



ECONOMIC OPPORTUNITIES ANALYSIS (OREGON STATEWIDE PLANNING GOAL 9)

Prepared For:
City of Sisters, Oregon

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I. INTRODUCTION

This report introduces analytical research presenting an Economic Opportunities Analysis (EOA) for the City of Sisters, Oregon.

Cities are required to reconcile estimates of future employment land demand with existing inventories of vacant and redevelopable employment land within their Urban Growth Boundary (UGB). The principal purpose of the analysis is to provide an adequate land supply for economic development and employment growth. This is intended to be conducted through a linkage of planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state.

To this end, this report is organized into six primary sections:

- **Economic Trends:** Provides an overview of national, state, and local economic trends affecting Deschutes County and the City of Sisters, including population projections, employment growth and a demographic profile.
- **Target Industries:** Analysis of key industry typologies the City should consider targeting as economic opportunities over the planning period.
- **Employment Land Needs:** Examines projected demand for industrial and commercial land based on anticipated employment growth rates by sector.
- **Capacity:** Summarizes the City's inventory of vacant and redevelopable industrial and commercial land (employment land) within City of Sister's UGB.
- **Reconciliation:** Compares short- and long-term demand for employment land to the existing land inventory to determine the adequacy and appropriateness of capacity over a five and twenty-year horizon.
- **Economic Development Potential and Conclusions:** Summary of findings and policy implications.

II. ECONOMIC TRENDS

This report section summarizes long and intermediate-term trends at the national, state, and local level that will influence economic conditions in the City of Sisters over the 20-year planning period. This section is intended to provide an economic context for growth projections and establish a socioeconomic profile of the community. This report's national evaluation has a focus on potential changes in structural socioeconomic conditions both nationally and globally. Our localized analysis considers local growth trends, demographics, and economic performance.

NATIONAL TRENDS

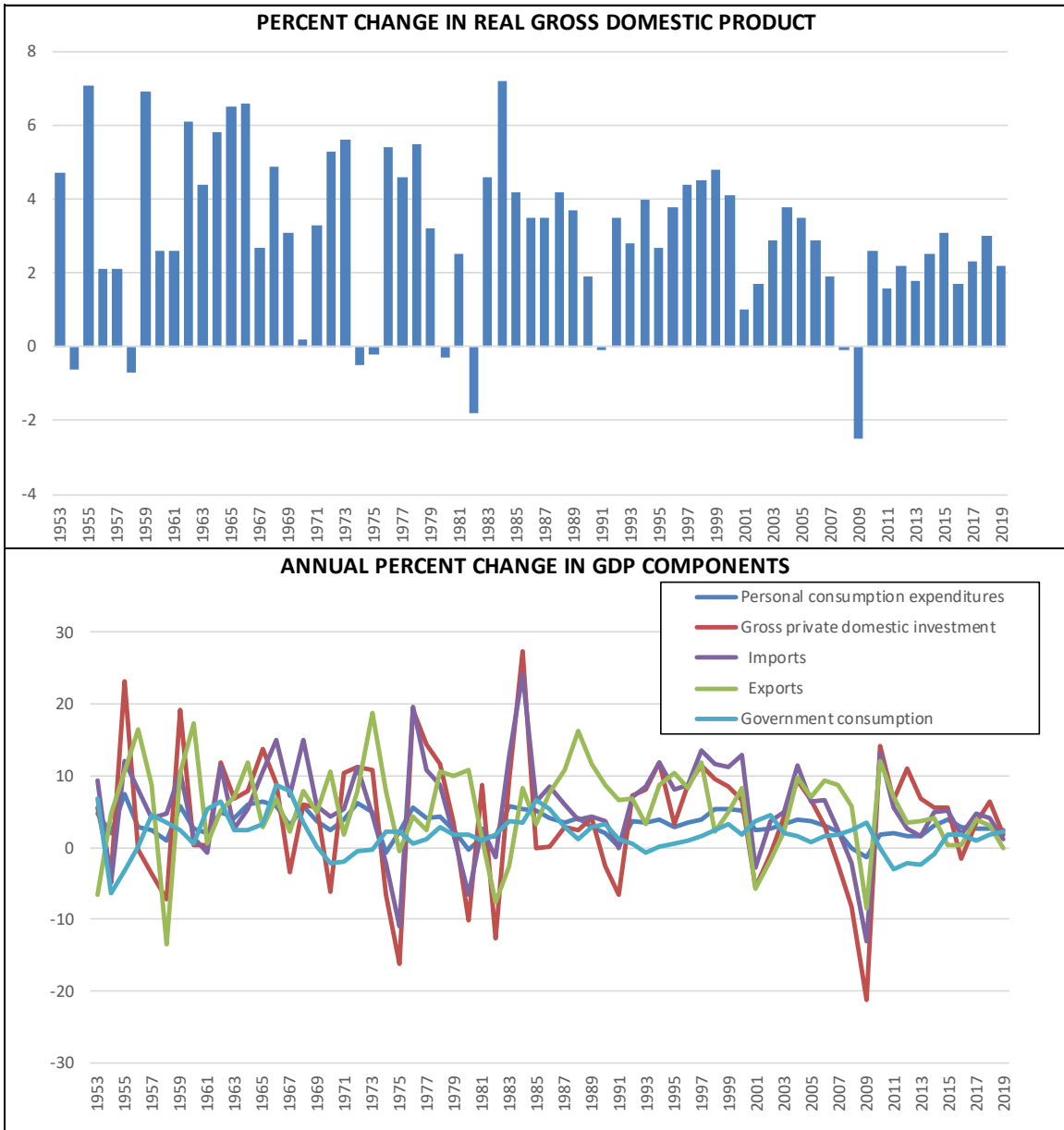
The United States enjoyed a sustained economic expansion over the last decade, which was sharply truncated by the Covid-19 pandemic in March 2020. The current economic climate is unusually volatile, with a great deal of uncertainty regarding the duration and nature of the pandemic as well as policy responses to address it. Specific observed and anticipated impacts of the pandemic on the economy will be addressed later in this narrative.

At a national level there has been a shift within the economy from consumption of goods to consumption of services, especially services oriented around personal wellbeing (health, private education, finance). This is reflective of increasing levels of wealth and discretionary income in the population. At the same time, growth in fixed investment (equipment and structures) and government defense spending is moderating – making manufactured goods a less important part of the economy.

A commonly used and reported measure of economic prosperity is real gross domestic product (GDP). Real GDP is essentially a measure of national wealth adjusted for inflation, and the increased purchasing power of the population translates into greater investment in health care, education, housing, leisure, and many other factors. U.S. real GDP expanded at an average annual rate of 2.3% from 2010 through 2019. In comparison, the average growth rate over the 1970 to 1999 period was 3.2%. The rate of growth during expansion cycles has shown a general decline over the last several cycles, but the most recent cycle was unusually consistent.

