development on the site may necessitate other infrastructure improvements.** Additional water or sanitary sewer improvements may be needed to be connected to the

site, depending on the types of businesses that locate on the site. For example, a food or beverage processor may need higher capacity water or sanitary sewer service than is currently available at the site. We recommend that the City work with developers and property owners as the site develops to understand additional infrastructure needs (if any) and identify ways to fund the improvements.

- **Ensure compatibility of new development with existing residential areas.** The City should ensure that new employment development is compatible with nearby residential development, through requirements for setbacks or landscaped buffers. In addition, the City should route trucks around residential neighbors, rather than through them.

Recommendations for the Stacy Allison Way Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Stacy Allison Way Area to develop.

- **Consider the types of uses the City would like to see on the site and ensure that the zoning for the site allows these uses.** The site could support a range of development types, such as retail, commercial services, flex space for artisan and other types of production, and (if allowed) light industrial such as food and beverage processing. The City may want to consider re-zoning the southern portions of the site to allow a wider range of commercial, flex, and light industrial uses.
- **Consider the connections between the southern part of this site and the Southwest Industrial Reserve Area.** The areas to the south of the site, next to the Southwest Industrial Reserve Area, may have potential for development with small light industrial or flex uses, possibly connected with or complementary to the development that occurs on the southern portion of the Southwest Industrial Reserve Area. Increasing the number of jobs in the southern part of the Southwest Industrial Reserve Area and the southern part of the Stacey Allison Way site would support retail and service businesses along the northern part of the site and in other areas connected with the site.
- **Development of the southern two parcels of the site will require upgrades to Stacy Allison Way and possibly to Evergreen Avenue.** The largest barrier to development of the southern two parcels on of the site will be the transportation improvements needed to provide access to the parcels. If the City wants to encourage development of these parcels, the City will need to identify funding sources to support extension of these roads, such as Systems Development Charges or State infrastructure funds. The City should work with the landowners to assess their appetite for developing the parcel, along with their timing. The timing of development of this area may be determined, in large part, by timing of the road extensions. The City may use Urban Renewal to fund transportation extensions in this area, if doing so would fit with the City's Urban Renewal plans.
- **Work with stakeholders to identify opportunities for development of the site.** Other than the transportation improvements needed on the site, the City's role in developing

the site may be as a convener of stakeholders, such as property owners, developers, brokers, and potential businesses that might locate on the site. The City should work with stakeholders on marketing the site and connecting stakeholders potentially interested in locating on the site with landowners or developers of the site.

Recommendations for the Commerce Way/Front Street Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Commerce Way/Front Street Area to develop.

- **Development of the parcel is constrained by current transportation access.** Access from the site to Front Street is via Commerce Way to Hardcastle Avenue. Access to Highway 214 is via Front Street. The site will most likely be used by a business that does not require large truck freight access, given these transportation constraints. The City may want to work with Union Pacific to determine whether there is an opportunity for adding an at-grade rail crossing.
- **Work with landowners to assess interest in developing the site.** The City should work with the landowners to assess their interest in developing the site. It is currently in residential and farming use. If the landowners are not interested in developing the site, then development will need to wait until they are interested.
- **Work with stakeholders to identify opportunities for development of the site.** Other than the transportation improvements needed on the site, the City's role in developing the site may be as a convener of stakeholders, such as property owners, developers, brokers, and potential businesses that might locate on the site. The City should work with stakeholders on marketing the site and connecting stakeholders potentially interested in locating on the site with landowners or developers of the site.
- **Continue to look for development opportunities.** Development of this site may not occur for years, depending on landowner preferences and timing of transportation improvements. The City should monitor interest in the site. There may be future interest in the site, with changes in the market or the landowners' interest in developing the site.

Recommendations for the Highway 99 and Young Street Area

The following recommendations provide directions on overcoming existing development barriers and City investments to provide the opportunity for the Highway 99 and Young Street Area to develop.

- **Continue to implement the vision for the site identified in the *Highway 99E Corridor Plan*.** The *Plan* envisions development of Highway 99E as a vibrant, safe, and sustainable business district that is accessible by automobile, pedestrians, and bicyclists.

The *Plan* identifies the Highway 99 and Young Street Area as the gateway to Woodburn's downtown and hub of the Highway 99 district. The *Plan* describes redevelopment that includes retail (e.g., shops and restaurants), commercial office space, a brewery (which is light manufacturing), and multifamily housing in the western portions of the site.

The City has taken the initial steps to implement the plan by rezoning the site to Mixed Use Village, which allows a wide range of pedestrian-oriented uses, such as those described above. The City also expanded the Urban Renewal Area to include a portion of the site.

This site has many landowners and includes vacant and developed parcels. In the absence of City action, the site is likely to continue developing in parts, with areas such as the parcel along Highway 99 developing first and parcels along Young Street developing later, possibly with unconnected uses.

The site is a redevelopment opportunity that will take investment and focused effort on the part of the City. If the City wants the site to redevelop with interrelated uses as envisioned in the *Highway 99E Corridor Plan*, the City should consider purchasing parcels, assembling the site, and developing a master plan for the site.

- **Identify funding sources to support redevelopment of the site.** If the City prioritizes redevelopment of the City, the City will need to identify funding sources to support redevelopment. A portion of the site is within the Urban Renewal Area and a portion is outside of the Urban Renewal Area. The City may want to consider expanding the Urban Renewal Area to include the entire site and identify investments on the site within the Urban Renewal Area plan. The City should identify other sources of funding to support redevelopment, such as including infrastructure improvements in the Capital Improvement Plan or State or other infrastructure funds for corridor redevelopment.
- **Consider encouraging residential development on the site to meet the needs of special populations.** If the site redevelops, it may be attractive for multifamily residential development such as senior housing or affordable housing.

Appendix A: Woodburn's Economic Characteristics

This appendix presents information about the economy in Woodburn. In this appendix, we present some of those broader economic trends to provide context behind our analysis and recommendations. This appendix begins with a review of the factors affecting economic development in Woodburn, presenting data and implications about these factors for Woodburn. We present information about current and historical employment in Woodburn, as well as Marion County and the Portland Region.

The key analysis in this appendix is about employment clusters (groupings of interrelated businesses and industries) in Woodburn, Marion County, and the Portland Region. Based on the cluster analysis, this appendix concludes with a discussion of Woodburn's target industries, which present opportunities for economic development in Woodburn.

Throughout this Appendix, we compare Woodburn to Marion County and the Portland Region, which includes Clackamas, Washington, and Multnomah Counties. We examine Woodburn's opportunities in the context of the economy of Marion County because Woodburn is located within the county, not far from Salem and Keizer. We consider Woodburn within the context of the Portland Region because Woodburn is located just south of Wilsonville, the southern-most city in the Portland Region.

This appendix presents data from multiple sources, including the U.S. Census, the State of Oregon's Quarterly Census of Employment and Wages, the U.S. Bureau of Labor Statistics, and other sources as noted. In addition, this appendix reports input from stakeholders involved with economic development in Woodburn, such as business managers, developers and landowners of key commercial or industrial sites, and economic development partners.

Factors Affecting Economic Development in Woodburn

This section presents an analysis about the factors that will affect economic development in Woodburn. It begins with a broad discussion of economic development, presents and summarizes the implications of national and state trends for Woodburn's economic development opportunities, and presents information to describe the characteristics of Woodburn's economy.

What Factors that Affect Economic Development⁵

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 (such as through entrepreneurship), the expansion of existing firms, and the relocation or retention of existing firms. 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.

This section describes the factors that affect economic development, providing a framework for analyzing Woodburn's economic opportunities.

What Factors Matter?

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

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

- **Labor.** Labor is often 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 more pay to acquire the labor that is available, the recruitment 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 inexpensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.

⁵ 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.

- **Local infrastructure.** An important role of government is to increase economic capacity by improving the 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.

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

- **Regulation.** Regulations protect the health and safety of a community and help maintain 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 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 cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. Innovation affects both the overall level and type of economic development in a region. Government can be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

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 in 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.

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 its headquarters located in a cosmopolitan metropolitan area, 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 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 Marion County and the Portland Region, the provision of buildable land has the potential to strongly influence the level and type of economic development in Woodburn. The provision of buildable land is one of the most direct ways that the City of Woodburn can affect the level and type of economic development in the community.

National and State Trends Affecting Economic Development in Woodburn

This section presents the implications of national, state, and regional economic trends on economic growth in Woodburn. Throughout this report, we compare Woodburn to the Portland Region, which includes Multnomah, Clackamas, and Washington Counties, and Marion County, where Woodburn is located.

In summary, the United States has recovered from the recent recession, though growth in aggregate demand has been slow. Low interest rates have also created distortions in the market where rapid investment led to supply outstripping demand for oil and wheat, dampening commodity prices and reducing profits for domestic firms.

Despite sluggish growth across the country, Oregon's economic recovery has been relatively strong across financial services, apparel, and technology. The manufacturing industry in

Oregon has not suffered recent job losses, which have been seen across other areas of the U.S., however, employment growth has slowed due to declining exports.

Woodburn benefits by being located just south of the Portland Region, which has seen historically high employment growth in recent years. Woodburn generally follows the economic trends within the three- county Portland Region (Clackamas, Multnomah, and Clackamas Counties), and will likely benefit from excess land capacity and cheaper rents as other businesses in the region look to expand operations.

National and State Economic Trends	Implications for Economic Growth in Woodburn
<p>Moderate growth rates and recovery from the national recession</p> <p>After the end of the recession in 2009, economic growth returned to the US economy, with persistent increases in GDP, (2.1% in the third quarter of 2015) steady job growth (averaging about 237,000 per month over 2015), and decline in the unemployment rate (currently at about 5.1% compared to the recessionary peak of 10%).⁶</p> <p>Unemployment at the national level has gradually declined since the height of the recession. Unemployment rates in Oregon are typically higher than those of the nation as a whole.</p> <p>The federal government's economic forecast predicts a moderate pace of economic growth, with gradual increases in employment and real GDP (roughly 3% through the end of 2016).</p> <p>IHS Economics projects that Oregon's economy will be the fifth-fastest growing among all states in the US, averaging annual growth of about 3.5% through 2020. Though the Oregon Office of Economic Analysis expects a slightly slower rate, it still expects the Oregon to exceed the national average.⁷</p>	<p>Economic growth in Woodburn—in measures such as employment growth, unemployment rates, and wage growth - are markedly improved from previous years (i.e. since 2007).</p> <p>The rate of employment growth in Woodburn will depend, in part, on the rate of employment growth in Oregon and the nation. The Oregon Office of Economic Analysis states that employment in the Portland MSA and Salem MSA is growing about as fast as it ever has. Private Educational and Health Services, Trade, Transportation, and Utilities, and Leisure and Hospitality will make up the majority of the Salem MSA's growth.</p>

⁶ "US Economy at a Glance," US Bureau of Economic Analysis, accessed December 14, 2015; "Employment Situation Summary," Economic News Release, Bureau of Labor Statistics, December 4, 2015.

⁷ IHS Economics in "Oregon Economic and Revenue Forecast," Oregon Office of Economic Analysis, Dec 2015. <http://www.oregon.gov/DAS/OEA/docs/economic/forecast1215.pdf>

National and State Economic Trends	Implications for Economic Growth in Woodburn
<p>Growth of service-oriented sectors</p> <p>Increased worker productivity and the international outsourcing of routine tasks led to declines in employment in the major goods-producing industries. Projections from the Bureau of Labor Statistics indicate that U.S. employment growth will continue to be strongest in healthcare and social assistance, professional and business services, and other service industries. Construction employment will grow with the economy, but manufacturing employment will decline. These trends are also expected to affect the composition of Oregon's economy, although manufacturing in Oregon will grow.⁸</p>	<p>The changes in employment in Marion County have followed similar trends as changes in national and state employment. The sectors with the greatest change in share of employment since 1980 were in Services.</p> <p>The Oregon Employment Department forecasts that the sectors likely to have the most employment growth in the Mid Valley Region—the region that includes Marion County—over the 2012 to 2022 period are: Construction, Professional and Business Services, and Educational and Health Services. These sectors represent employment opportunities for Woodburn.</p>
<p>Importance of small businesses in Oregon's economy</p> <p>Small business, with 100 or fewer employees, account for 81% of establishments in Oregon and 79% of establishments in the U.S. Workers of small businesses typically have had lower wages than the state average.⁹</p>	<p>The average size for a private business in Marion County is 11.2 employees per business, which is the same as the State average.</p> <p>Businesses with 100 or fewer employees account for roughly 98% of private employment in Marion County (businesses with 9 or fewer employees account for 74% of private employment).¹⁰</p> <p>The average firm size for Woodburn was 3.4 employees in 2014. Private firms with less than 10 employees make up 62% of all private firms in Woodburn. Growth in small businesses would increase employment and wages in Woodburn.</p>

⁸ Oregon Employment Department *Industrial Employment Projections 2012-2022, Oregon*.
<https://www.qualityinfo.org/documents/10182/92203/Oregon+Industry+Employment+Projections+2012-2022?version=1.3>

⁹ U.S Census Bureau, 2013 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States.
<http://www.census.gov/econ/susb/>

¹⁰ U.S Census. County Business Patterns, 2013, table CB1300A13.

National and State Economic Trends	Implications for Economic Growth in Woodburn
<p>Availability of trained and skilled labor</p> <p>Businesses in Oregon are generally able to fill jobs, either from available workers living within the State or by attracting skilled workers from outside of the State. Availability of labor depends, in part, on population growth and migration. Oregon added more than 1,120,000 new residents and about 465,000 new jobs between 1990 and 2014. The population-employment ratio for the State was about 2.2 residents per job over the 24-year period.¹¹</p> <p>Availability of labor also depends on workers' willingness to commute. Workers in Oregon typically have a commute that is 30 minutes or shorter.¹² More than half of people who work at businesses located in cities in the Willamette Valley commute into a city for work, from a residence outside of the city.¹³</p> <p>Availability of skilled workers depends, in part, on educational attainment. About 30% of Oregon's workers have a Bachelor's degree or higher.¹⁴</p>	<p>Employment in Marion County grew about 10% from 2001 to 2014, while population grew 11% over the same period.</p> <p>1,479 of residents (or about 17% of workers at firms in Woodburn) lived and work within Woodburn city limits. Firms in Woodburn attracted workers from other cities. Over 82% of workers in Woodburn commuted into the City from elsewhere, many from Salem (10% of Woodburn workers), Portland (5.3%), and Keizer (3.4%).</p> <p>Woodburn's residents were a little less likely to have completed some college or earned an Associate's degree (27%) than the county (35%), or the Portland Region (33%).</p> <p>Woodburn's businesses are able to access skilled and educated workers from across the Portland Region and from within the mid-Willamette Valley. Discussions with business stakeholders in Woodburn indicate that businesses have difficulty finding dependable, skilled production workers, such as for manufacturing jobs. Stakeholders indicate that they are able to find and retain white-collar workers, such as managers.</p>
<p>Aging of the population</p> <p>The number of Oregonians aged 65 and older will nearly double between 2015 and 2050, while the number of people under age 65 will grow by only about 29%. The economic effects of this demographic change include a slowing of the growth of the labor force, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.¹⁵</p> <p>Furthermore, people are retiring later than previous generations and continuing to work past 65 years old. This trend is seen both at the national and state levels. Even given this trend, the need for workers to replace retiring baby boomers will outpace job growth. Management occupations and teachers will have the greatest need for replacement workers because these occupations have older-than-average workforces.</p>	<p>The changes in the Marion County's age structure are similar to that of the state, with the most growth observed in people 60 years and older.</p> <p>The state projects that the share of the population over the age of 60 in the Marion County will increase from 20% to 24% from 2015 and 2035.</p> <p>Firms in Woodburn will need to replace workers as they retire. Demand for replacement workers may outpace job growth in Woodburn, consistent with state trends. Given the CBO's forecast of relatively low unemployment rates (about 5.5% through 2025), businesses in Woodburn (and throughout the state) may have difficulties finding replacement workers. This problem may be most difficult to address when looking for production workers, who Woodburn businesses already have difficulty finding.</p>

¹¹ Annual Population Estimates from Population Research Center, Portland State University and Quarterly Census of Employment and Wages from the Oregon Employment Department.

¹² U.S. Census, American Community Survey

¹³ US Census Bureau, Census On the Map

¹⁴ U.S. Census, American Community Survey

¹⁵ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2015, *The 2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, May 2015.

National and State Economic Trends	Implications for Economic Growth in Woodburn
<p>Increases in energy prices</p> <p>Although energy prices are currently low by historical standards, over the long-term, energy prices are forecast to return to relatively high levels, as the economy and the population grow.¹⁶</p> <p>As energy prices increase over the planning period, energy consumption for transportation may decrease. Increasing energy prices may decrease willingness to commute long distances. However, the impact on transportation costs from energy prices may be partly offset by increased energy efficiency of vehicles and stricter emissions standards.</p>	<p>In 2015, low energy prices have decreased the costs of commuting. Over the long-term, if energy prices increase, these higher prices will likely affect the mode of commuting before affecting workers' willingness to commute. For example, commuters may choose to purchase a more energy-efficient car, use the bus, or carpool.</p> <p>Very large increases in energy prices may affect workers' willingness to commute, especially workers living the furthest from Woodburn or workers with lower paying jobs. In addition, very large increases in energy prices may make shipping freight long distances less economically feasible, resulting in a slow-down or reversal of off-shore manufacturing, especially of large, bulky goods.</p>
<p>Importance of high quality natural resources</p> <p>The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. 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.</p>	<p>High-quality natural resources present economic growth opportunities for Marion County, ranging from food and beverage production to amenities that attract visitors and contribute to the region's high quality of life.</p>

¹⁶ Energy Information Administration, 2015, *Annual Energy Outlook 2015 with Projections to 2040*, U.S. Department of Energy, April 2015.

Workforce and Population Characteristics

The availability of trained workers in Woodburn will impact the city's economic development potential over the planning period. A skilled and educated workforce can attract employers who bring high value-added and well-paying jobs into the region. Underlying labor availability are several key demographic trends that will affect the workforce in Woodburn over the next 20 years including, population and age growth, along with commuting trends.

Growing Population

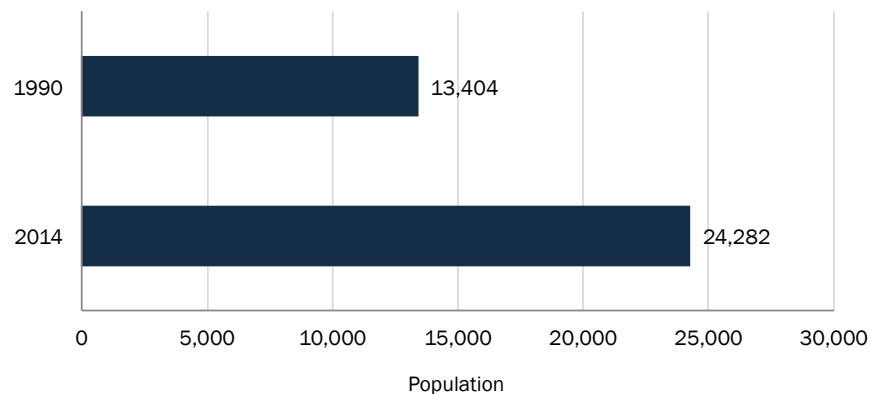
Exhibit 17 shows Woodburn's population increased by 81% (adding nearly 11,000 people) over the 1990 to 2014 period. Over this same period of time, Exhibit 18 and Exhibit 19 shows Woodburn grew faster than Marion County and the Portland Region, accounting for 12% of population growth in Marion County.