Potential GDP growth, which measures the GDP growth that can be sustained at a constant rate of inflation, indicates future long-term growth at around 2.0% per year. Over the last century, the average annual growth rate has been 1.8%, despite considerable shifts in economic and social conditions. Long-term economic growth is more related to broad trends, such as population growth and investment in physical and human capital, than temporary economic fluctuations, like the current recession and government policy.

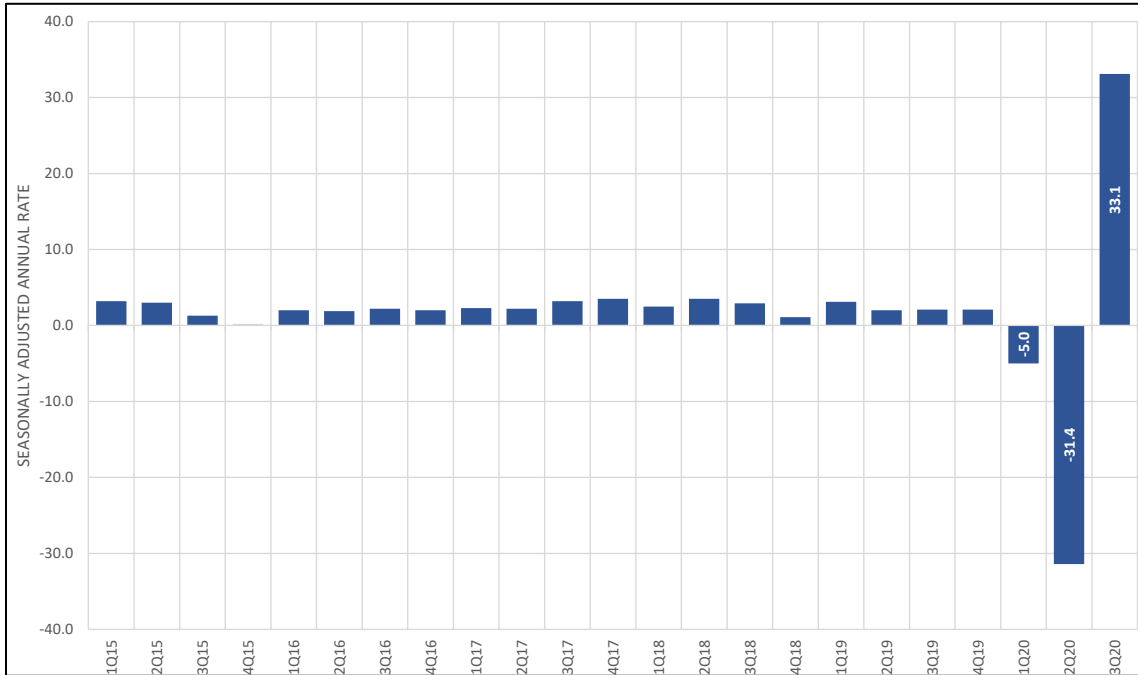
FIGURE 2.01: NATIONAL GROSS DOMESTIC PRODUCT TRENDS



SOURCE: US Bureau of Economic Analysis

While the recent expansion cycle was expected to end in the next year or two, the pandemic brought growth to an unprecedented halt in March 2020. Real GDP at the national level declined 5% during the first quarter, and then 31.4% in the second quarter. Despite the ongoing pandemic and policy responses, the national economy appears to have recorded strong growth in the third quarter of 2020, with the “advance” estimate showing 33.1% growth during the quarter. While this number is subject to revisions as additional data becomes available, it is a welcome sign of life. Despite the rapid rate of growth, the overall estimated GDP in the third quarter remained 2.9% below the third quarter 2019.

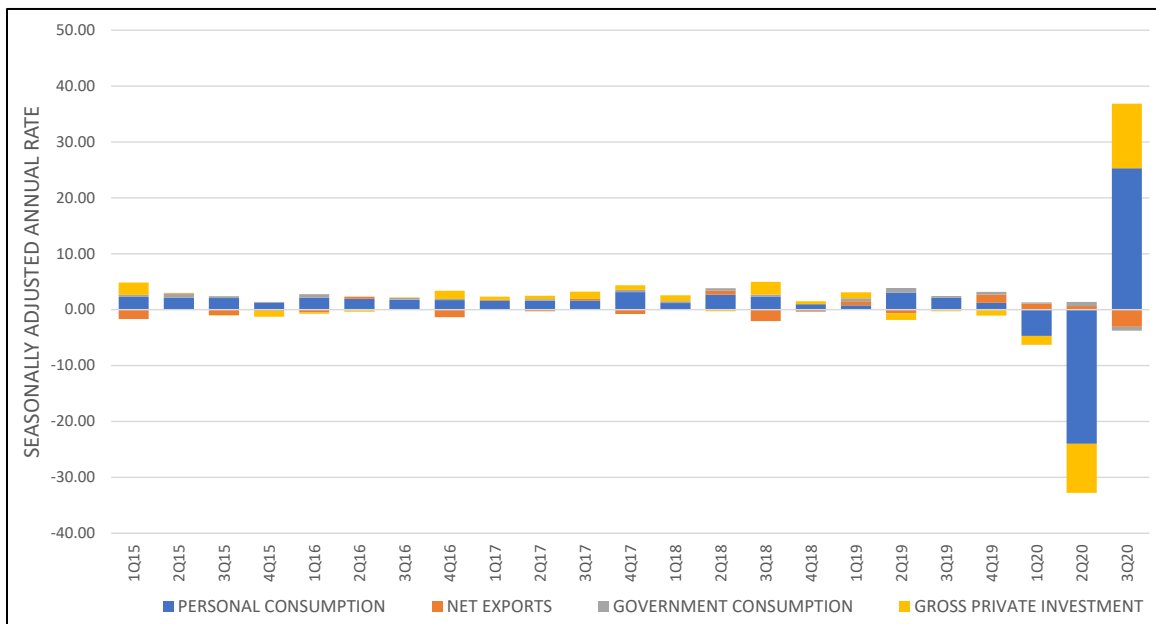
FIGURE 2.02: REAL GDP – PERCENT CHANGE FROM PRECEDING QUARTER



SOURCE: US Bureau of Economic Analysis

A strong rebound in personal consumption and private investment offset modest declines in net exports and government consumption. An unusual characteristic of the current downturn is that incomes increased due to high levels of stimulus spending, and personal savings have surged through the third quarter of 2020.