Since 1990, Woodburn's population has increased by 81%.

From 1990 to 2014, Woodburn's population increased by 10,878.

Exhibit 17. Woodburn's population growth, 1990 - 2014

Source: US Census, 2014 ACS, 5-year estimate, US Decennial Census



From 1990 to 2014, Woodburn's population grew, by 10,878 people, accounting for 11.8% of population growth in Marion County.

Exhibit 18. Population Growth, 1990 - 2014

Source: PSU Population Research Center Certified Population Estimates, 1990 and 2014

10,878

People

91,965

People

515,228

People

81%

Change

Woodburn

42%

Change

Marion County

39%

Change

Portland Region

Woodburn's population grew faster than both the County and the Portland Region.

Exhibit 19. Average Annual Rate of Population Growth, 1990 - 2014

Source: PSU Population Research Center Certified Population Estimates, 1990 and 2014

2.5%

Woodburn

1.4%

Marion County

1.5%

Portland Region

Age Distribution

The number of people age 65 and older in the U.S. is expected to double by 2050, while the number of people under age 65 will only grow by 12%. The economic effects of this demographic change include a slowing of the growth of the labor force, a need for workers to replace retirees, aging of the workforce 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.¹⁷

Woodburn's median age has increased 2.5 years since 2000.

Over the same period the median age increased by 1.9 years in Marion County, and 2.7 years in the Portland Region.

Exhibit 20. Median Age, 2000 and 2014

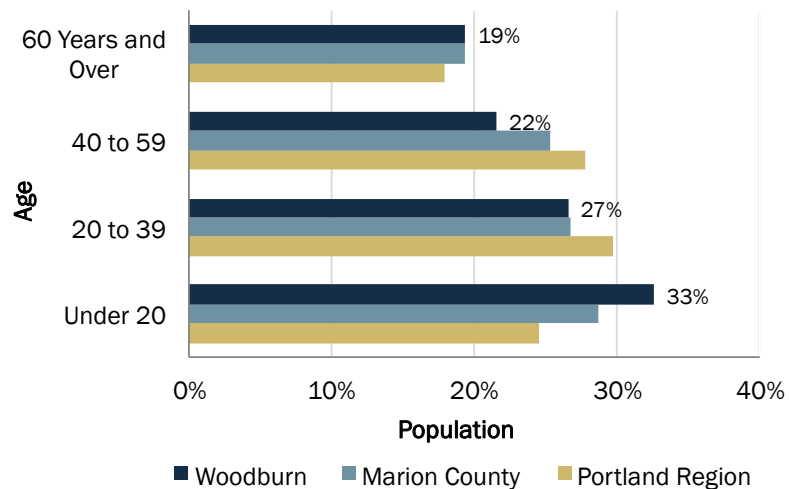
Source: US Census Bureau, 2000 Decennial Census Table DP-1, 2014 ACS 5-Year Estimate Table B01002.

2000	30.3	33.7	35.1
	Woodburn	Marion County	Portland Region
2014	32.8	35.6	37.8
	Woodburn	Marion County	Portland Region

In 2014, 49% of Woodburn's residents were aged between 20 and 59.

Exhibit 21. Population distribution by age, Woodburn, Marion County, and the Portland Region, 2014

Source: American Community Survey, 2014 5-Year Estimate



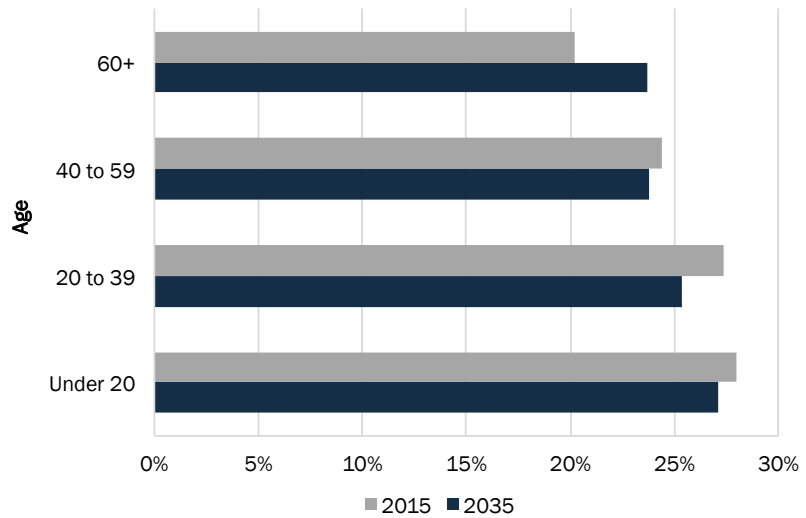
¹⁷ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2008, *The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 10, 2008. *The Budget and Economic Outlook: Fiscal Years 2007 to 2016*, January; and Congressional Budget Office, 2005, *The Long-Term Budget Outlook*, December.

By 2035, residents older than sixty are expected make up a larger share of the population than before 2015.

The share of residents aged 60 years and older will account for 24% of Marion County's population (102,217), compared to 20% in 2015 (67,100).

Exhibit 22. Population Growth by Age Group, Marion County, 2015 - 2035

Source: Oregon Office of Economic Analysis, Long-term County Forecast, 2013 Release



Income

Income and wages affect business decisions for locating in a particular city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. High wages also suggest that a skilled workforce exists in the region and may be attractive to industries that provide high value-added jobs.

Per capita personal income¹⁸ in Oregon grew most years between 1980 and 2014. In 1980, Oregon's per capita personal income equaled the national average. By 2014, however, Oregon's per capita personal income was only 90% of the national average. This was due in part, to changes in the state's economy as the region's natural resource extraction industries declined.

Marion County's economy has been historically linked to agriculture and food processing. Per capita income has historically remained lower than the Portland Region's and the nation. In 2014, Marion County's per capita income was 77% of national per capita income.

Since 2000, per capita personal income has increased in the nation but remained relatively flat in the Portland Region and Marion County with the Portland Region's (5.9%) exceeding Marion County's growth (1.3%) over the post-recession period between 2009 and 2014.

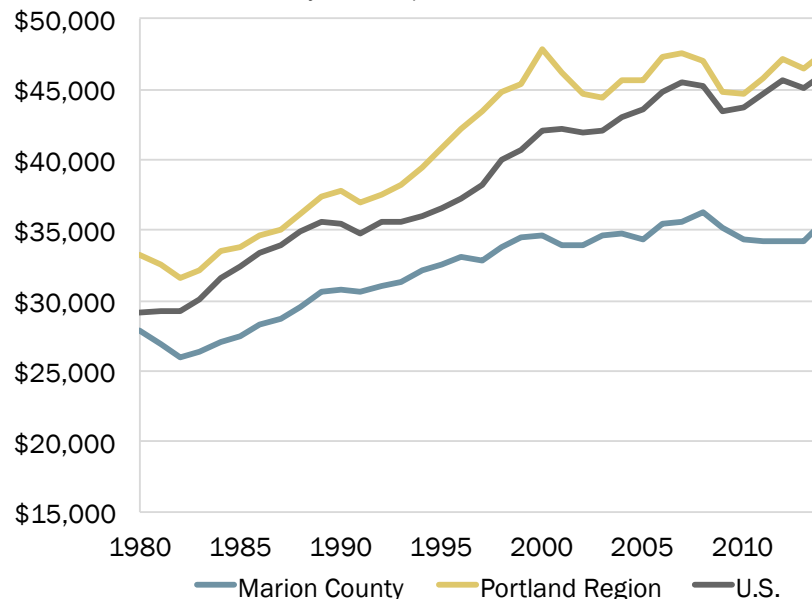
Real Per capita income (adjusted for inflation) in the U.S, the Portland Region, and Marion County has grown since 1980.

However, the rate of growth in income slowed since 2000. From 2000 to 2014, real per capita incomes grew 10% in the U.S, 0% in the Portland Region, and 3% in Marion County.

In 2014 per capita personal income was about \$46,049 in the nation, \$47,511 in the Portland Region, and \$35,614 in Marion County.

Exhibit 23. Real Per Capita Personal Income, Marion County, Portland Region, U.S. 1980 to 2014, inflation adjusted to 2014\$

Source: Bureau of Economic Analysis, Per Capita Personal Income, Table CA-1



¹⁸ Personal income includes wages, dividends and interest from investments, rent from investments, pension play payments and transfer payments (e.g., social security payments). Per capita personal income is the personal income of the area divided by the total number of people in the area.

Per capita personal income, and average wages have grown in Marion County from 2000 to 2014. Over the same period, average wages increased in Oregon and the U.S as well. Exhibit 24 and Exhibit 25 show the median household, and median family income for Woodburn, Marion County, and the Portland Region. Woodburn's median household, and family incomes were both lower than Marion County's and the Portland Region's, for the 2010 to the 2014 time period. Bringing higher wage jobs to Woodburn will bring wealth to the area, and increase median household and median family incomes.

In the 2010-14 period, Woodburn's median household income was below that of Marion County and the Portland Region.

Exhibit 24. Median Household Income, 2010-14

Source: US Census Bureau, 2014 ACS Table B19013

\$43,144

Woodburn

\$47,360

Marion County

\$60,939

Portland Region

In the 2010-14 period, Woodburn's median family income was below that of Marion County and the Portland Region.

Exhibit 25. Median Family Income, 2010-14

Source: US Census Bureau, 2014 ACS Table B19113

\$45,483

Woodburn

\$54,532

Marion County

\$73,789

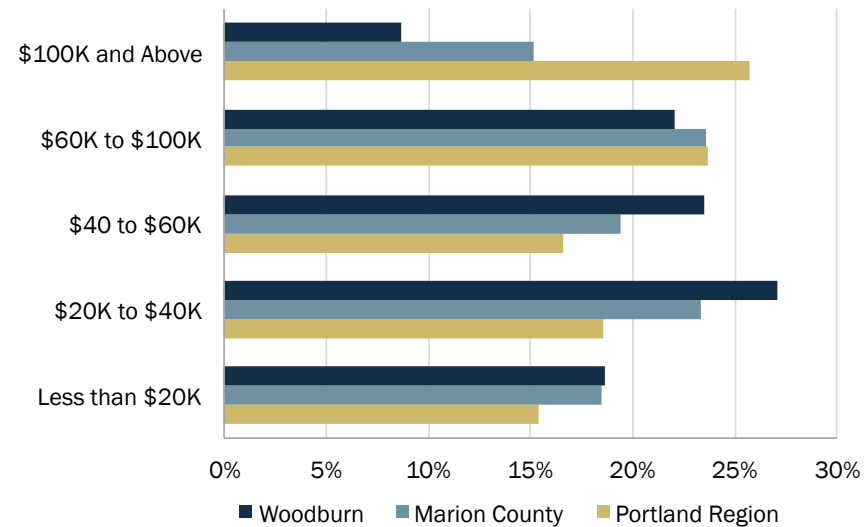
Portland Region

Exhibit 26 shows the distribution of household income in Woodburn, Marion County, and the Portland Region, during the 2010-14 period. Woodburn had a larger share of households with incomes between \$20,000 and \$60,000 than Marion County or the Portland Region. Fifty-one percent of Woodburn’s households earn between \$20,000 and \$60,000 a year. 26% of Portland Region households earn \$100,000 or more, compared to 15% of Marion County households, and 9% of Woodburn households.

In the 2010-14 period, Woodburn’s share of household income between \$20K and \$60K was larger than both Marion County and the Portland Region’s share.

Exhibit 26. Household Income by Share of Households, Woodburn, Marion County, and the Portland Region, 2000-14, Inflation-adjusted 2014\$

Source: US Census Bureau, 2014 ACS Table B19001



Educational Attainment

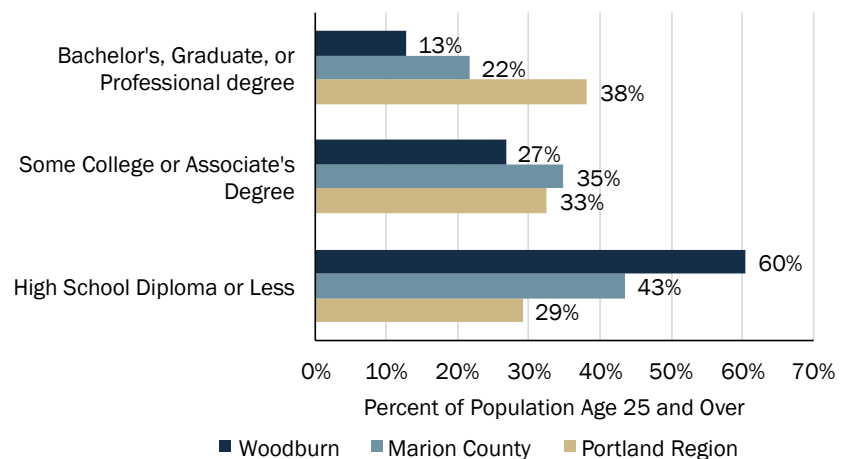
The availability of trained, educated workers affects the quality of labor in a community. Educational attainment has a strong relationship to high wages and increased workforce productivity. Exhibit 27 shows the share of population by education level completed in Woodburn, Marion County, and the Portland Region in the 2010-2014 period.

Over 2010-14, Woodburn had a smaller share of residents above age 25 with some college or an associate degree (27%) than the Portland Region (33%), and a smaller share of bachelor or professional degrees (13%) compared to the Portland Region (38%).

Woodburn has a smaller share of residents with Some College or an Associate's Degree (27%) than Marion County (35%) and the Portland Region (33%).

Exhibit 27. Educational Attainment for the Population 25 Years and Over, 2010-14

Source: US Census Bureau, 2014 ACS Table B15003



Labor Force Participation and Unemployment

The current labor force participation rate is a key indicator of a region's economic health, as it affects the availability of labor that will contribute to economic growth. The labor force includes both the employed and unemployed (16 and over), who are working or actively seeking work. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force.

According to the 2010-2014 American Community Survey, Woodburn has over 11,226 people in its labor force. Woodburn's labor force participation rate was 62% from 2010–2014, on par with Marion County's rate of 62%, but somewhat lower than the Portland Region's rate of 68%.

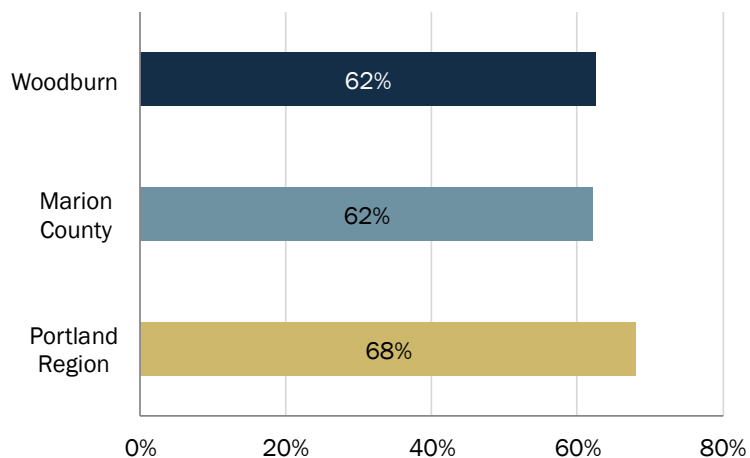
In 2015, the Oregon Office of Economic Analysis observed that about 32% of all job vacancies in the state were attributable to a lack of qualified applicants—people who don't have the education, certification, or experience to fill the job posting. This indicates a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

Business managers and owners of Woodburn businesses say that they are able to attract and retain white-collar, highly educated, and skilled workers, such as managers. Businesses have difficulty attracting and retaining dependable, skilled production workers, such as for manufacturing.

Woodburn's labor force participation rate (62%) was the same as Marion County's (62%) and below the Portland Region's (68%) in the 2010–2014 period.

Exhibit 28. Labor Force Participation, Woodburn, Marion County, Portland Region, 2010-14

Source: US Census Bureau, 2010-14 ACS Table B23001



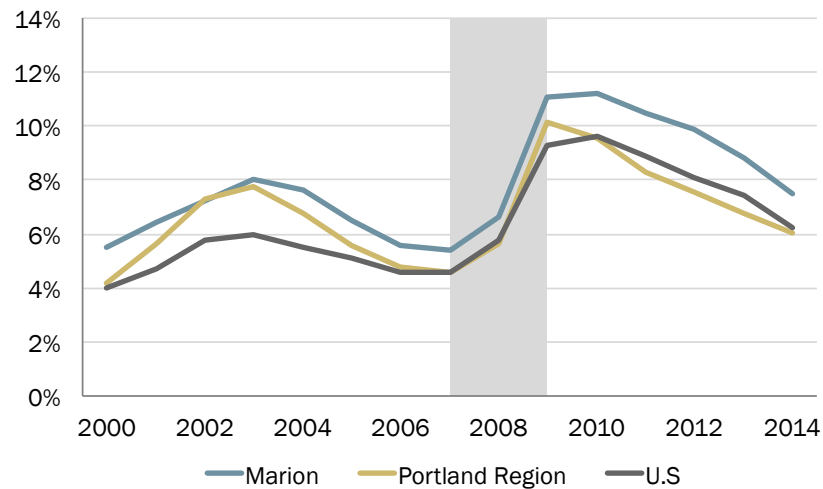
Unemployment steadily decreased across all areas shown in Exhibit 29 since the 2007 to 2009 recession (shown in gray). Marion County had the highest unemployment rate in 2014, at 7.5%, compared to the U.S and the Portland Region. The U.S unemployment rate was 6.2% in 2014, and unemployment in the Portland Region was 6.0%.

The unemployment rate in the US and the Portland Region has declined since the recession.

In 2014, the unemployment rate in Marion County was about 7.5%, compared to 6.0% in the Portland Region and 6.2% in the nation.