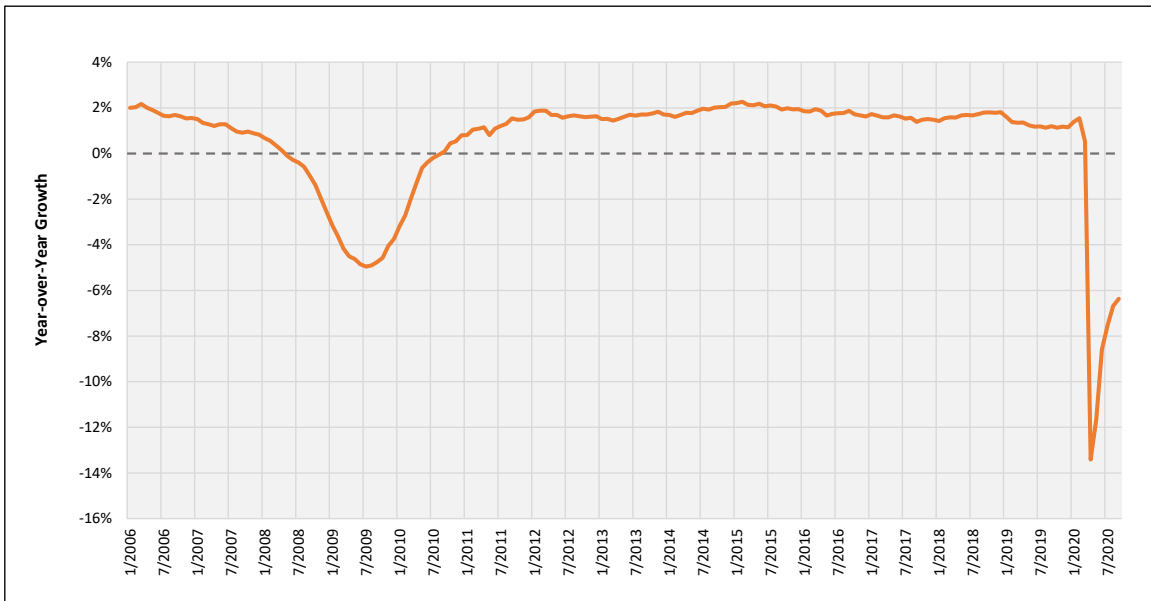
FIGURE 2.03: REAL GDP GROWTH BY CONTRIBUTING SECTOR



U.S. Bureau of Economic Analysis

The expansion or contraction in GDP is reflected in employment growth, which had ranged between 1.4% and 2.2% in the recent expansion cycle but declined an unprecedented 13.4% in April 2020 as many businesses were forced to close. A significant amount of this loss has been recovered through September 2020, but the rate of recovery is expected to decline as the pandemic impacts drag on.

FIGURE 2.04: YEAR OVER YEAR EMPLOYMENT GROWTH, UNITED STATES



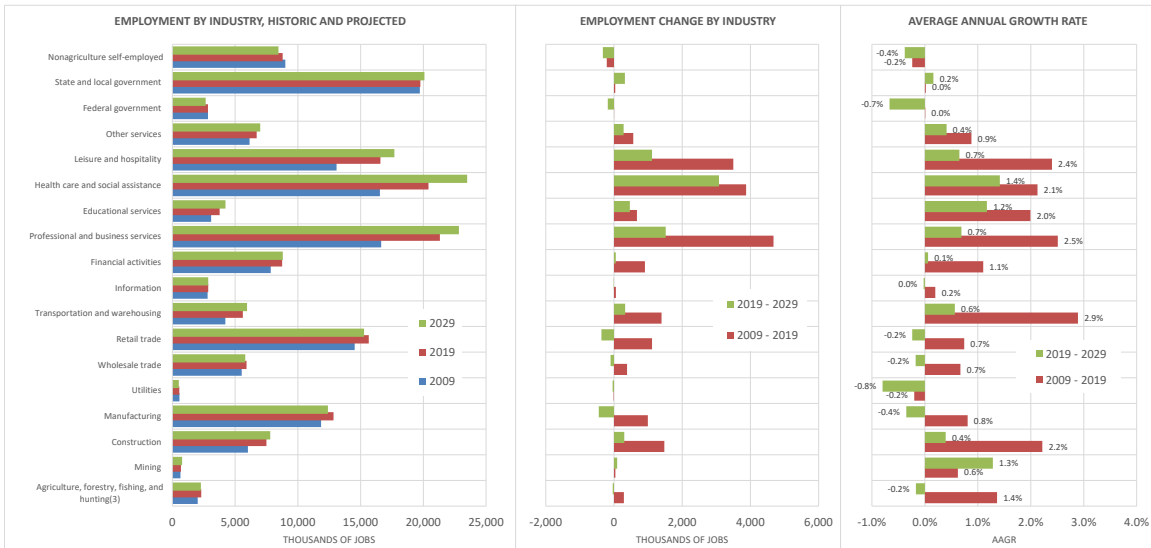
SOURCE: US Bureau of Labor Statistics, CES Data

The extent of job losses is highly dependent on both the virus and the nature of policy measures enacted. It is possible that increased infection rates will force another round of shutdowns with additional job losses. However, on a net basis we would expect a stalled recovery rather than additional losses. The length of the recovery is heavily dependent on development and dissemination of effective vaccines.

A few additional trends observed at the national level have significant implications for the industrial real estate market: E-commerce is rapidly taking market share from brick-and-mortar retailers, approaching 10% of all retail sales. This trend has accelerated during the pandemic and is likely to pose an ongoing challenge for brick-and-mortar retailers. This is causing a shift in storage needs from retail stores to warehouses and distribution centers. At the same time, automation is causing a consolidation within the warehousing and distribution industry, leading to increasing reliance on larger third-party operators able to make heavy investments in capital and expertise. Automation is also impacting the manufacturing industry, though to a lesser extent and primarily among larger industry leaders. Finally, changes in the use of electronic devices and growth in online services are causing a shift in the tech sector, from hardware manufacturing to software development.

At a national level healthcare & social assistance is projected to account for a significant share of new employment growth, followed by professional & business services, and leisure & hospitality. The aging of the population is expected to drive the healthcare sector over the next few decades.