Exhibit 29. Unemployment Rate, Marion County, the Portland Region, and the U.S. 2000-2014

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



Commuting Patterns

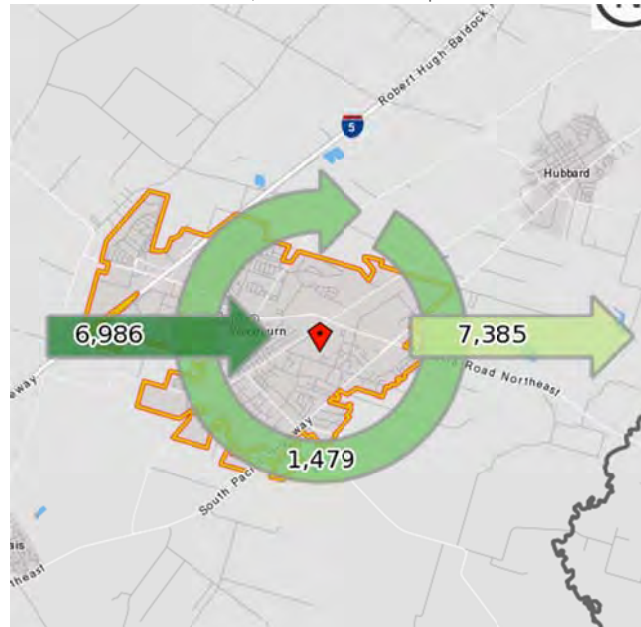
Of the 8,465 employees working in Woodburn, 6,986 (82%) of those workers commuted into the city from other areas in 2014. The largest cities for commuters who work in Woodburn are Salem, Portland, and Keizer. In 2014, 7,385 workers (17% of the local labor force) commuted out of Woodburn for work, mainly traveling to Portland, Salem, and Wilsonville for jobs.

More than 80% of people who work at businesses in Woodburn commute into Woodburn from their home in another city or area.

Fewer people both live and work in Woodburn than commute into or out of the city. 1,479 people both lived and worked in Woodburn in 2014, compared to 6,986 people who commuted into the city, and 7,385 people who commuted out of the city.

Exhibit 30. Commuting Flows, Woodburn, 2014

Source: US Census Bureau, Census On the Map



About 17% of all people who work in Woodburn also live in Woodburn.

Exhibit 31. Places Where Woodburn Workers Lived, 2014

Source: US Census Bureau, Census On the Map

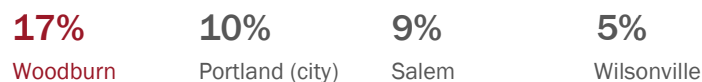


About 17% of residents who live in Woodburn also work in Woodburn.

Eighty-three percent of Woodburn residents commute to another city.

Exhibit 32. Places Where Woodburn Residents Were Employed, 2014

Source: US Census Bureau, Census On the Map



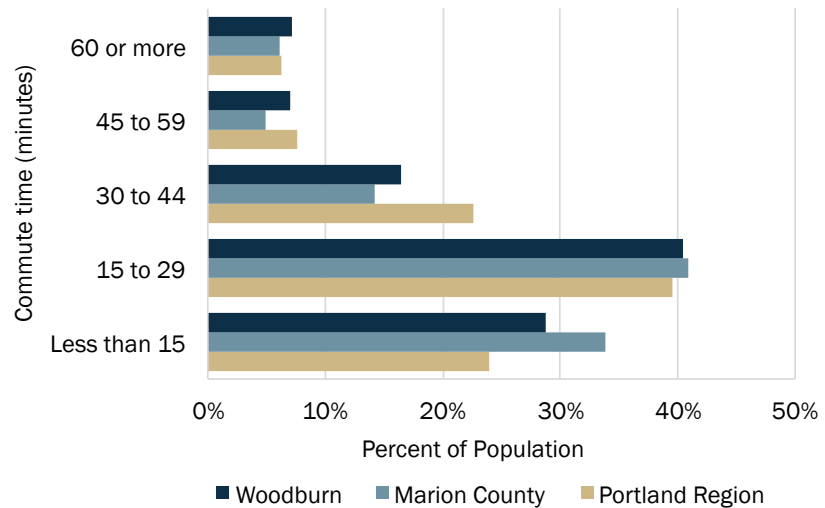
Woodburn's businesses attract workers from around the Central Willamette Valley. Exhibit 33 shows commute times for workers in Woodburn, Marion County, and the Portland Region. 29% of Woodburn residents spent less than 15 minutes commuting in 2014; 7% of residents spent an hour or more commuting to work.

Most Woodburn residents have a commute time that takes less than 30 minutes.

About 70% of Woodburn residents have commute times less than 30 minutes, and 7% commute for longer than one hour.

Exhibit 33. Commute Time by Place of Residence, 2010-14

Source: US Census Bureau, 2010-14 ACS Table B08303



Woodburn's Comparative Advantages¹⁹

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

Woodburn's primary competitive advantages are: location, access to I-5, access to skilled labor, availability of serviced land, and quality of life. These factors make Woodburn attractive to residents and businesses that want a high quality of life where they live and work.

The local factors that form Woodburn's competitive advantage are summarized below, with additional details in the sections following this summary.

- **Location.** Woodburn is located in Marion County, about 15 miles south of Wilsonville (the southern-most city in Metro) and about 30 miles south of the City of Portland. Woodburn is about 18 miles north of Salem. Businesses in Woodburn have access to the labor force in the Portland Region and Mid-Willamette Valley, as well as the natural resources from surrounding rural areas, such as agricultural products, lumber, and other resources.
- **Transportation.** Woodburn is located along I-5. Substantial upgrades were completed on Woodburn's I-5 interchange in 2015 to increase transportation capacity. Woodburn may be attractive to businesses that need visibility on I-5 (e.g., retail or service businesses) or direct access to an I-5 interchange with capacity for additional freight or automotive uses.

Businesses in Woodburn also have access to Highway 214 and Highway 99, which connects Woodburn to rural parts of Marion and Clackamas Counties. In addition, the Union Pacific Railroad mainline passes through Woodburn, providing freight service to businesses located adjacent to the rail line.

Firms needing passenger air transportation, such as regional corporations or professional service firms, have access to the Portland International Airport, which is about forty-five minutes to an hour from Woodburn by car.

- **Existing employment base.** Woodburn had about 9,700 employees in 2014. About 40% of Woodburn's employment is in commercial industries, such as health care or accommodations and food services. About 35% of Woodburn's employment is in industrial businesses, such as manufacturing or wholesalers and 25% is in retail

¹⁹ This section summarizes the discussion of Comparative Advantages in Woodburn from the "Woodburn Economic Opportunities Analysis (May 2001)" by ECONorthwest. While this report is 15 years old, many of the factors affecting Woodburn's comparative advantages have not changed since the EOA was developed. This discussion includes additional information from this analysis or from discussions with stakeholders.

businesses. The remaining 3% is in government. In addition, Marion County has nearly 140,000 employees and the Portland Region has 870,000 employees.²⁰

The existing businesses and other employers in Woodburn create opportunities for expansion of existing businesses and growth of new related businesses. In addition, Woodburn has additional economic development opportunities from businesses in Marion County and the Portland Region. These opportunities are discussed in subsequent sections of this appendix.

- **Labor market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available, but the quality, skills, wages, and experience of available workers as well. Businesses in Woodburn have access to highly educated skilled workers and unskilled workers from across Marion County and the Portland Region.

Commuting is common in Woodburn, with nearly 80% of Woodburn workers living outside of the city. The commuting patterns show that businesses in Woodburn are able to attract skilled and unskilled workers living around the region.

Discussions with stakeholders in Woodburn suggest that, while businesses are able to attract sufficient white-collar workers (e.g., people in management), businesses in Woodburn struggle to attract and retain reliable, skilled production workers for manufacturing and other blue-collar jobs.

This finding is consistent with the conclusions of the “Mid-Willamette Valley Supply and Target Industry Growth Recommendations for Marion, Polk and Yamhill Counties” (2014) report, which identified workforce issues as a need in Marion, Polk, and Yamhill counties. The issues identified in the report across this region were: (1) finding qualified workers with basic skills who can pass a drug test, (2) finding qualified workers with technical skills, (3) training entry-level workers effectively, and (4) successfully employing staff from staffing agencies. The report recommends establishing a Manufacturing Sector Partnership to address workforce development needs and other common issues.

- **Buildable land.** This report describes four key sites for economic development in Woodburn. The largest site is the Southwest Industrial Reserve Area, a 188-acre site that was brought into Woodburn’s Urban Growth Boundary in 2015. In addition, the Stacy Allison Way site is adjacent to the Southwest Industrial Reserve Area, within the city limits, and is 47 acres in size. These sites are located along I-5, with excellent visibility and access to I-5.

Woodburn has other development sites throughout the city. Other examples include the Commercial Way/Front Street site, which has nearly 20 acres of buildable land. This site has access to Highway 214. In addition, the Young Street/Highway 99 site is 10 acres in size and has a mixture of vacant and redevelopable land.

²⁰ Oregon Employment Department, Quarterly Census of Employment and Wages

These and other commercial and industrial sites within Woodburn offer opportunities for business development. These sites offer opportunities for development of multiple businesses, providing opportunities for growth of businesses with similar labor and supply chain needs.

- **Economic development partnerships.** Woodburn's partners in economic development include Woodburn Chamber of Commerce, SEDCOR, the Mid-Willamette Valley Council of Governments, Marion County, and Business Oregon. Woodburn is able to work with these and other regional partners to provide infrastructure and services needed to retain and attract businesses to Woodburn.
- **Public policy.** Public policy can impact the amount and type of economic growth in a community. The City can impact economic growth through its policies about the provision of land and redevelopment. Success at attracting or retaining firms may depend on availability of attractive sites for development and public support for redevelopment. In addition, businesses may choose to locate in Woodburn (rather than in a different part of the Willamette Valley) based on: development charges (i.e., systems development charges), availability of public infrastructure (i.e., transportation or sanitary sewer), and attitudes towards businesses.
- **Quality of life.** Woodburn's high quality of life and urban amenities are a competitive advantage for attracting businesses to the city. The community's quality of life attributes include: comparatively affordable housing, safe and attractive neighborhoods, good quality schools, parks, shopping opportunities, cultural activities, and access to outdoor recreation. Woodburn's relatively close location to Salem and Portland provides businesses and residents of Woodburn with relatively easy access to the urban amenities in those cities.

Woodburn's disadvantages for economic development include:

- **Production workers.** Businesses in Woodburn report that it is difficult to find dependable workers for production, such as manufacturing. Stakeholders reported issues such as limited educational opportunities (especially at the high school level), worker reliability and work ethic, and substance abuse issues. These issues are similar to the issues reported by stakeholders in other cities in Oregon.
- **Replacement workers.** Businesses in Woodburn may have difficulty filling positions in trades and other specialized labor as baby boomers retire, or new skills are required. This issue may be a challenge for businesses across Oregon and the U.S.
- **Transportation infrastructure.** While Woodburn's I-5 interchange has been newly re-built and has available capacity, state highways in Woodburn have transportation infrastructure challenges. In some areas, Highway 99 needs maintenance and Highway 214 does not have enough capacity to accommodate traffic in Woodburn.
- **Regulatory issues.** Stakeholders report that Woodburn has regulatory barriers that negatively affect business growth. These barriers include: need for clarity in the development and entitlement process, complexity in building inspection process, and high fees and other development costs.

Employment Trends in Woodburn, Marion County, and the Portland Region

The economy of the nation changed substantially between 1980 and 2014. These changes affected the composition of the regional economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most pronounced shift in Oregon during this period has been the movement from a timber-based economy, to one focused on a diverse range of service industries.

Employment Trends in Marion County

Over the past few decades, employment in the U.S. has shifted from manufacturing and resource-intensive industries to service-oriented sectors of the economy. Increased worker productivity and outsourcing of routine tasks have led to declines in employment in major goods-producing industries.

In the 1970's, Oregon started to transition away from reliance on traditional manufacturing based on resource-extraction industries, toward other types of advanced manufacturing. This transition is observed by the decline of employment in lumber and wood products²¹, while employment in high-technology manufacturing industries (Industrial Machinery, Electronic Equipment, and Instruments) has grown substantially over the last several decades.²²

Additionally, Oregon has followed other trends in the U.S. economy by shifting toward service-based industries. The share of Oregon's total employment in service industries increased from its 1970's average of 19% to 30% in 2000, while employment in manufacturing declined from an average of 18% of total employment in the 1970's to an average of 12% in 2000.

Employment data in this section is summarized by *sector*, each of which includes several individual *industries*. For example, the Retail Trade sector includes general merchandise stores, motor vehicle and parts, food and beverage stores, and other retail industries.

Exhibit 34 shows covered employment²³ in NAICS-categorized industries in Marion County for 2001 and 2014. Employment increased by 12,800 jobs, or 10%, during this period. The private sectors with the largest increases in numbers of employees were Education and Health Services, Trade, Transportation, and Utilities, and Professional and Business Services.

²¹ Lumber and Wood Products manufacturing is in Standard Industrial Classification (SIC) 24

²² SIC 35, 36, 38

²³ 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 34. Covered Employment by Industry, Marion County, 2001-2014

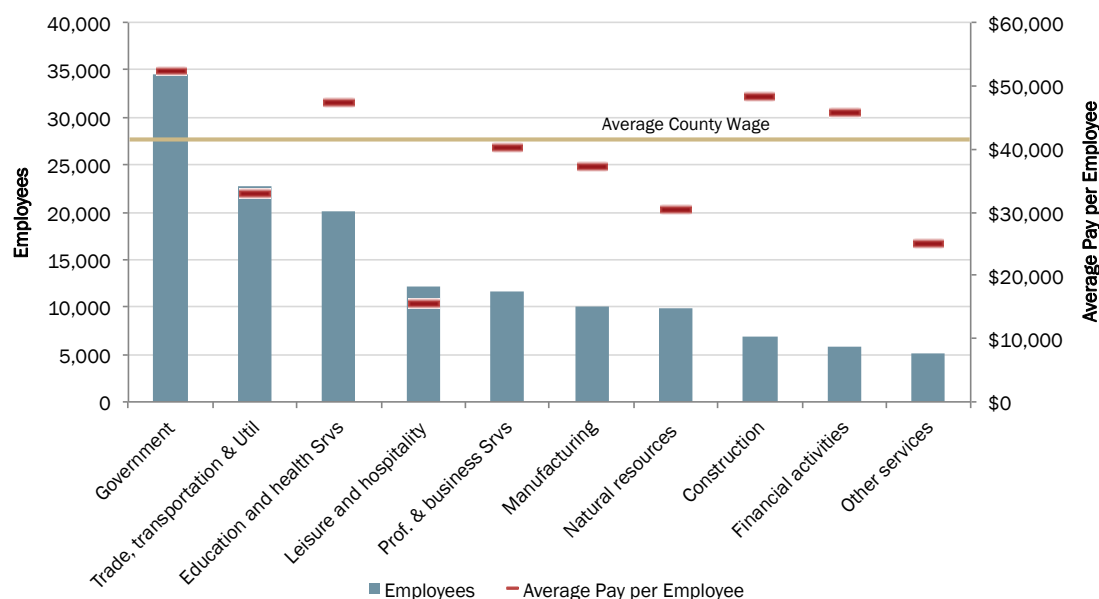
Sector	2001	2014	Change 2001 to 2014		
			Difference	Percent	AAGR
Natural Resources and Mining	9,212	9,886	674	7%	0.5%
Construction	6,099	6,853	754	12%	0.9%
Manufacturing	12,495	10,057	-2,438	-20%	-1.7%
Trade, Transportation, and Utilities	20,262	22,740	2,478	12%	0.9%
Information	1,855	943	-912	-49%	-5.1%
Financial Activities	5,669	5,741	72	1%	0.1%
Professional and Business Services	9,322	11,565	2,243	24%	1.7%
Education and Health Services	14,502	20,176	5,674	39%	2.6%
Leisure and Hospitality	10,084	12,137	2,053	20%	1.4%
Other Services	4,835	5,192	357	7%	0.5%
Government	32,626	34,471	1,845	6%	0.4%
Total	126,961	139,761	12,800	10%	0.7%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2014

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.

Exhibit 35 shows covered employment and average wage for the 10 largest industries in Marion County. Jobs in Education and Health Services, which account for about 14% of the county's covered employment, pay more per year than the county average (\$47,244 compared to \$41,110). Jobs in state and local government, construction, and financial activities all pay above the county average. Jobs in professional and business services and manufacturing pay close to the county average, while those in trade, transportation, and utilities, leisure and hospitality, and other services pay well below the county average.

Exhibit 35. Covered Employment and Average Pay by Industry, 10 Largest Industries Marion County, 2014



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.

Employment Trends in the Portland Region

Exhibit 36 shows covered employment by industry for the three- county Portland Region. Total employment in the area increased by 69,979 jobs from 2001 to 2014, or a 9% increase. Industries with the largest job growth were education and health services, professional and business services, and leisure and hospitality.

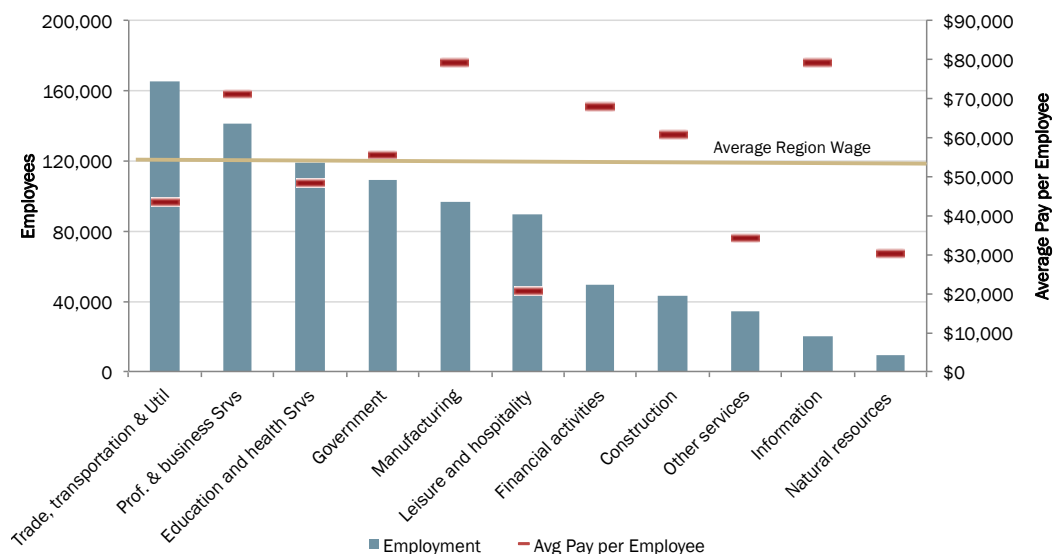
Exhibit 36 Covered Employment by industry, Portland Region, 2001-2014

Sector	2001	2014	Change 2001 to 2014		
			Difference	Percent	AAGR
Natural Resources and Mining	9,462	9,502	40	0%	0.0%
Construction	42,233	43,036	803	2%	0.1%
Manufacturing	112,686	96,358	-16,328	-14%	-1.2%
Trade, Transportation, and Utilities	168,846	164,830	-4,016	-2%	-0.2%
Information	23,819	19,784	-4,035	-17%	-1.4%
Financial Activities	54,265	49,376	-4,889	-9%	-0.7%
Professional and Business Services	114,030	140,881	26,851	24%	1.6%
Education and Health Services	83,550	119,128	35,578	43%	2.8%
Leisure and Hospitality	70,084	89,566	19,482	28%	1.9%
Other Services	30,554	34,594	4,040	13%	1.0%
Government	97,026	109,479	12,453	13%	0.9%
Total	806,555	876,534	69,979	9%	0.6%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001-2014

Shown below are the ten largest industries in the Portland Region. The bars show the industries level of employment in 2014. The red scatter bars show the annual wage per employee for that industry. Industries with the highest average annual wage were manufacturing, information, and professional and business services. Other Portland industries with average wages above the region's average wage are, financial activities, construction, and government.

Exhibit 37 Covered Employment and Average Pay by Industry, 10 Largest Industries, Portland Region, 2014



Employment Trends in Woodburn

When the City considers policy changes for key vacant commercial and employment land, understanding trends in employment growth in Woodburn is important. Sectors that are located in Woodburn or grew in the past are an indicator of the types of businesses that may locate and grow in Woodburn in the future. However, consideration of industries with growth potential in Woodburn should not be limited to the types of businesses in Woodburn currently. Trends in the Marion County, and the Portland Region, will also affect the performance of the businesses that locate there. For this reason, ECONorthwest compares employment and average wage growth in Woodburn with Marion County, and the Portland Region.

Employment and Average Wage Growth

To help drive this discussion, employment and average wage growth, by geography and sector, are shown below. Exhibit 1 and Exhibit 2 show nonfarm employment and average wage growth by geography. Nonfarm employment and wages are important economic indicators because they are published monthly, move closely in line with the overall economy, and experience less volatility than farm sectors. The nonfarm²⁴ businesses accounted for 77% of the value of gross domestic product in 2000.²⁵

Woodburn's total nonfarm²⁶ employment grew faster than Marion County, Portland Region, and Oregon since 2005. Employment growth and level surpassed pre-recessionary levels. Total nonfarm employment in Woodburn in 2008 was 9,073; Woodburn's employment reached 9,733 jobs in 2014. Employment grew by 6% from 2013 to 2014 in Woodburn, compared to 4% in Marion County and 3% in the Portland Region over the same period.

²⁴ Nonfarm employment and wages excludes: general government, private households, nonprofit organizations serving individuals, and farms.

²⁵ Bureau of Labor Statistics. Glossary. 2016. <http://www.bls.gov/bls/glossary.htm#N>

²⁶ Nonfarm employment and wages excludes: general government, private households, nonprofit organizations serving individuals, and farms.

Employment has grown faster in Woodburn than in Marion County, and Portland. Employment growth has surpassed pre-recessionary levels. Woodburn showed employment growth of 6% from 2013 to 2014.

Exhibit 38. Nonfarm Employment Growth Since 2003, by Region, 2003-2014

Source: QCEW. State of Oregon Employment Department.

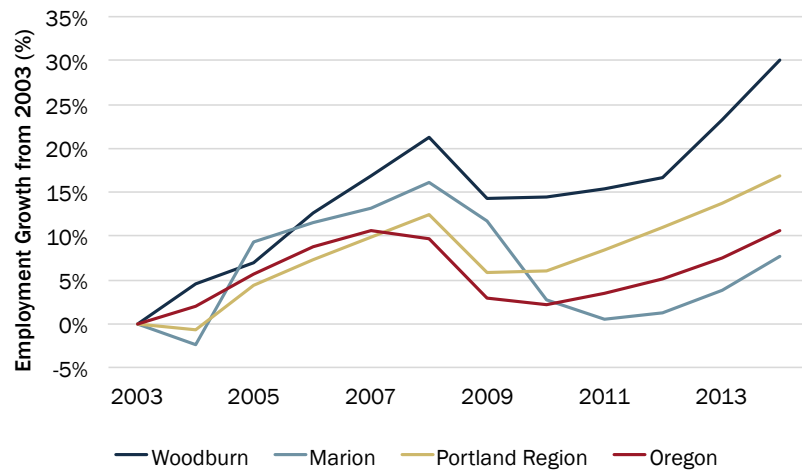


Exhibit 2 shows the growth of nonfarm average wages since 2003. Woodburn's employment has increased since 2010, but the city's average annual wages were stagnant. Average annual wage grew 0% and 1% in Woodburn each year from 2010 to 2012. The city saw an uptick in annual average wage growth of 3% per year, from 2012 to 2014. Annual average wage in Woodburn (\$34,295) were below Marion County's (\$40,200), and the Portland Region's (\$53,400), in 2014. Attracting higher wage jobs to Woodburn would raise the annual average wage in the area.

Woodburn's Average Nonfarm Wages have seen an uptick of 3% each year from 2012 to 2014. Woodburn's annual average growth rate was 1.1% from 2003 to 2014. This is lower than Marion County's (1.9%), Portland Metro's (2.3%), and the State's (2.8%).

Exhibit 39. Growth in Average Nonfarm Wage Since 2003, by Region, 2003-2014

Source: QCEW. State of Oregon Employment Department.

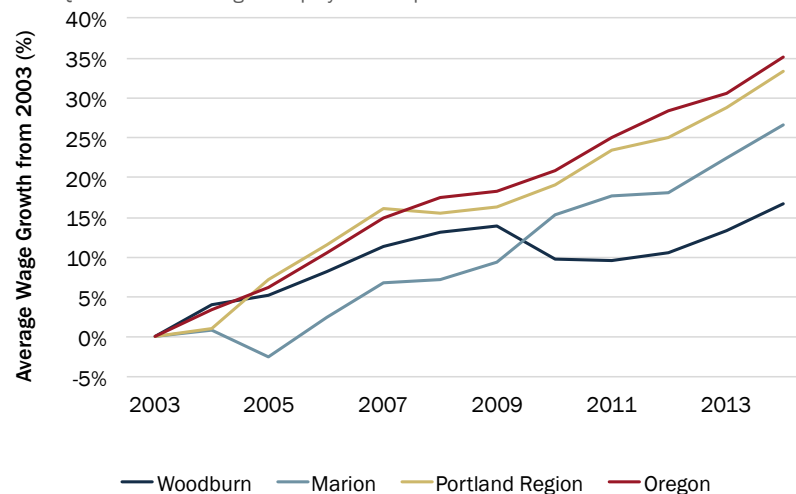


Exhibit 3 shows employment and wages, by region for 2003 and 2014. Woodburn's employment growth outpaced every other region. However, while Woodburn's wages grew since 2003, wage growth for the city was lower than Marion County, Portland Region, and the state.

Exhibit 40. Change in Employment and Wages, by Region 2003-2014

Sector	Employment			Average wage (nominal)		
	2003	2014	Annual growth/loss	2003	2014	Annual growth/loss
Industrial	2,499	3,135	2.1%	38,383	50,061	2.4%
Retail	1,643	2,456	3.7%	21,539	20,668	-0.4%
Commercial	3,079	3,871	2.1%	26,450	29,722	1.1%
Government & Other	258	271	0.4%	27,834	40,735	3.5%
Total	7,479	9,733	2.4%	29,406	34,295	1.4%

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.

Woodburn's nonfarm employment has been slowly recuperating (growing about 1% a year) after the 2007 - 2009 recession. Employment has done better since 2013, growing 6% annually, and surpassing pre-recessionary levels. People getting back to work means more wages paid, which increases demand of local goods and services. Increased demand leads to growth.

Employment saw an uptick in 2013. This was the first year that employment saw an annual growth rate above 1% and surpassed pre-recessionary levels. Nonfarm employment in Woodburn was 9,733 in 2014.

Exhibit 41. Nonfarm Employment in Woodburn, 2003-2014

Source: QCEW. State of Oregon Employment Department.

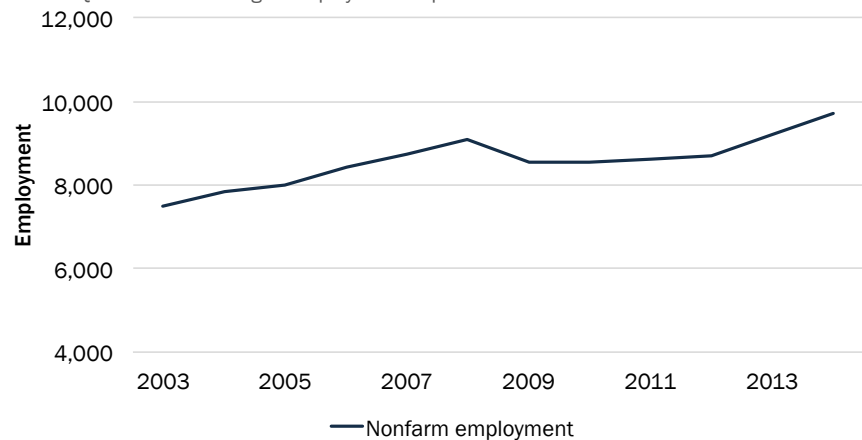


Exhibit 42 shows that over one-third of Woodburn's firms (225 firms) have fewer than five employees. Woodburn has about 15 firms that employ 100 or more employees. The large share of small businesses could suggest their importance to Woodburn and its economy.

Over one-third of Woodburn's firms are small and employ fewer than five employees.

Woodburn has close to 15 firms that employ 100 or more people.

Exhibit 42. Firm Size, Woodburn, 2014

Source: QCEW. State of Oregon Employment Department.

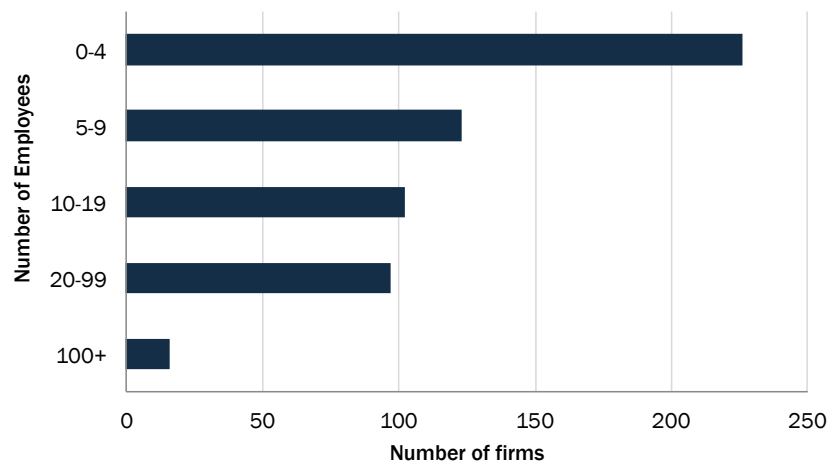


Exhibit 4 and Exhibit 5 group employment in Woodburn into four categories based on their 2012 North American Industry Classification code²⁷ (NAICS). ECO then grouped NAICS by clusters that are used in this analysis by usage type, as follows:

- **Industrial** employment includes agricultural services, mining, utilities, construction, manufacturing, wholesale trade, and transportation and warehousing. Businesses in these industries are typically located on land zoned for industrial uses.
- **Retail** employment includes businesses that are predominantly retail. Retail employment is generally located on land zoned for commercial uses. Some businesses that are predominantly industrial or commercial may have a small retail component (e.g., a small store at a manufacturing facility).
- **Commercial** employment includes information, finance and insurance, real estate, professional and technical services, management of companies, administrative support and waste management, educational services (including public and private education), health care and social assistance, arts and entertainment, accommodation and food services, and other services. Commercial employment typically (but not always) locates on land zoned for commercial uses.
- **Government** employment includes only employment in Public Administration.

²⁷ North American Industry Classification System. 2012. <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>

Exhibit 4 shows employment growth since 2003, by sector, in Woodburn. The sector with the largest increase was retail, with an increase of 22% employees since 2009. The majority of this employment growth happened at the Woodburn Premium Outlets. Retail employment accounted for 25% of Woodburn's employment in 2014.

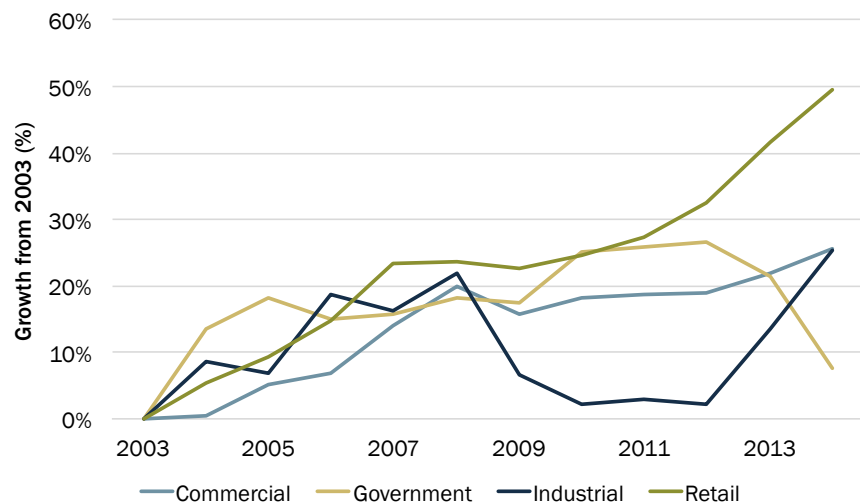
Employment in Woodburn's commercial sector decreased 3.5% from 2008 to 2009, but has been steadily growing since then. Woodburn's commercial sector has average annual growth rate of 2.1% from 2003 to 2014. The sector surpassed its pre-recessionary peak in 2013, and employed 3,871 people in 2014.

Industry's employment declined most out of all sectors during the recession, losing 12% of employment, from 2008 to 2009. The sector also saw 11% and 10% growth in 2012 to 2013, and 2013 to 2014, respectively. Woodburn's industrial sector surpassed its pre-recessionary peak in 2014, with 3,135 employees.

Woodburn's commercial and industrial sectors have surpassed their pre-recessionary peaks and continue to grow. The Industrial sector grew 10.5% from 2013 to 2014, and had an average annual growth rate of 2.1% from 2003 to 2014. Woodburn's commercial sector grew 3.2% from 2013 to 2014, and had an average annual growth rate of 2.1% from 2003 to 2014.

Exhibit 43. Woodburn's Employment Growth Since 2003, by Sector, 2003-2014

Source: QCEW. State of Oregon Employment Department.



Woodburn's wage growth by sectors, shown in Exhibit 5, follow a similar path as employment shown in Exhibit 4. Government wages increased after the recession, and then started to decrease in 2011. Wages in the retail sector increased in 2010, as did retail employment. Both wages and employment were volatile in Woodburn's commercial sectors. Wages in the commercial sector increased by 8% from 2013 to 2014. Average wages in the industrial sector increased by 13% from 2013 to 2014.

Woodburn's average wage growth has been increasing in the commercial, industrial, and retail sectors. Average wage growth increased 8% from 2013 to 2014. Average wage growth in the industrial sector increased by 13% in the same time period.

Exhibit 44. Woodburn's Wage Growth Since 2003, by Sector, 2003-2014

Source: QCEW. State of Oregon Employment Department.

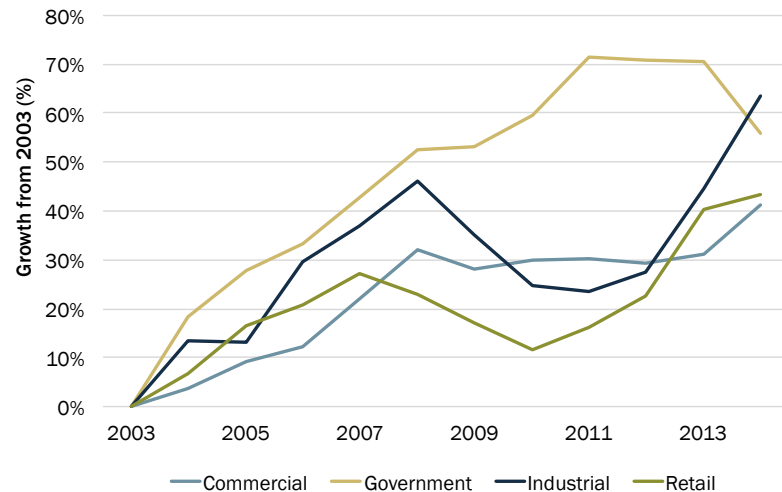
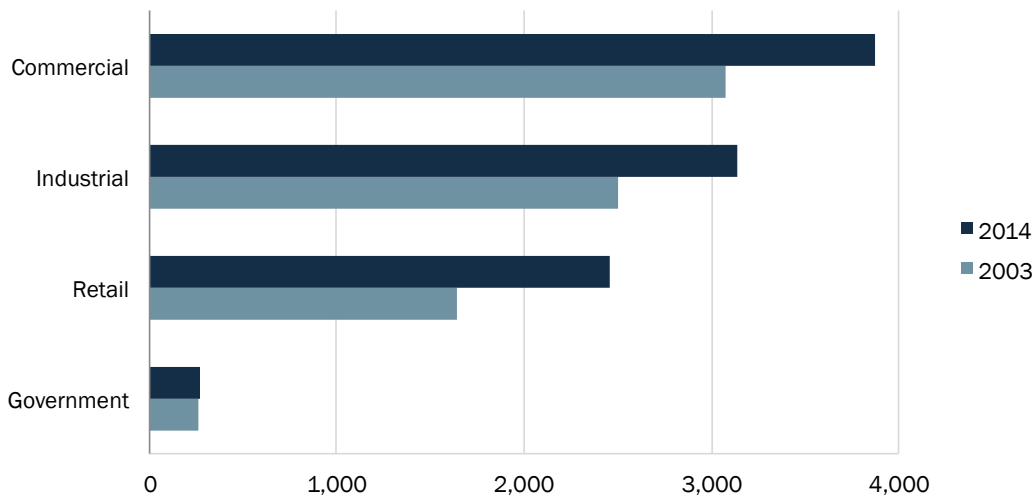


Exhibit 45 shows the level of employment and average wage for jobs in Woodburn in 2003 and 2014, by sector. In 2014, about 32% of jobs were in industrial sectors, 40% in commercial, 25% in retail, and 3% in government. Employment in Woodburn's industrial sector increased the most from 2003 to 2014, gaining 898 jobs. Commercial, retail and government gained, 531, 812, and 13 jobs, respectively. The sectors with the largest annual growth, both around 4% annually, were industrial and retail.