FIGURE 2.05: NATIONAL EMPLOYMENT GROWTH BY SECTOR, HISTORIC AND PROJECTED



SOURCE: US Bureau of Economic Analysis

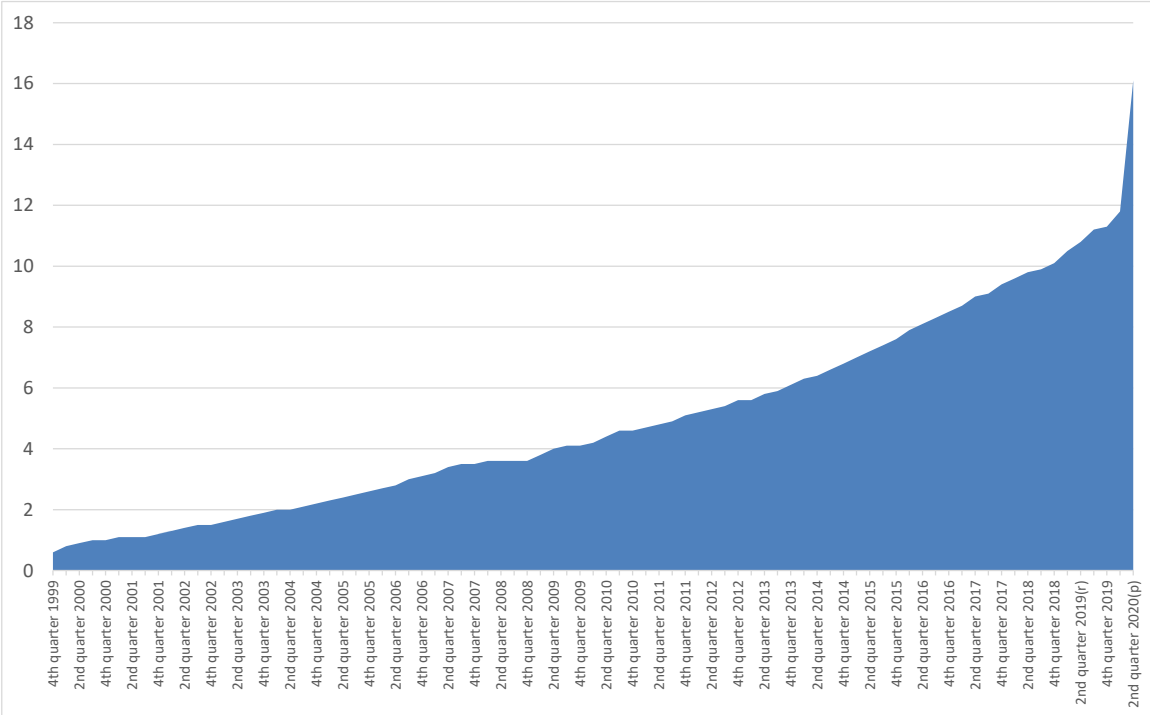
Recent trends and current forecasts reflect a shift from a goods economy, featuring manufacturing and natural resources, towards a service economy, which emphasizes technological innovation, research, and design.

The most dramatic spending shift in the context of real estate in recent times is the growth in online shopping, which has reduced the overall need for brick-and-mortar space, especially from retailers selling physical goods. While the share of sales accounted for by e-commerce has grown at a steady pace over the last decade, the pandemic has accelerated this trend with e-commerce estimated to account for almost 16% of all sales in the second quarter of 2020.

In the first six months of the year, consumers spent \$347.26 billion online with U.S. retailers, up 30.1% from \$266.84 billion for the same period in 2019¹. E-commerce sales during the same period grew 122.7%. Online spending accounted for an estimated 18.6% of total retail sales for the first half of 2020.

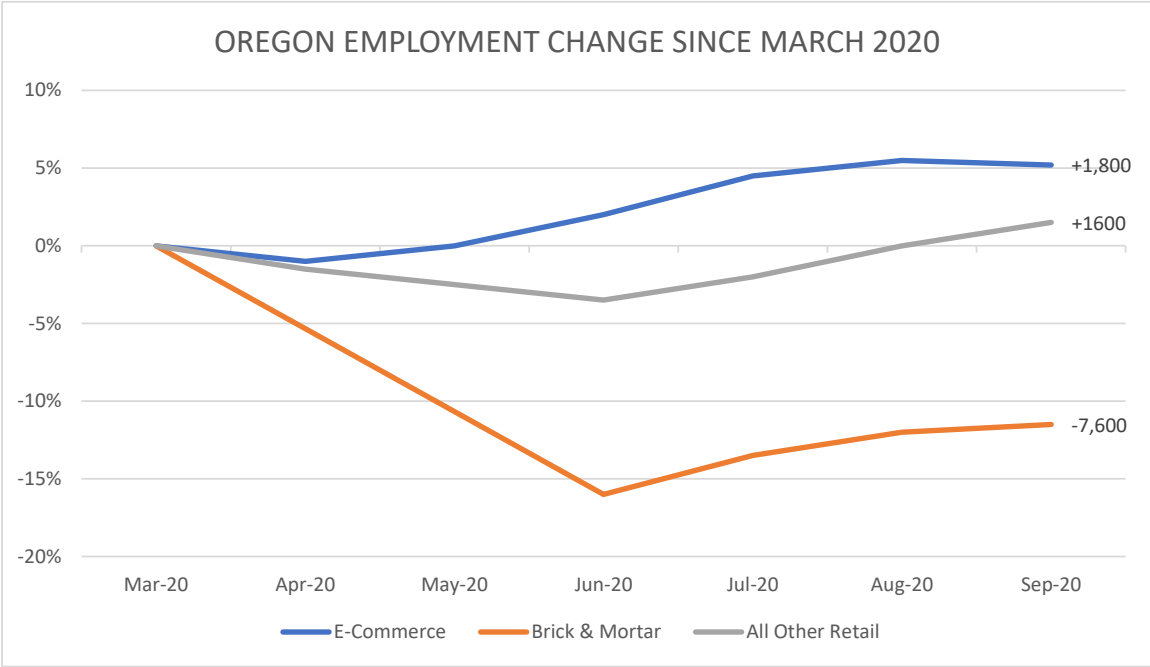
¹ US Department of Commerce

FIGURE 2.06: E-COMMERCE AS A PERCENT OF TOTAL RETAIL SALES, UNITED STATES



SOURCE: Retail Indicators Branch, US Census Bureau, JOHNSON ECONOMICS

FIGURE 2.07: RETAIL EMPLOYMENT CHANGE BY TYPE SINCE MARCH 2020, STATE OF OREGON



SOURCE: Oregon Office of Economic Analysis

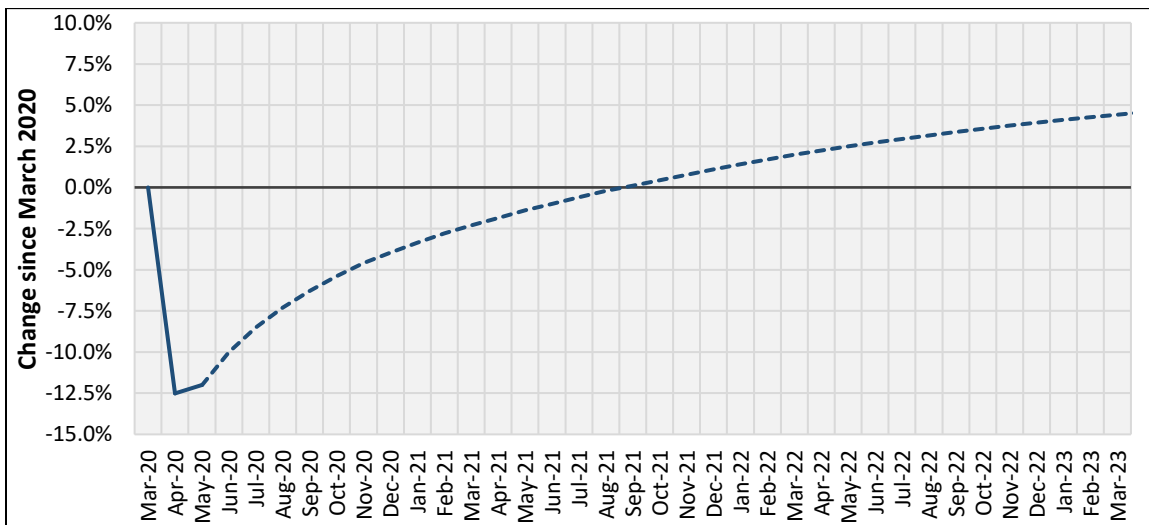
This pattern has been reflected in the State of Oregon, with e-commerce employment increasing at the expense of brick-and-mortar retail employment.

This is causing a shift in storage needs from retail stores to warehouses and distribution centers. At the same time, automation is causing a consolidation within the warehousing and distribution industry, leading to increasing reliance on larger third-party operators able to make heavy investments in capital and expertise. Automation is also impacting the manufacturing industry, though to a lesser extent and primarily among larger industry leaders. Finally, changes in the use of electronic devices and growth in online services are causing a shift in the tech sector, from hardware manufacturing to software development.

The economic context is more complicated and uncertain than typical due to the impact of the current pandemic and current and future policy responses. While the national and regional economy was expanding as late as February, the pandemic has triggered an unprecedented contraction of economic activity. While roughly 40% of employment losses in the County have been reversed, the short- and mid-term prospects for the economy will be heavily dependent upon the course of the virus and treatment options.

Because of the unprecedented nature of the current pandemic-induced crisis, economists struggle to model the economy’s trajectory. We have charted an assumed trajectory for the Oregon economy, but our level of confidence in the forecast is lower than typical. Our current employment forecast for the State of Oregon assumes a recovery of the lost jobs in 17 months, with a return to the pre-recession employment trajectory taking at least another year.

FIGURE 2.08: EMPLOYMENT PROJECTIONS, STATE OF OREGON



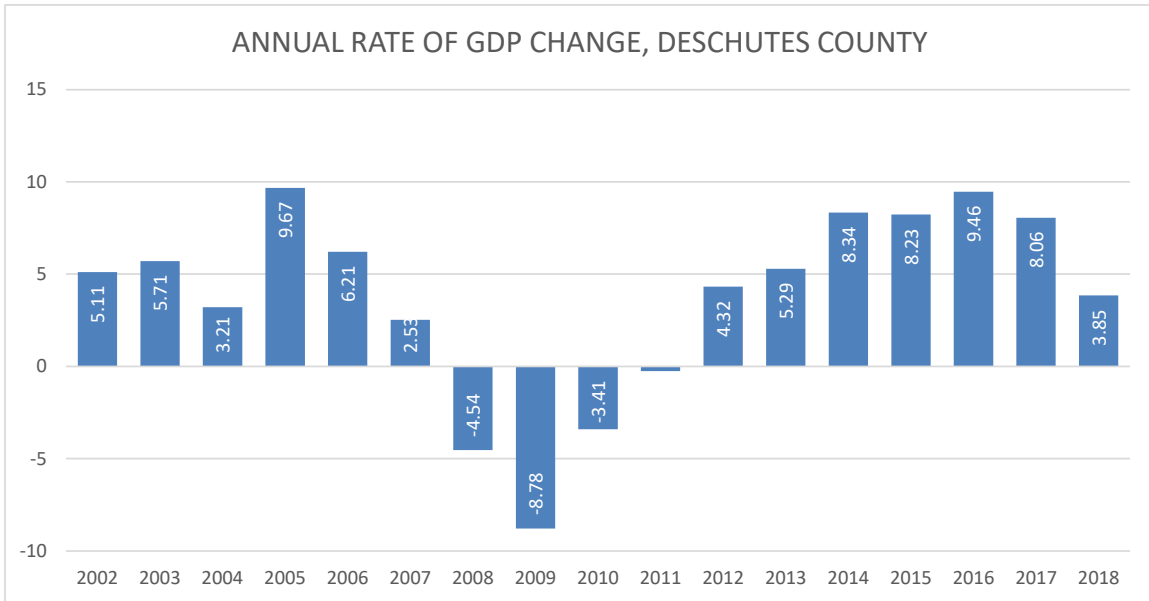
SOURCE: JOHNSON ECONOMICS

DESCHUTES COUNTY ECONOMIC TRENDS

The economic profiles of Deschutes County and the City of Sisters are heavily weighted towards tourism and recreational activities, which have been disproportionately impacted by measures to reduce the spread of COVID. The area’s primary “basic” or export industries are related to tourism and bring new money into the community from visitor spending.

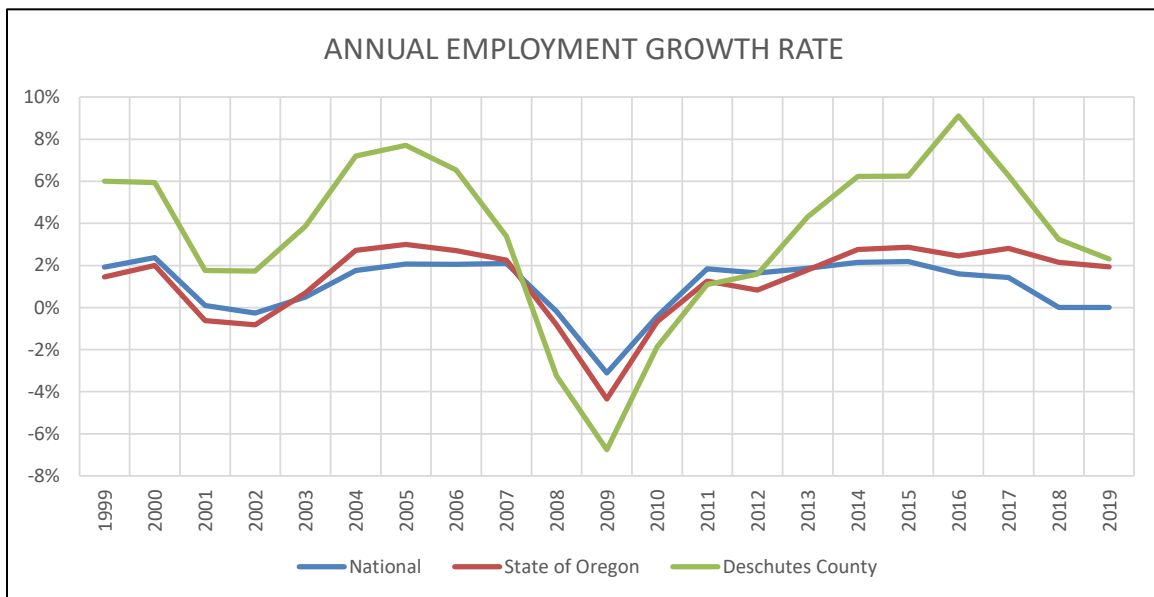
Deschutes County recorded impressive growth during the recent expansion cycle, with the annual rate of GDP change in the County exceeding 8% for four consecutive years (2014-2017). While still positive, the rate of growth declined significantly in 2018 and likely 2019. Nonetheless, the County continued to significantly outperform the national average during the cycle.