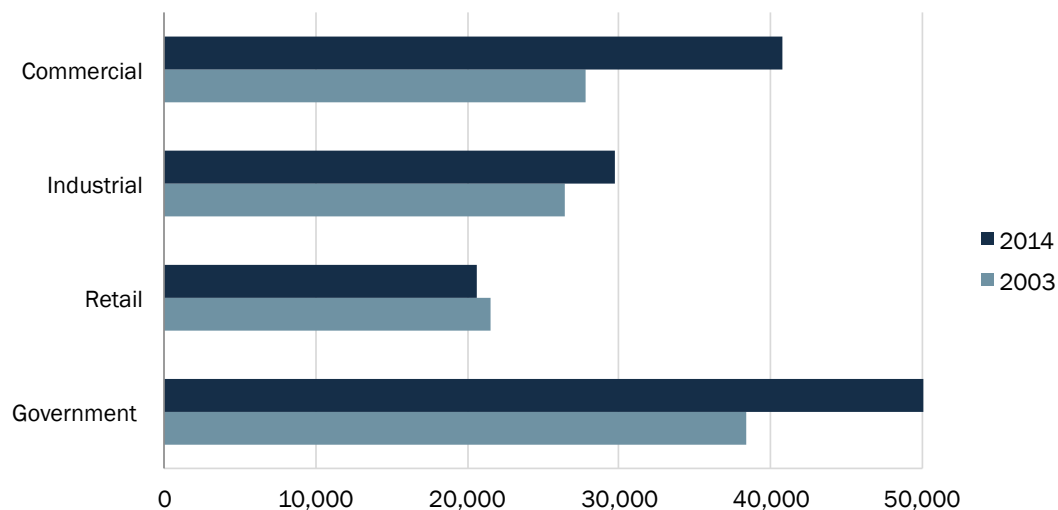
Exhibit 46 shows average wage for in Woodburn. The average wage for all jobs in 2014 was \$34,300. The highest wages were in industrial jobs, followed by government and commercial jobs. The average wage in retail jobs was substantially below average at about \$20,700.

Exhibit 45. Change in Employment and Wages, by Sector, Woodburn, 2003 & 2014



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.

Exhibit 46 Average Annual Wages by Sector, Woodburn, 2003 & 2014



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014

Employment Clusters

Woodburn is interested in the highest and best use of newly acquired land. In particular, the city is interested in how to use the land for commercial and industrial use to promote economic development. To further this discussion ECONorthwest categorized industry data for Woodburn, Marion County, and the tri-county Portland Region, into clusters using Quarterly Census of Employment and Wages (QCEW) data.

Clusters are geographic concentrations of industries related by knowledge, skills, inputs, demand and/or other linkages. Harvard economist, Michael Porter²⁸ created cluster definitions using U.S industry data. The purpose of creating economic clusters is to show interrelationships between industries, which can include co-location patterns, supply/demand chain linkages, and similarities in labor specialization. Understanding these inter-industry relationships can help identify optimal strategies for business recruitment discussions. There are generally two types of economic clusters, local and traded.

- **Local** industries primarily serve the local population and support traded sector industries. Examples of local industries would be real estate services, hospitals, or personal services such as drycleaners. However, the local industries may also play an important supporting role in the overall economic growth of the region.
- **Traded** industries are those that concentrate in particular regions but sell products or services across regions and countries. Porter calculated that traded industries comprised 31.8% of national employment in 2003 and have higher average wages and productivity compared to local industries²⁹. These general results have encouraged economic development policies that focus on increasing regional strength in traded industries.

²⁸ Porter, Michael. 2015. U.S Cluster Mapping.

http://www.clustermapping.us/sites/default/files/files/resource/DPS_Defining_Clusters_2015-jeg-lbv017.pdf

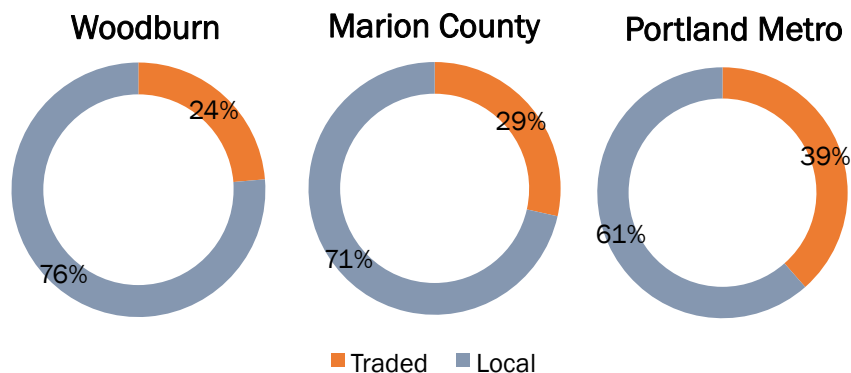
²⁹ Porter, Michael. 2015. U.S Cluster Mapping.

<http://clustermapping.us/sites/default/files/files/page/Categorization%20of%20Traded%20and%20Local%20Industries%20in%20the%20US%20Economy.pdf>

Exhibit 6 shows the share of employment in traded and local clusters across the three geographies. Compared to the 32% percent of traded sector employment that Porter found for the nation overall, the Portland Region has a higher than average employment in traded sector industries, at 39% of employment. Marion County's employment is close to Porter's estimate at 29%. Woodburn is slightly underrepresented in traded sector jobs, at 24% of employment, which is not unusual, as firms in traded-sectors tend to cluster in large urban areas.

Exhibit 47. Traded versus Local employment, by region, 2014

Source: QCEW. State of Oregon Employment Department.



Below is a bulleted list of traded sector industries with employment in Woodburn, based on 2014 State of Oregon Quarterly Census of Employment and Wages. The industries are organized into the following clusters, organized by Michael Porter's cluster analysis methodology, as described previously.

Agricultural inputs and services includes the following:

- Agriculture and forestry support activity

Apparel manufacturing

- Apparel manufacturing
- Textile mills

Automotive Transportation Equipment Manufacturing

- Transportation equipment manufacturing

Business services

- Management of companies and enterprises
- Professional and technical services

Communications equipment and services

- Telecommunications

Construction products and services

- Utilities

Distribution and E-commerce

- Electric markets and agents
- Merchant wholesalers, durable goods

- Merchant wholesalers, non-durable goods
- Non-store retailers
- Warehousing and storage

Financial services

- Credit intermediation
- Financial investments

Food processing and manufacturing

- Food manufacturing

IT and analytical instruments

- Computer and electronic product manufacturing

Insurance services

- Insurance carriers and related activities

Livestock processing

- Merchant wholesalers, non-durable goods

Marketing, design, and publishing

- Professional and technical services
- Publishing industries

Metal product manufacturing

- Fabricated metal product manufacturing

Plastics

- Chemical manufacturing
- Plastics and rubber products manufacturing

Printing services

- Printing and related support services

Production technology and machinery

- Machinery manufacturing

Transportation and logistics

- Support activities for transportation
- Truck transportation

Wood Products

- Wood product manufacturing

Growth of Clusters in Woodburn

Exhibit 7, Exhibit 49, and Exhibit 50 show traded clusters in Woodburn that gained or lost 25 or more jobs from 2003 to 2014. For comparison, the same clusters are shown for Marion County and Portland Region.³⁰

Woodburn saw the largest declines in employment in distribution and e-commerce over the 2003 to 2014 period. Employment in distribution and e-commerce grew modestly in Marion County and decreased slightly in the Portland Region.

Woodburn also had declines in business services over this period, consistent with changes in employment in business services in Marion County. Over the same period, employment in business services in the Portland Region grew by 27,812 jobs or by 62%.

Woodburn's food processing and manufacturing cluster grew 296% from 2003 to 2014. The Portland Region saw a 30% increase in food processing and manufacturing over the same period. Exporting food to other states and nations brings in additional money to regional and local economies.

Apparel manufacturing is a small cluster in Woodburn and grew from fewer than 20 employees in 2003 to more than 100 employees 2014. The Portland Region's apparel manufacturing cluster employed more people in 2003 and 2014, but saw a 5% decrease in employment during that time period. This could present an opportunity for Woodburn. If conditions are right, the City could recruit more of these businesses from the Portland Region to Woodburn.

Woodburn saw an 8% increase of employment in wood product manufacturing from 2003 to 2014. The employment level is only 1.7% of total nonfarm employment in Woodburn. Wood product manufacturing decreased across the state as Oregon moves from a timber economy to a service economy. The Portland Region's wood product manufacturing cluster saw a 32% decrease in employment, from 2003 to 2014. Woodburn's increased employment could be a response of increased demand in for intermediate products. For example, the printing and metal product manufacturing clusters show high concentrations in Woodburn. Businesses in these clusters likely use wood products as intermediate products.

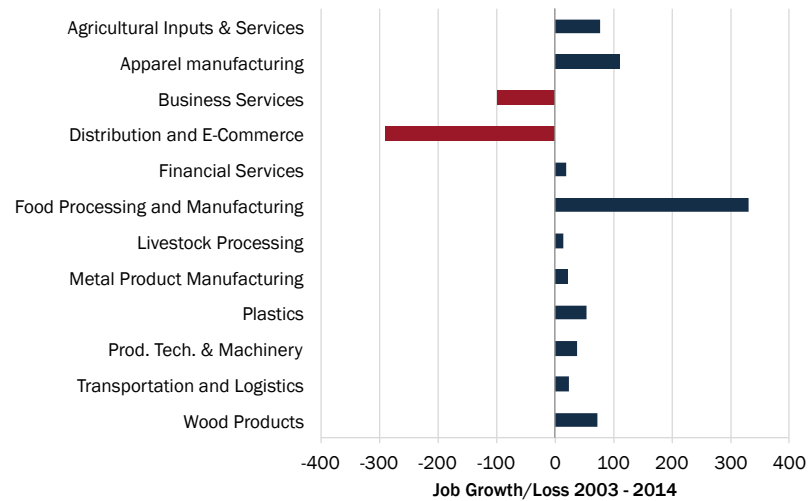
Employment in Agricultural inputs and services grew 275% in Woodburn, and 117% in the Portland Region, from 2003 to 2014. Employment increases in this cluster could indicate the strength of crop and nursery exports. This brings new money to the economy, but industries in this cluster often have low average wages.

³⁰ These exhibits exclude Woodburn clusters where employment changed by less than 15 jobs from 2003–2014. These clusters include, Automotive, Communications, Education and Knowledge Creation, Hospitality and Tourism, Construction, IT and Analytical Instruments, Printing, Recreational and Small Electric Goods, Insurance Services, and Marketing Design and Publishing.

Woodburn has added over 400 jobs in food processing and apparel manufacturing and apparel manufacturing, since 2003. That same number was lost in distribution and e-commerce and business services since 2003.

Exhibit 48. Woodburn's Job Creation in Traded Clusters, 2003-2014

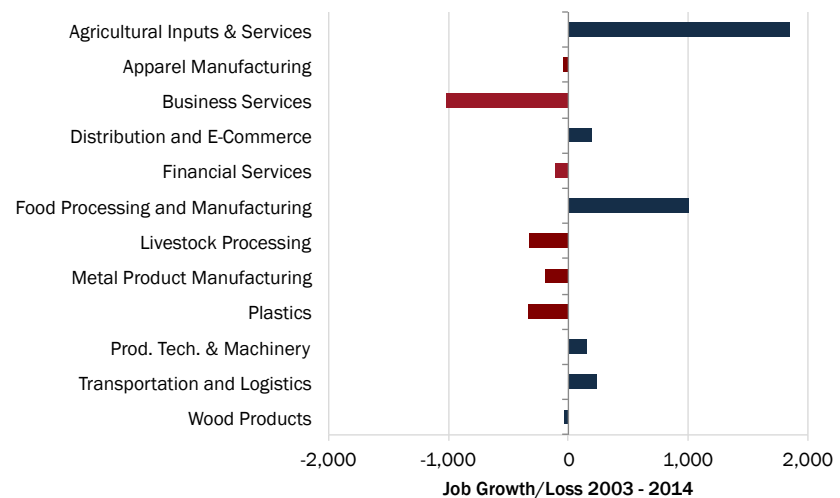
Source: QCEW. State of Oregon Employment Department.



Agricultural inputs and services, and food processing showed the largest job growth in Marion County from 2003 to 2014.

Exhibit 49. Marion County's Job Creation in Traded Clusters, 2003-2014

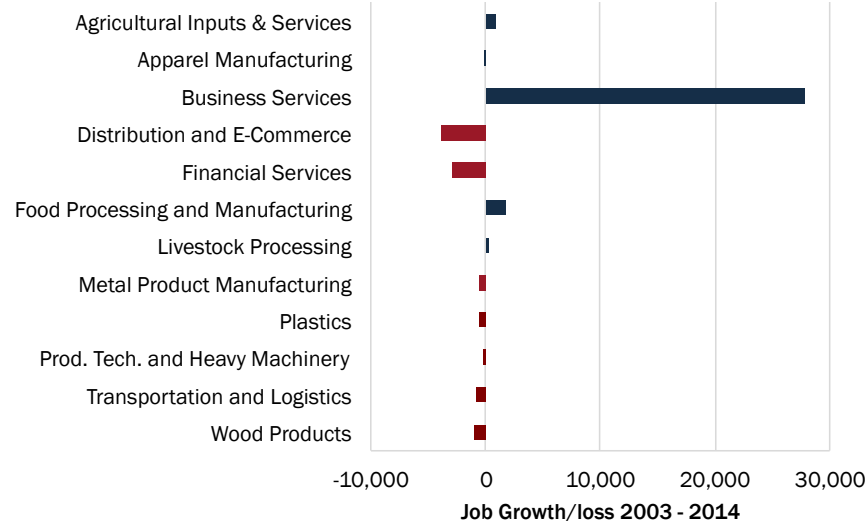
Source: QCEW. State of Oregon Employment Department.



Business services added the largest share of job creation in the Portland Region from 2003 to 2014.

Exhibit 50. Portland Region's Job Creation in Traded Clusters, 2003-2014

Source: QCEW, State of Oregon Employment Department.



Average Wages in Clusters in Woodburn

ECONorthwest used data from the QCEW to calculate average wages for Woodburn, Marion County and the Portland Region. Average wages are calculated by dividing the total wages paid by an industry, by the total number of employees in that industry.

Average wages data should be interpreted with some caution, when used as a metric for economic development. Wages are typically not evenly distributed and can present a distorted view of labor income because of outliers of unusually high wages or employment (e.g., a corporate officer with an unusually high wage). Reporting median wages would be preferable but median wages cannot be calculated using QCEW data.

Exhibit 51 and Exhibit 52 show average annual wages for traded sectors in Woodburn, Marion County, and the Portland Region. In 2014, Woodburn's total average wage across all sectors was \$34,295, with the highest average wages in insurance, plastics, and business services.

The average wage in Marion County was \$40,200 in 2014, with the highest earning clusters in insurance, communications, and construction. The Portland Region had the highest average wage in 2014 at \$53,400, with the highest earning clusters in business services, communications, and insurance.

Though average earnings overall, are higher in Marion County and the Portland Region, some clusters shown in Exhibit 51, such as plastics and metal product manufacturing, are on par with similar businesses in the rest of the region. This could signal that these clusters in Woodburn generate high value-added jobs that are competitive or complimentary to clusters in the Portland Region and Marion County

Exhibit 51. Traded Sector Clusters with Average Annual Wages above \$40,000 in Woodburn, 2014

Source: QCEW. State of Oregon Employment Department.

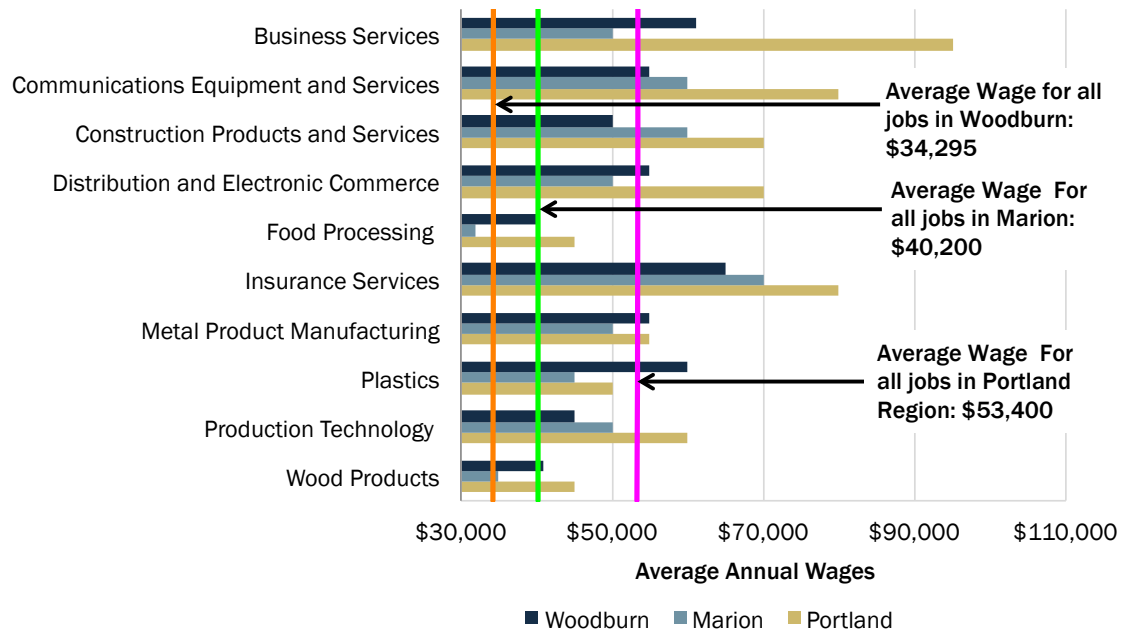
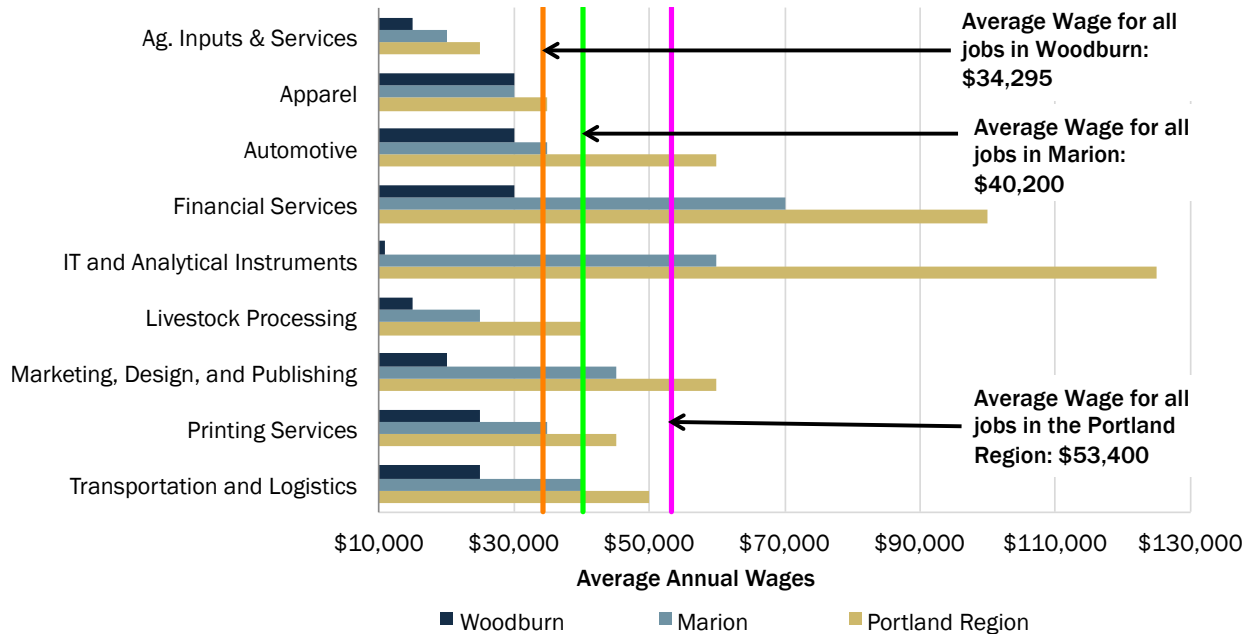


Exhibit 52 shows Woodburn's traded industrial and commercial clusters that have average annual wages under \$40,000 in Woodburn.

Exhibit 52 Traded Sector Clusters with Average Annual Wages below \$40,000 in Woodburn, 2014

Source: QCEW. State of Oregon Employment Department.



Clusters with High Concentrations of Employment in Woodburn

Location quotients, (LQ) show if an industry or in this case a cluster is concentrated in a region. Typically, industry concentrations are compared against the U.S. economy. In this analysis, however, ECONorthwest used the share of employment in Woodburn, Marion County, and Portland Region and compared it to the State of Oregon. This allows us to show intra-state competitiveness across industries.

Exhibit 53 shows Woodburn's clusters by size of employment and LQ. If the LQ is more than 1.0 than employment in that industry can be interpreted as having a more concentrated labor in that industry, compared to the state overall. These clusters could be said to be an export cluster, producing more goods or services than used by residents and businesses in Woodburn

A cluster with a high LQ suggests evidence of competitive advantage and can help identify what makes a region's economy unique.

Clusters were identified as being highly concentrated if they had an LQ above 1.8 for all geographies, shown highlighted in green in Exhibit 53. LQ's are left white if they are above 1.0 but below 1.8. Any LQ below 1.0 can be interpreted as having low labor concentration in one of the defined study regions shown highlighted in orange in Exhibit 53.

Data disclosure is an issue when using QCEW for smaller cities like Woodburn. Some information cannot be disclosed because doing so would disclose confidential data about employment and payroll. To help provide context about the relative size of the labor force in a cluster across the study region, ECONorthwest defined employment ranges to help describe the relative size of employment in a cluster from small to large.

Woodburn's employment range was defined as:

- Small if employment was under 25 people;
- Medium if employment was between 25 and 100, and;
- Large if above 100.

Marion County's employment range was defined as:

- Small if employment was under 100 people,
- Medium if between 100 to 750, and;
- Large if above 750 people.

The Portland Region's employment size was defined as:

- Small if employment was under 1,000 people;
- Medium if between 1,000 and 10,000, and;
- Large if employment was above 10,000 people.

The clusters with high concentration of employment, suggesting competitive advantages, in Woodburn are:

- Apparel Manufacturing
- Food Processing and Manufacturing
- Plastics
- Metal Product Manufacturing
- Agricultural Inputs and Services
- Production Technology and Machinery

Exhibit 53 Traded Clusters Employment Concentrations, relative to employment in Oregon, for Woodburn, Marion County, and the Portland Region, 2013

Cluster Name	Employment			Location Quotients		
	Woodburn	Marion	Portland	Woodburn	Marion	Portland
Agricultural Inputs and Services	Medium	Large	Medium	2.1	15.6	1.0
Apparel Manufacturing	Large	Medium	Small	16.9	3.3	1.1
Automotive Transportation Equipment Manufacturing	Small	Small	Medium	0.2	0.1	1.3
Business Services	Medium	Large	Large	0.1	0.5	1.3
Communications Equipment and Services	Small	Medium	Small	1.6	1.5	0.4
Construction Products and Services	Small	Medium	Medium	0.0	0.7	1.3
Distribution and Electronic Commerce	Large	Large	Large	1.5	0.5	0.9
Financial Services	Medium	Medium	Large	0.7	0.7	1.8
Food Processing and Manufacturing	Large	Large	Medium	3.6	2.7	0.7
Information Technology and Analytical Instruments	Small	Medium	Large	0.0	0.2	2.8
Insurance Services	Small	Large	Large	0.0	1.5	1.6
Livestock Processing	Small	Small	Small	1.7	0.3	0.6
Marketing, Design, and Publishing	Small	Medium	Large	0.0	0.5	1.7
Metal Product Manufacturing	Medium	Medium	Medium	2.2	0.9	1.6
Plastics	Medium	Medium	Medium	3.1	0.5	1.0
Printing Services	Small	Medium	Medium	0.3	0.7	1.3
Production Technology and Machinery	Large	Medium	Medium	2.1	0.8	1.1
Transportation and Logistics	Small	Large	Large	0.2	0.6	1.1
Wood Products	Large	Medium	Medium	1.3	0.4	0.2

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.

Other clusters in Marion County or the Portland Region that are not present in Woodburn are:

- **Education and knowledge creation.** The Portland Region has about 36,500 employees in this cluster, with an LQ of 2.3.
- **Forestry.** Marion County has more than 1,300 employees in Forestry and an LQ of 1.8.
- **Furniture manufacturing.** Marion County has more than 700 employees in furniture manufacturing and an LQ of 2.1.
- **Video production and distribution.** The Portland Region has about 1,300 employees in this cluster, with an LQ of 1.8 LQ.

Woodburn's Target Industries

Woodburn's target industries begin with the analysis of clusters in Woodburn, Marion County, and the Portland Region. Economic clusters are a geographic concentration of businesses that find mutually beneficial to be located to similar businesses and inputs of production. This frequently occurs as businesses look to reduce fixed costs and scale operations. Pairing together businesses that share supply chain relationships also ensure ready access to skilled labor that can ensure businesses can remain efficient.

Understanding the linkages between clusters in a region can help identify strengths and challenges for a region's development strategy. This not only allows policymakers to identify their unique strengths, but can help them understand the linkages to help develop new economic clusters in their region

For example, while there is a technology cluster developing in the Portland Region, there may be opportunities for firms who support technology companies through intermediate goods and services, such as metals manufacturing, to locate in Woodburn because of easy access to transportation corridors and available land. Firms in metals manufacturing may see advantages to relatively cheaper land in Woodburn, but might need help with training the labor force needed to support the new jobs.

Understanding this relationship allows policymakers and practitioners to develop strategies holistically, while tailoring their approach to each economic cluster. This section presents target industries for Woodburn starting with mature clusters (i.e., well-established clusters in Woodburn), emerging clusters (i.e., clusters with little or no employment in Woodburn but well-established in Marion County or the Portland Region), and declining clusters (e.g., clusters with very low average wage or with decreasing employment in Woodburn).

Mature Clusters

Our analysis has identified that Woodburn has high LQ's and medium to large amounts of employment across several traded-sector clusters. Several of these clusters, such as food processing and plastics are high value-added clusters, which require a skilled workforce. These two clusters have retained high LQ's in Woodburn between 2003 and 2013.

- **Production Technology and Machinery.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: production of machinery for food production, automatic sprinklers systems, bailing machines, hydraulic jacks, and other machinery. This cluster has a high location quotient of 2.1, and employs over a 100 people. The high concentration of employment of this cluster in Woodburn compared to the rest of the state suggests that this cluster is more productive in Woodburn than it would be anywhere else. This cluster has an average wage of \$47,134, which is higher than the median income for a household in Woodburn (\$43,144).
- **Plastics.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: plastic and rubber products, chemical

manufacturing, plumbing fixtures, plastic bottles, plastic bags, and other plastic products such as air mattresses, dinnerware, or plastic hardware. This cluster had an LQ of 3.1, which indicates that there is a high degree of labor concentration in this cluster. The cluster is comprised of chemical manufacturing and chemical and rubber product manufacturing. The Plastics cluster is strongly linked to production technology and machinery, and other chemical manufacturing. Bringing support businesses of the plastic cluster could increase employment and opportunities businesses that these clusters support, such as metals manufacturing and production technology.

- **Metal Product Manufacturing.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: prefabricated metal building and component manufacturing, ornamental and architectural metal work manufacturing, bathtubs and sinks, metal pipe hangars, fire escapes, grills and grill work, and all other miscellaneous fabricated metal product manufacturing. This cluster's location quotient in Woodburn is 2.2, which indicates a high labor concentration. The metal product-manufacturing cluster is related to production technology and machinery, and recreational good manufacturing. This cluster's average wage is \$54,645.
- **Food Processing and Manufacturing.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: baked goods, fruit and vegetable canning, frozen foods, confectionary manufacturing, breweries, wineries, and coffee and tea manufacturing. This cluster employs over 400 people in Woodburn and has a location of 3.6. That is to say the food processing manufacturing cluster is 3.6 more concentrated in Woodburn than it is in the rest of the state. This cluster is traded and exports its goods out of Woodburn and sometimes out of the country. The Woodburn cluster as a whole as an average wage of \$40,928. Comparing this to the Portland Region's food processing and manufacturing cluster's average wage of \$43,211 strongly suggest that Woodburn is just as, if not more competitive at food processing and manufacturing.

Exhibit 54 shows five of Woodburn's industry clusters (three of which are mature clusters, and two are emerging clusters, discussed in the next section). Exhibit 54 illustrates the relationships between these clusters, showing which clusters are most interdependent in Woodburn.

Different colored clusters represent varying levels of employment concentrations compared to Oregon.

- Green circles represent clusters that have high LQ > 1.8;
- Yellow circles represent a location quotient 1.0-1.8, and;
- Gray circles represent a cluster with an LQ < 1.0.

The lines between each cluster show the strength of linkage between each cluster, using analysis from U.S. Cluster Mapping³¹. The strength of the linkages considers: locational characteristics

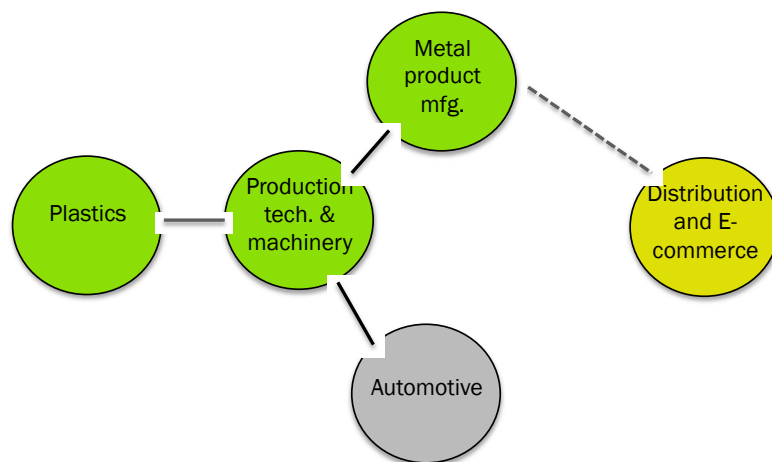
³¹ Porter, Michael. 2015. http://www.clustermapping.us/region/county/marion_county_or

(e.g., access to transportation or other infrastructure), supply chain linkages (e.g., need for similar materials or services), and labor specialization (e.g., workers with similar skills). Clusters with similar locational, supply chain, and labor specialization have a stronger linkage or relationship.

- Black solid lines show a strong linkage or relationship (Strong relationship)
- Solid gray lines represent an intermediate relationship (Intermediate relationship)
- Dotted gray lines show some linkage between clusters (Low relationship)

Exhibit 54 Woodburn's Cluster Concentrations and Relationships for Production Technology and Machinery and related clusters

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2014.
Note: Automotive is Transportation Equipment Manufacturing



Woodburn already has a skilled labor force across several traded clusters. In addition, Woodburn also has a geographical advantage for attracting and growing businesses in these clusters. The City of Woodburn is located right on I-5, approximately 32 miles from downtown Portland and 19 miles from Salem. Being located along this main transit route places Woodburn in a key spot for taking advantage of these two economic hubs.

With the newly acquired land, businesses could see this location as an opportunity to reduce transportation costs associated with moving their goods to market. For example, some firms in the agricultural exports industry may see value in moving closer to the Port of Portland, while taking advantage of the cheaper land in Woodburn.

The combination of ready labor, reduced transport costs, and available land will help businesses in these clusters see Woodburn as an opportune location to reduce costs and expand operations.

The presence of these clusters can be important drivers of regional competitiveness and innovation. Strong supply chain relationships and geographic co-location allow these firms to operate more efficiently as they can share common technologies, infrastructure, knowledge pools, and supply chain relationships.

Take the simplified example of a kitchen knife manufacturer. Inputs to a knife are intermediate wood and metal products that are used in the manufacturing process. Additionally, the manufacturer requires skilled labor to operate the machinery and ensure the quality of work is high. Industries that require these intermediate goods will choose to locate in regions where both the capital and labor needed to create the final goods are available.

Potential Growing and Emerging Clusters

According to our analysis, Woodburn appears to have to some competitive advantages with firms that provide goods and services for many of these larger traded sector businesses. The analysis of clusters and employment patterns in Woodburn, Marion County, and the Portland Region suggest that Woodburn has opportunities for business development in this rapidly growing clusters:

- **Apparel Manufacturing.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: cutting and sewing apparel, embroidering on textile products, carpet cutting and binding, sleeping bag manufacturing, hats and glove manufacturing, and other apparel manufacturing. Woodburn has an existing apparel manufacturing cluster, composed of businesses involved with textile product mills, and apparel contractors. The apparel cluster has strong linkages with textiles, footwear, leather products, and printing. The City could try to recruit business that supports textile product mills.

Woodburn also has mature industries in the distribution cluster that could be nurtured, or expanded using the newly acquired land and proximity to I-5.

- **Distribution and E-commerce.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: wholesale trade, farm supplies and merchant wholesalers, refrigerated warehousing and storage, packaging and labeling services, or other warehouse and distribution. This cluster has a location quotient of 1.5, and employs over 600 people. The average wage for this cluster is \$53,593. This cluster is made up generally of wholesalers and is an integral part of the supply chain. The newly acquired land places Woodburn in an ideal location to store and move agricultural products along the I-5 corridor.

Discussions with developers suggest that distribution and e-commerce is a significant opportunity for Woodburn. The Southwest Industrial Reserve Area is one of the larger industrial sites available just south of the Portland Region, with direct access to I-5. The developer of the Southwest Industrial Reserve Area has identified the opportunity to build about 1.7 million square feet of industrial built space on the site. They expect the majority of demand to be from distributors, possibly with smaller tenants in other industries, such as food processing.

The city could encourage growth by recruiting another business that supports its concentrated clusters, but do not currently exist or have a strong base in Woodburn. The city could look specifically at businesses, which will support the cluster in the Portland Region or Marion County. Some examples include:

- **Automotive Transportation Equipment Manufacturing.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: motor vehicle parts manufacturing, motor vehicle metal stamping, and other transportation equipment manufacturing. The cluster is currently composed of other motor vehicle parts manufacturing. This cluster is listed as an opportunity because it is not thriving in Woodburn, but it is in Portland, and has an average wage of \$61,812. Furthermore, Woodburn has all the clusters present that are closely linked with the automotive cluster, (e.g. production technology, metal working, plastics, and metal product manufacturing).
- **Information Technology and Analytic Technology.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: software publishers, electronic computer manufacturing, semiconductor manufacturing, laboratory instrument manufacturing. These are high paying jobs that often require large lots. The QCEW data did not provide enough information to report average wages in Woodburn. However, this cluster's average wage is \$70,299 in Marion County, and \$124,608 in the Portland Region. If the City could recruit one of these types of businesses, it would create jobs and wealth.

Declining Clusters

Many high value added service jobs that offer high wages, which require a high degree of specialization tend to co-locate with similar firms in urban areas. This draws many of these toward Portland Metro area. Due to Woodburn's location and small population, this makes the city less competitive for attracting large corporations to the new property. The clusters in this section are present in Woodburn but have especially low wages or declining employment over the 2003 to 2014 period.

Between 2003 and 2014, Woodburn saw a decline in many jobs in business services. As the economy has shifted toward high value-added service jobs, the demands for educational attainment and specialization have also increased. As Exhibit 27 shows, Woodburn has the lowest share of people with a bachelor's degree compared to Marion County, and the Portland Region, which places the city at a disadvantage for some of these jobs.

The cluster analysis identified one cluster, in particular, that showed a medium level of employment, high LQ, but low average wage:

- **Agricultural inputs and services.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: farm labor contractors and crew leaders. Agricultural inputs and services employed over 100 people, and had an LQ of 2.1 in 2013. The employment and high LQ suggests agricultural inputs and services are successful in Woodburn, but because of a low average wage this cluster is listed as a declining cluster. This cluster is related to food processing and manufacturing. While this is a cluster with low average wage, it may provide important inputs to other agricultural production or food processing in Woodburn and Marion County. If this is the case, it is likely that food processing and manufacturing firms

would experience benefits from having this input located close by, and would make this cluster a strength in Woodburn.

- **Business Services.** Some examples of goods produced in this cluster in Woodburn, Marion County, or the Portland Region include: architectural services, computer system design services, engineering services, data processing and hosting, payroll services, management services, and other business services such as brokers, appraisers and estate assessment. . This cluster has an average wage of \$61,053 in Woodburn. High paying jobs that make up this cluster would certainly benefit the city of Woodburn and its workers. The number of people employed in this cluster has steadily decreased since 2003. Exhibit 7 and Exhibit 50 show business services decreasing in Woodburn and increasing in the Portland Region, from 2003 to 2014. The Cluster's concentration also decreased during this time period. Woodburn's LQ went from 0.4 in 2003 to 0.1 in 2013.

Conclusion

Woodburn's primary economic opportunities will be in attracting and growing businesses that need or prefer to locate in communities with Woodburn's competitive advantages, such as the City's access to I-5, availability of buildable land near I-5, existing business base, and high quality of life. These clusters are primarily: production technology and machinery, plastics, metal product manufacturing, food processing and manufacturing, distribution and e-commerce, Woodburn may have opportunities in clusters such as automotive transportation equipment manufacturing, information technology and analytic technology, apparel manufacturing, business services, and agricultural inputs and services.