FIGURE 2.09: ANNUAL RATE OF GDP CHANGE, DESCHUTES COUNTY



SOURCE: US Bureau of Economic Analysis

FIGURE 2.10: COMPARISON OF ANNUAL EMPLOYMENT GROWTH RATES

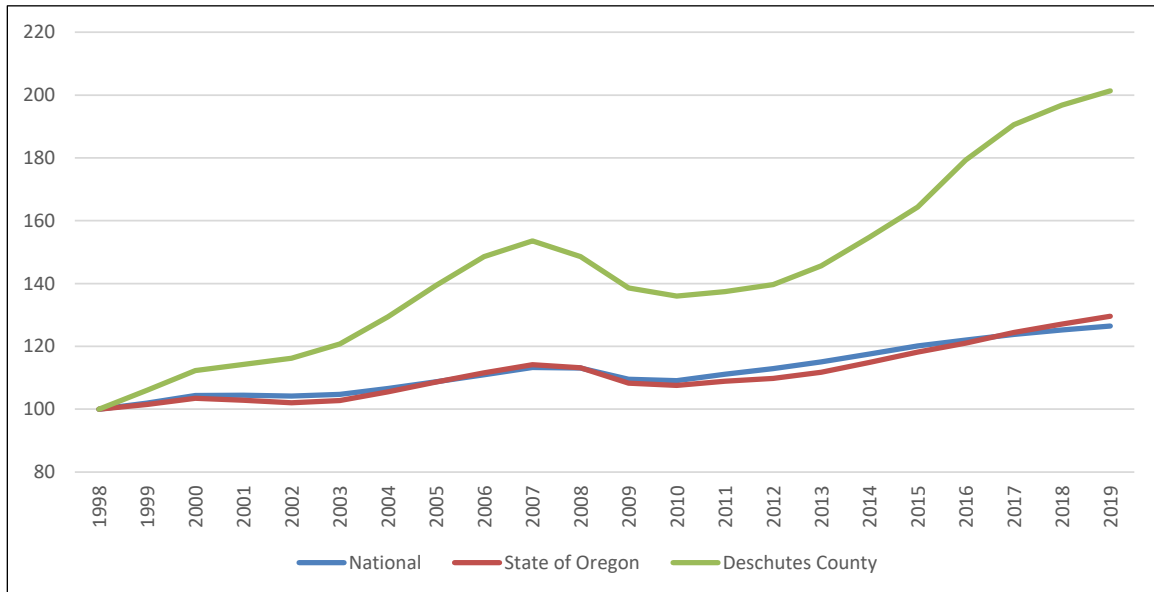


SOURCE: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

Employment patterns at the County level mirrored GDP, with the overall rate of employment growth substantially higher than both the national and statewide average through 2019. The annual rate of

employment growth in Deschutes County was much stronger during the middle of the recent expansion cycle but has since declined to a rate closer to the statewide average. The cumulative impact of this growth is an over 100% expansion in the local employment base since 1998 in Deschutes County.

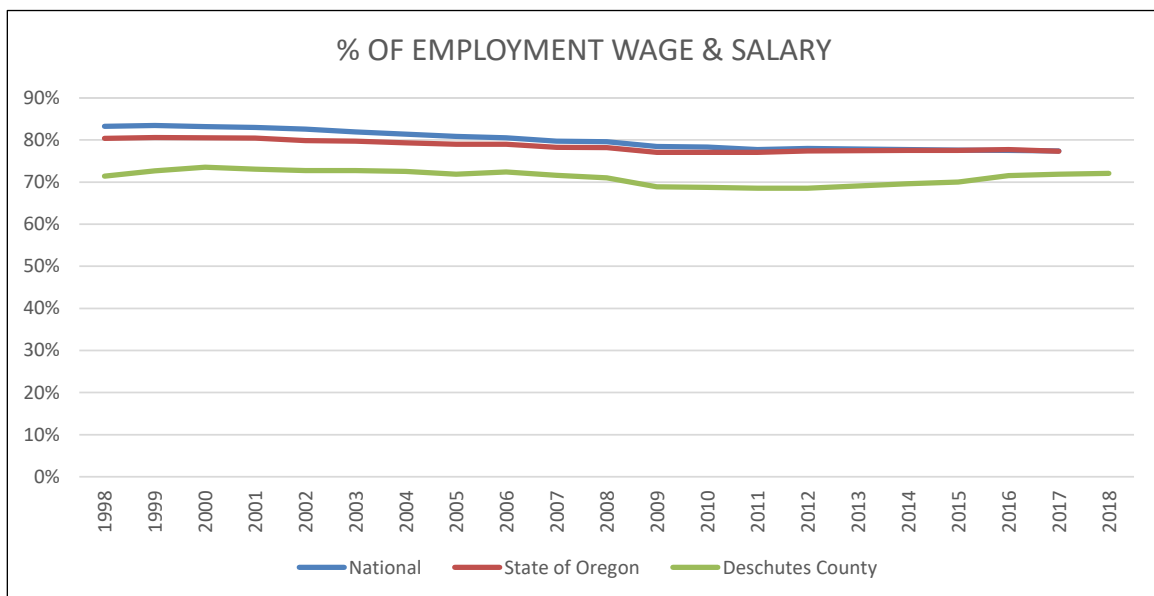
FIGURE 2.11: CUMULATIVE EMPLOYMENT GROWTH (1998 = 100)



SOURCE: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

The employment base in Deschutes County has a higher share of self-employed than the state and national averages, with wage and salary employment accounting for roughly 72% of overall estimated employment in the county. This compares to rates over 77% statewide as well as nationally.