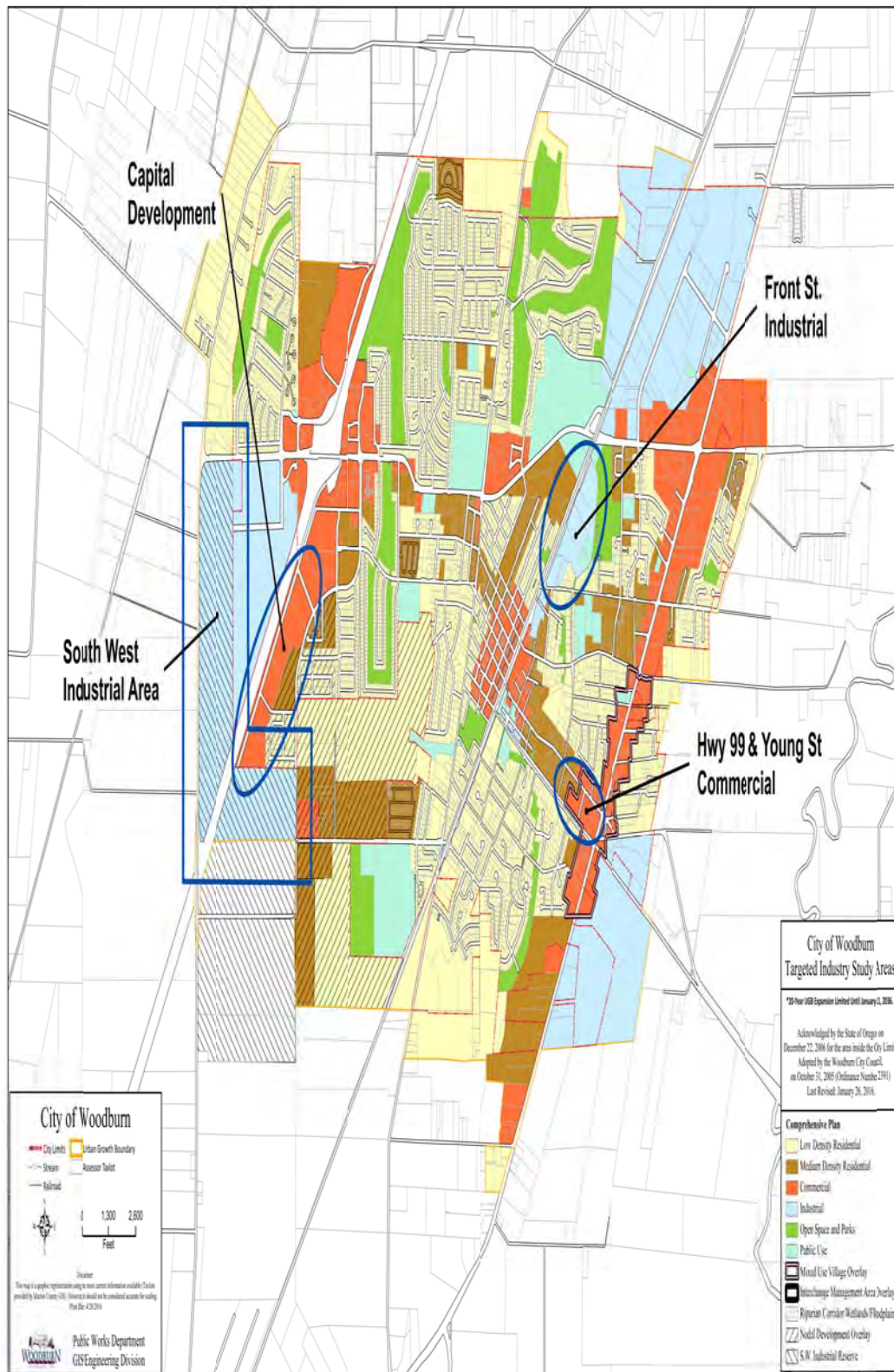
The findings in of the target industry analysis are consistent with the findings of the "Mid-Willamette Valley Supply and Target Industry Growth Recommendations for Marion, Polk and Yamhill Counties" (2014) report. This report identified the following target industry clusters for the Mid-Willamette Valley: food and beverage; chemicals and plastics; metal, machinery, and equipment; and furniture, wood, and paper. This analysis identified opportunities in all of these sectors except furniture, wood, and paper. It is not unreasonable to suppose that Woodburn may attract businesses in this sector, given the large presence of this cluster throughout the Mid-Willamette Valley. For example, Woodburn had a furniture manufacturing business until the business moved out of the city.

Appendix B: Site Profiles

Appendix B contains relevant site information for each of the four sites shown in Exhibit 55, Southwest Industrial Reserve Area, Stacy Allison Way, Front Street, and Hwy 99 and Young Street. Each site profile includes information on site attributes, implementation actions, and site area maps.

Site attributes include the total size and ownership of the site. Ownership shows how many parcels are on each site and how many owners there are. Ownership should be explored further to determine willingness to sell. Willingness to sell will affect decision-making and will influence if additional actions need to be taken by the City. The Implementation Action section addresses such issues. Implementation actions are actions necessary to support development of the site. They could be about addressing site barriers (e.g., wetland mitigation or site assembly) or infrastructure deficiencies. Available infrastructure for each area and each parcel are shown visually in the site maps section of each area.

Exhibit 55 Woodburn's Study Area



Site Name: SOUTHWEST INDUSTRIAL RESERVE AREA

Physical Attributes

Exhibit 56. Physical Characteristics of SOUTHWEST INDUSTRIAL RESERVE AREA

Physical Characteristics	Description
Site size (total acres)	188.50
Number of parcels	5
Land ownership	Three owners: Weisz Family LLC owns three parcels, 70 acres State of Oregon owns one parcel, 7.6 acres Darma Real Estate owns one parcel, 108 acres
Zoning (acres in each zoning district)	Current Urban Transition / once annexed - Industrial
Location within the city or region	Woodburn UGB
Visibility	I-5
Proximity to other businesses	Adjacent to industrial businesses
Amenities (i.e., a good view, access to parks, trails, etc.)	I-5 visibility, Access to I-5
Compatibility with surrounding uses	Yes

Exhibit 57. Physical Constraints of SOUTHWEST INDUSTRIAL RESERVE AREA

Physical Characteristics	Description
Topography (greater than 10%)	No
Wetlands	No
Brownfields	No
Other physical constraints	No

Infrastructure Characteristics

Exhibit 58. Transportation Access for SOUTHWEST INDUSTRIAL RESERVE AREA

Characteristics	Description
Freight Access to I-5	Woodland Avenue/Butteville Road/Hwy 219
Proximity:	Less than ¼ miles
Rail Access	Union Pacific
Proximity:	Less than 1 mile
State highways and local roads Access	Woodland Avenue/Butteville Road/Hwy 219/I-5
Proximity:	Adjacent
Pedestrian, Bicycle, Transit Access	Transit

Exhibit 59. Water Distribution for SOUTHWEST INDUSTRIAL RESERVE AREA

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent to site
Existing Improvements	12"

Exhibit 60. Sanitary Sewer for SOUTHWEST INDUSTRIAL RESERVE AREA

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent to site
Existing Improvements	6"

Exhibit 61. Storm Drainage for SOUTHWEST INDUSTRIAL RESERVE AREA

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent to site

Exhibit 62. Electricity for SOUTHWEST INDUSTRIAL RESERVE AREA

Characteristics	Description
Service Provider	Portland General Electric
Proximity:	

Exhibit 63. Natural Gas for SOUTHWEST INDUSTRIAL RESERVE AREA

Characteristics	Description
Service Provider	NW Natural Gas
Proximity:	

Southwest Industrial Site Maps

Exhibit 64. Southwest Industrial Reserve Area Map



Exhibit 65 City of Woodburn Water Service, Southwest Industrial

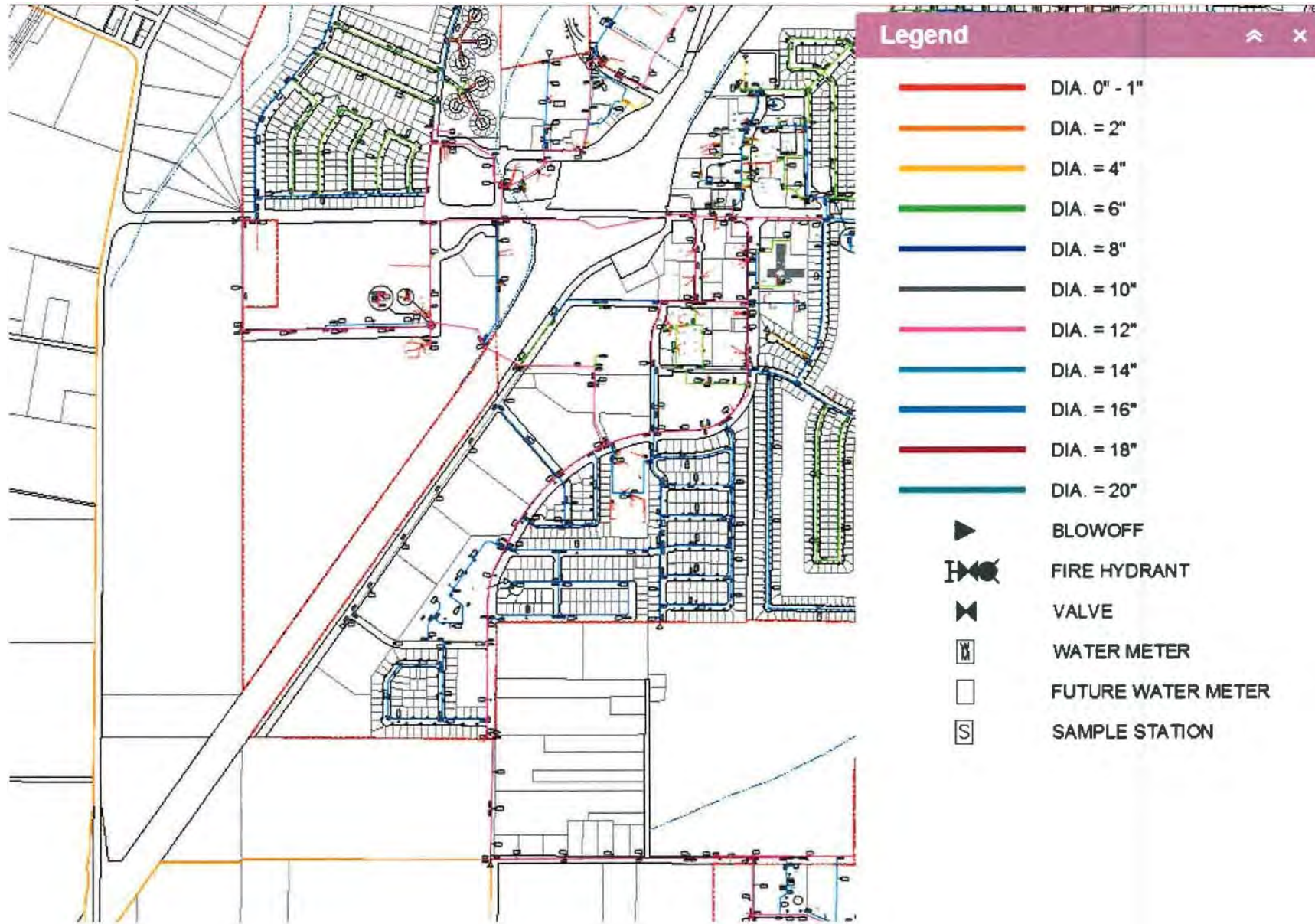


Exhibit 66. City of Woodburn Sewer Service, Southwest Industrial

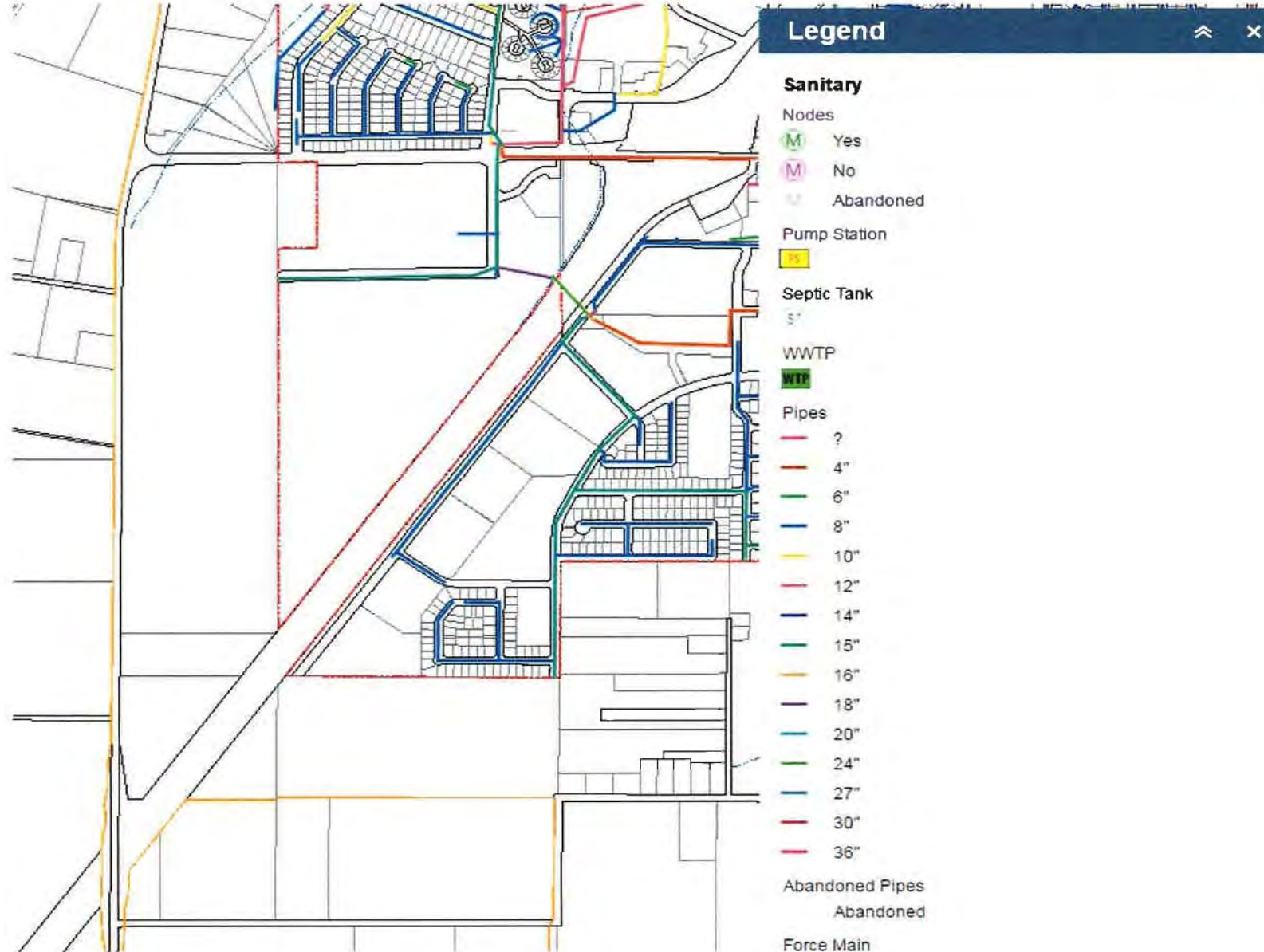
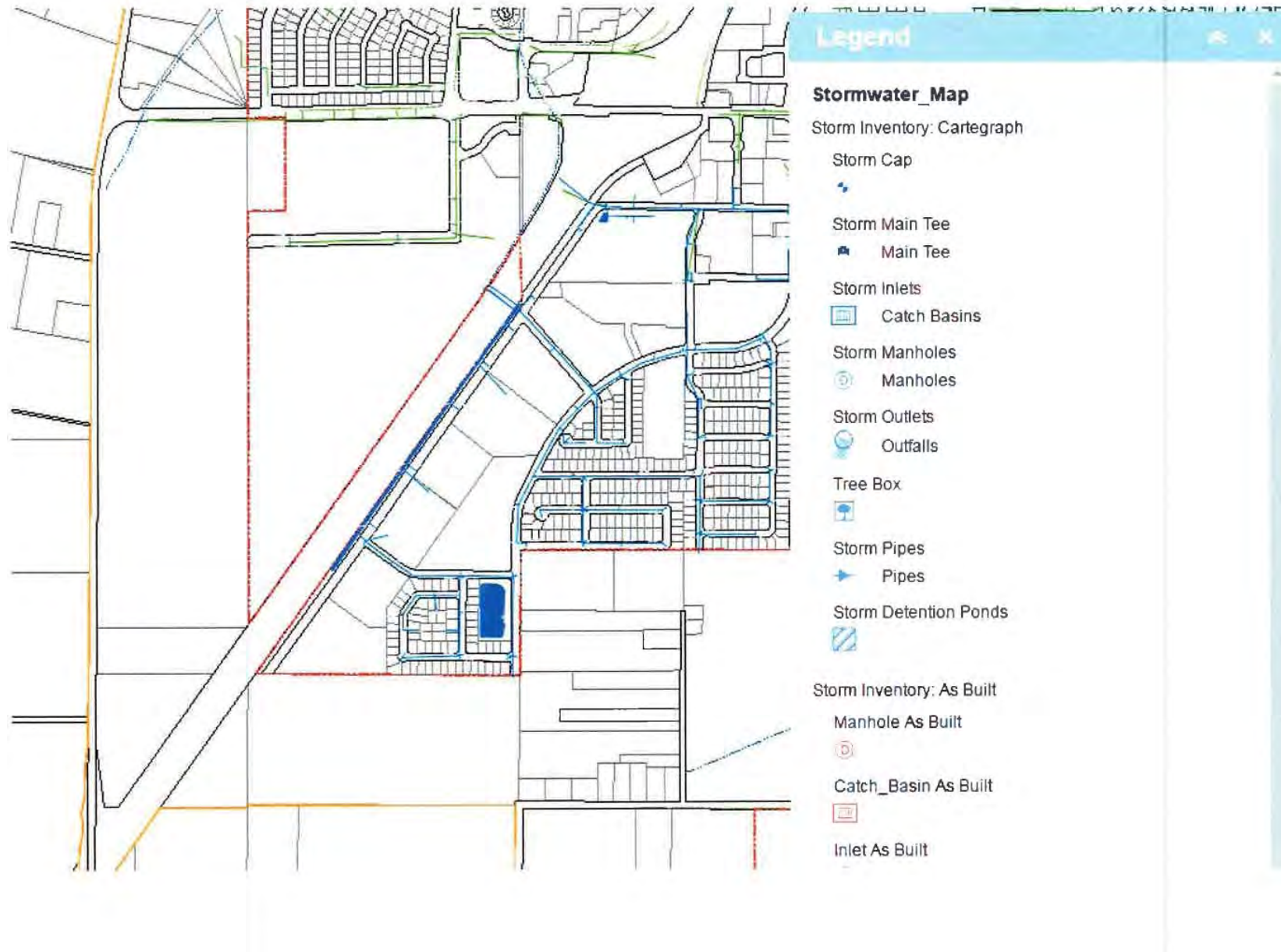