FIGURE 2.08: % OF TOTAL EMPLOYMENT REPRESENTED BY WAGE & SALARY

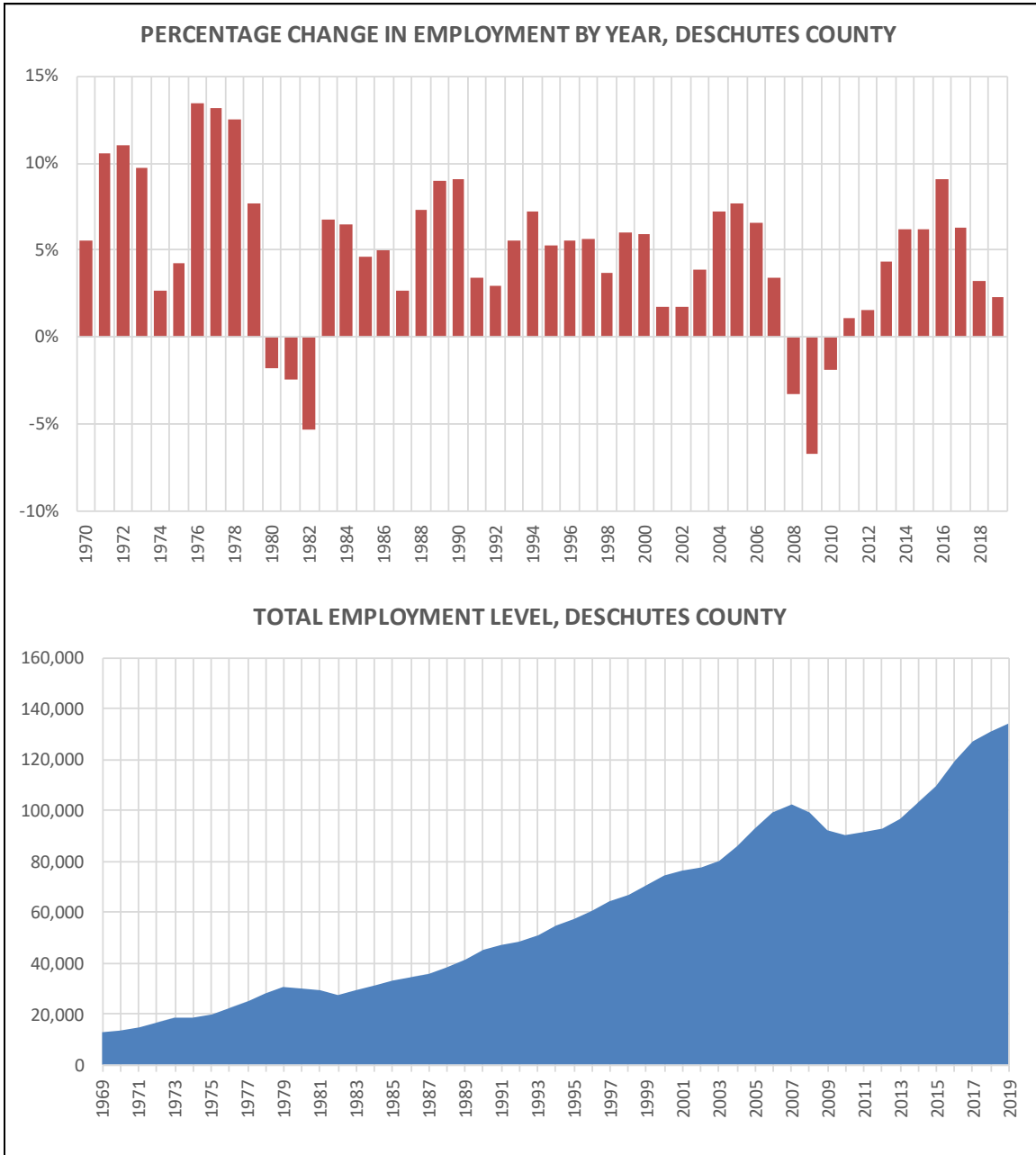


SOURCE: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

The relatively high level of self employed in Deschutes County is likely partially reflective of the area’s quality of life advantages, which makes it attractive to persons who can work remotely. Another factor is the high level of tourism and recreation employment.

Countywide employment growth was robust through 2019, with total employment levels recovering losses from the last recession by 2015.

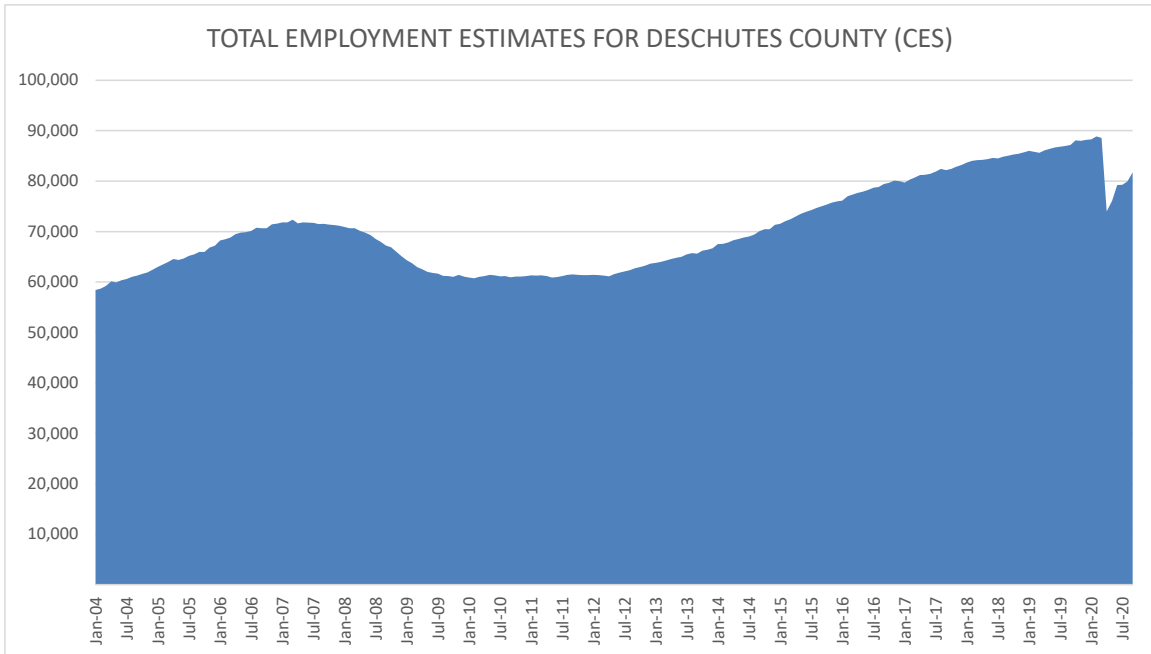
FIGURE 2.09: DESCHUTES COUNTY EMPLOYMENT TRENDS



SOURCE: U.S. Bureau of Economic Analysis

As with the nation and State of Oregon, the recent impact of the pandemic has been pronounced in Deschutes County. Initial estimates of employment losses approaching 15,000 jobs in March and April of 2020. While employment bounced back in the third quarter it remained over 7,000 jobs below its previous peak through September 2020.