Exhibit 67. City of Woodburn Storm Water Service, Southwest Industrial



Site Name: STACY ALLISON WAY

Physical Attributes

Exhibit 68. Physical Characteristics of STACY ALLISON WAY

Physical Characteristics	Description
Site size (total acres)	46.66
Number of parcels	8
Land ownership	Two owners: MWVP Inc. owns two parcels, 13.1 acres Capital Development Company owns six parcels, 33.5 acres
Zoning (acres in each zoning district)	Commercial
Location within the city or region	Woodburn city limits
Visibility	I-5
Proximity to other businesses	Adjacent to commercial and residential areas
Amenities (i.e., a good view, access to parks, trails, etc.)	I-5 visibility, Access to I-5, Adjacent to large retail anchor tenant (Wal-Mart)
Compatibility with surrounding uses	Yes

Exhibit 69. Physical Constraints of STACY ALLISON WAY

Physical Characteristics	Description
Topography (greater than 10%)	No
Wetlands	No
Brownfields	No
Other physical constraints	No

Infrastructure Characteristics

Exhibit 70. Transportation Access for STACY ALLISON WAY

Characteristics	Description
Freight Access to I-5	Stacy Allison Way/Hwy 214
Proximity:	Adjacent
Rail Access	Union Pacific
Proximity:	Less than 1 mile
State highways and local roads Access	Stacy Allison/Hwy 214/I-5
Proximity:	Adjacent
Pedestrian, Bicycle, Transit Access	Transit

Exhibit 71. Water Distribution for STACY ALLISON WAY

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent to site
Existing Improvements	8"

Exhibit 72. Sanitary Sewer for STACY ALLISON WAY

Characteristics	Description
Service Provider	City of Woodburn

Proximity:	Adjacent to site
Existing Improvements	8"

Exhibit 73. Storm Drainage for STACY ALLISON WAY

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent to site on Stacy Allison Way

Exhibit 74. Electricity for STACY ALLISON WAY

Characteristics	Description
Service Provider	Portland General Electric
Proximity:	Adjacent to site

Exhibit 75. Natural Gas for STACY ALLISON WAY

Characteristics	Description
Service Provider	NW Natural Gas
Proximity:	Adjacent to site

Exhibit 76. Stacy Allison Way Area Map



Exhibit 77. City Of Woodburn Water Service, Stacy Allison Way

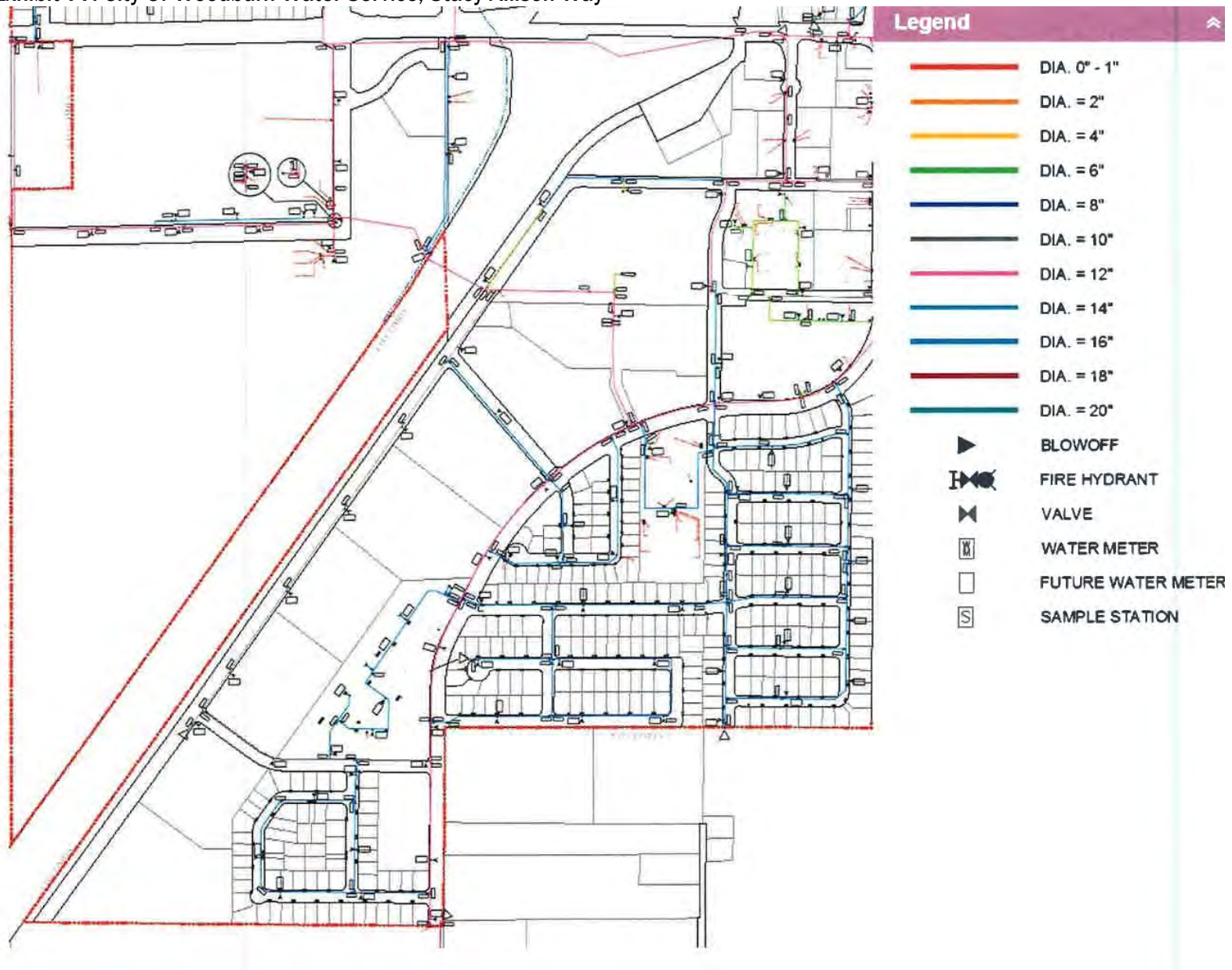


Exhibit 78. City Of Woodburn Sewer Service, Stacy Allison Way

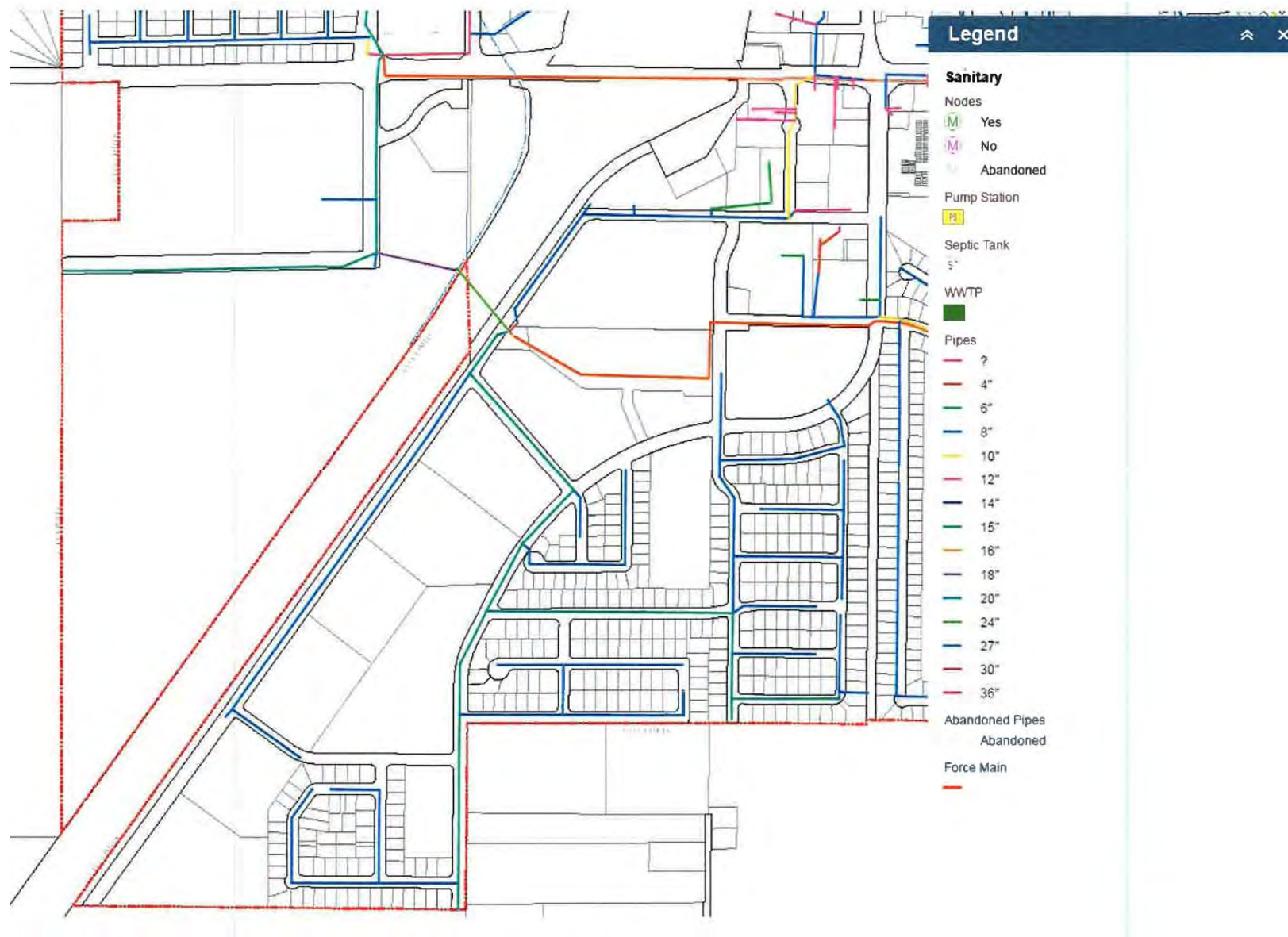


Exhibit 79. City of Woodburn Storm Water Service, Stacy Allison Way



Site Name: COMMERCE WAY/FRONT STREET

Physical Attributes

Exhibit 80. Physical Characteristics of COMMERCE WAY/FRONT STREET

Physical Characteristics	Description
Site size (total acres)	19.51
Number of parcels	4
Land ownership	Three owners: George Simeonov owns one parcel, 6.44 acres Don Burlingham Family Corp. owns two parcels, 11.17 acres City of Woodburn owns one parcel, 1.9 acres
Zoning (acres in each zoning district)	Industrial
Location within the city or region	Woodburn city limits
Visibility	Commerce Way and Front Street
Proximity to other businesses	Adjacent to industrial businesses and open space
Amenities (i.e., a good view, access to parks, trails, etc.)	Access to Hwy 214 Access to parks, trails, etc.
Compatibility with surrounding uses	Yes

Exhibit 81. Physical Constraints of COMMERCE WAY/FRONT STREET

Physical Characteristics	Description
Topography (greater than 10%)	No
Wetlands	No
Brownfields	No
Other physical constraints	Stream Buffer

Infrastructure

Exhibit 82. Transportation Access for COMMERCE WAY/FRONT STREET

Characteristics	Description
Freight Access to I-5	Front Street to Hwy 214
Proximity:	1.7 miles
Rail Access	Union Pacific
Proximity:	Adjacent to site
State highways and local roads Access	Commerce Way/Front Street/Hwy 214/I-5
Proximity:	Adjacent
Pedestrian, Bicycle, Transit Access	Transit

Exhibit 83. Water Distribution for COMMERCE WAY/FRONT STREET

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	On-site
Existing Improvements	8"

Exhibit 84. Sanitary Sewer for COMMERCE WAY/FRONT STREET

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	On-site
Existing Improvements	10" and 12"

Exhibit 85. Storm Drainage for COMMERCE WAY/FRONT STREET

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent on Front Street

Exhibit 86. Electricity for COMMERCE WAY/FRONT STREET

Characteristics	Description
Service Provider	Portland General Electric
Proximity:	

Exhibit 87. Natural Gas for COMMERCE WAY/FRONT STREET

Characteristics	Description
Service Provider	NW Natural Gas
Proximity:	

Commerce Way/Front Street Site Maps

Exhibit 88. Commerce Way/Front Street Area Map



Exhibit 89. City of Woodburn Water Service, Commerce Way/Front Street



Exhibit 90. City of Woodburn Sewer Service, Commerce Way/Front Street

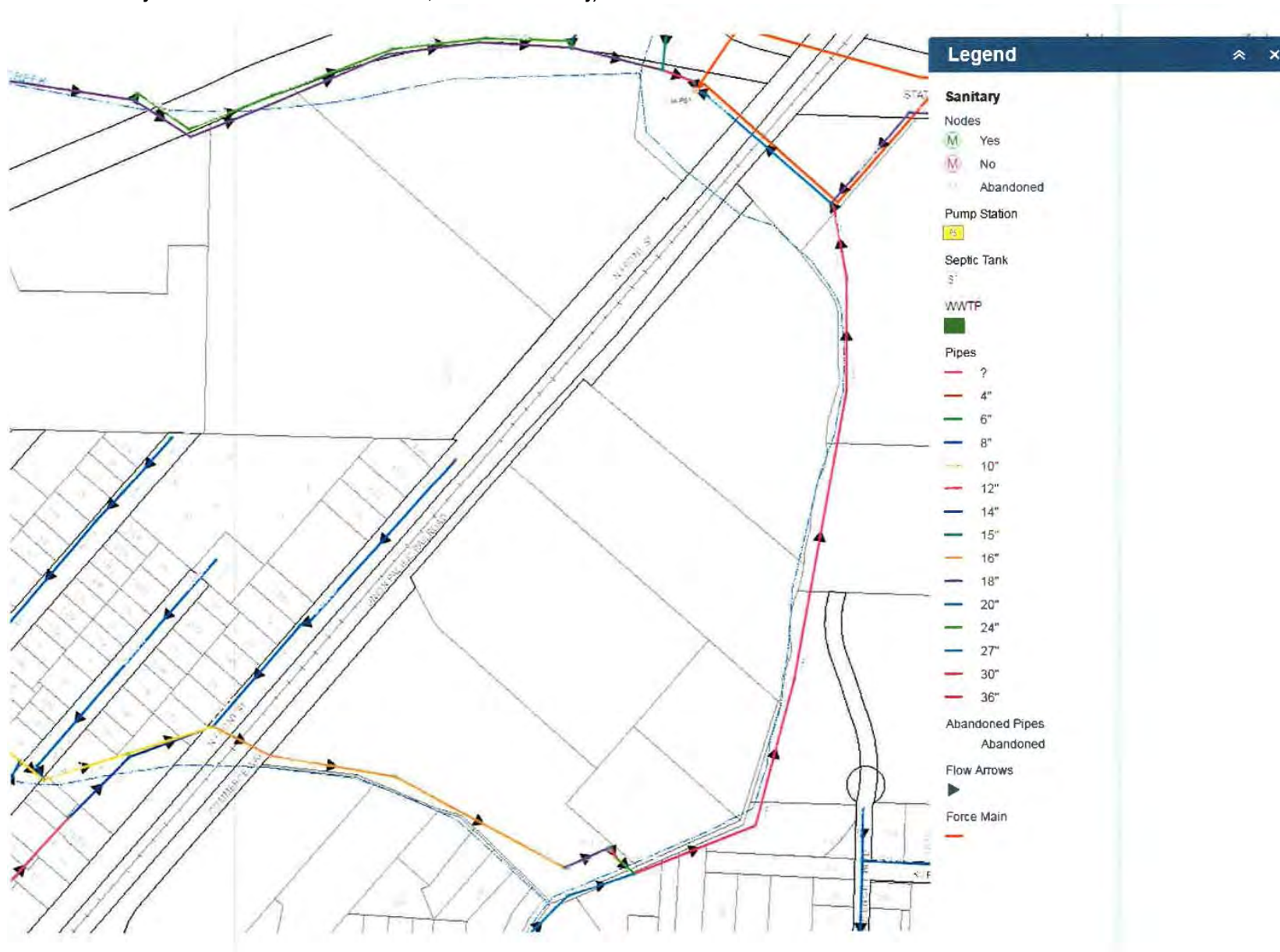


Exhibit 91. City of Woodburn Storm Water Service, Commerce Way/Front Street



Site Name: Young Street/Hwy 99

Physical Attributes

Exhibit 92. Physical Characteristics of YOUNG STREET SITE

Physical Characteristics	Description
Site size (total acres)	10.09
Number of parcels	9
Land ownership	Nine owners: Equall Management owns one parcel, 2.85 acres Carol Callahan owns one parcel, 0.42 acres Carla Fenton-Pottratz owns one parcel, 0.14 acres Magnum Lim owns one parcel, 0.25 acres Dissim LLC owns one parcel, 0.24 acres Mike Flanagan owns 0.49 acres Long Bros. Investments owns one parcel, 1.42 acres Equall Trust owns one parcel, 0.66 acres Conroy LLC owns one parcel, 3.62 acres
Zoning (acres in each zoning district)	Commercial
Location within the city or region	Woodburn city limits
Visibility	Highway 99 and Young Street
Proximity to other businesses	Adjacent to commercial and residential properties
Amenities (i.e., a good view, access to parks, trails, etc.)	Access to Highway 99
Compatibility with surrounding uses	Yes

Exhibit 93. Physical Constraints of YOUNG STREET SITE

Physical Characteristics	Description
Topography (greater than 10%)	No
Wetlands	No
Brownfields	No
Other physical constraints	No

Infrastructure Characteristics

Exhibit 94. Transportation Access for YOUNG STREET SITE

Characteristics	Description
Freight Access to I-5	Highway 99/Highway 214
Proximity:	3.4 miles
Rail Access	Union Pacific
Proximity:	Adjacent to site on Cleveland Street
State highways and local roads Access	Highway 99
Proximity:	Adjacent
Pedestrian, Bicycle, Transit Access	Transit service

Exhibit 95. Water Distribution for YOUNG STREET SITE

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	On-site
Existing Improvements	1" and 8"

Exhibit 96. Sanitary Sewer for YOUNG STREET SITE

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Young Street/On-site
Existing Improvements	4" and 8"

Exhibit 97. Storm Drainage for YOUNG STREET SITE

Characteristics	Description
Service Provider	City of Woodburn
Proximity:	Adjacent on Young Street/On-site

Exhibit 98. Electricity for YOUNG STREET SITE

Characteristics	Description
Service Provider	Portland General Electric
Proximity:	On-site

Exhibit 99. Natural Gas for YOUNG STREET SITE

Characteristics	Description
Service Provider	NW Natural Gas
Proximity:	On-site

Young Street Site Maps

Exhibit 100. Young Street Area Map



Exhibit 101. City Of Woodburn Water Service, Young Street



Exhibit 102. City Of Woodburn Sewer Service, Young Street



Exhibit 103 City of Woodburn Storm Water Service, Young Street



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