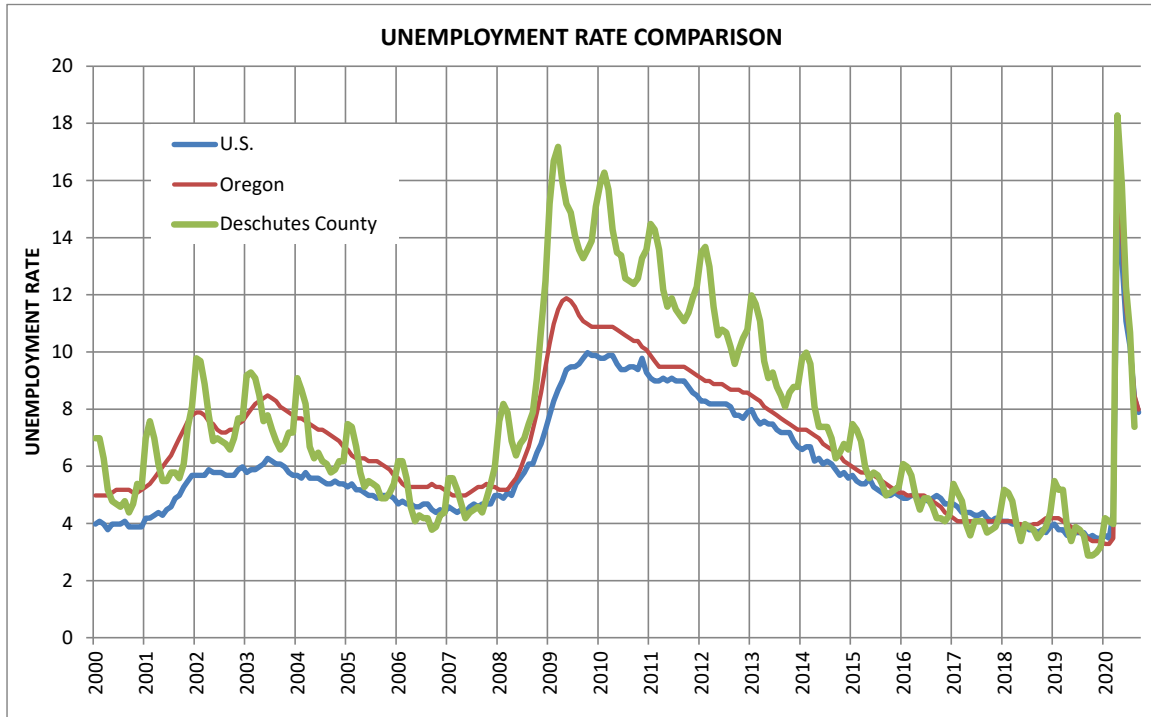
FIGURE 2.10: DESCHUTES COUNTY EMPLOYMENT LEVEL BY MONTH



SOURCE: Oregon Employment Department, JOHNSON ECONOMICS

The recent economic expansion facilitated a significant drop in the Deschutes County unemployment rate through February, but the sudden stop in economic activity in March led to a surge in unemployment to over 18%. This followed the national and statewide patterns. Prior to the pandemic-induced downturn labor supply was expected to be an issue, but the labor markets are no longer tight. Deschutes County over time has exhibited an ability to attract and retain workforce due to quality-of-life attributes, which will be critical to sustaining economic growth over the longer-term horizon.

FIGURE 2.11: COMPARISON OF UNEMPLOYMENT RATE TRENDS

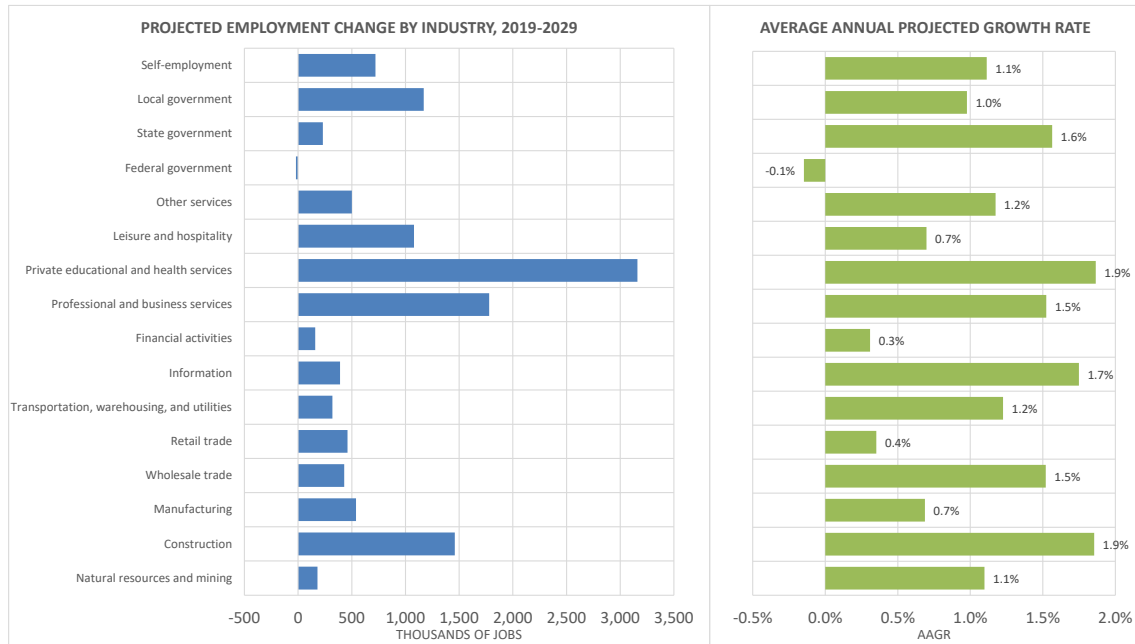


SOURCE: St. Louis Federal Reserve, JOHNSON ECONOMICS

The State of Oregon produces employment forecasts by sector at the broader regional level, which groups Deschutes County with Jefferson and Crook Counties. The most recent forecast anticipates a gain of 12,560 jobs from 2019 through 2029, reflecting an average annual growth rate of 1.1% during the period. While that forecasted rate would seem quite low considering recent growth in Deschutes County, the year-to-date job losses due to the pandemic will likely take some time to recover.

A broad range of industries are forecast to expand at a modest rate in the broader Central Oregon area over the next decade, with only federal government employment forecast to decline. On an absolute basis, the greatest gains are forecast in private education and health services, professional and business services, construction, local government, and leisure and hospitality. On a rate of growth basis, the most rapid expansion is expected in the education and health services, construction, and information sectors.

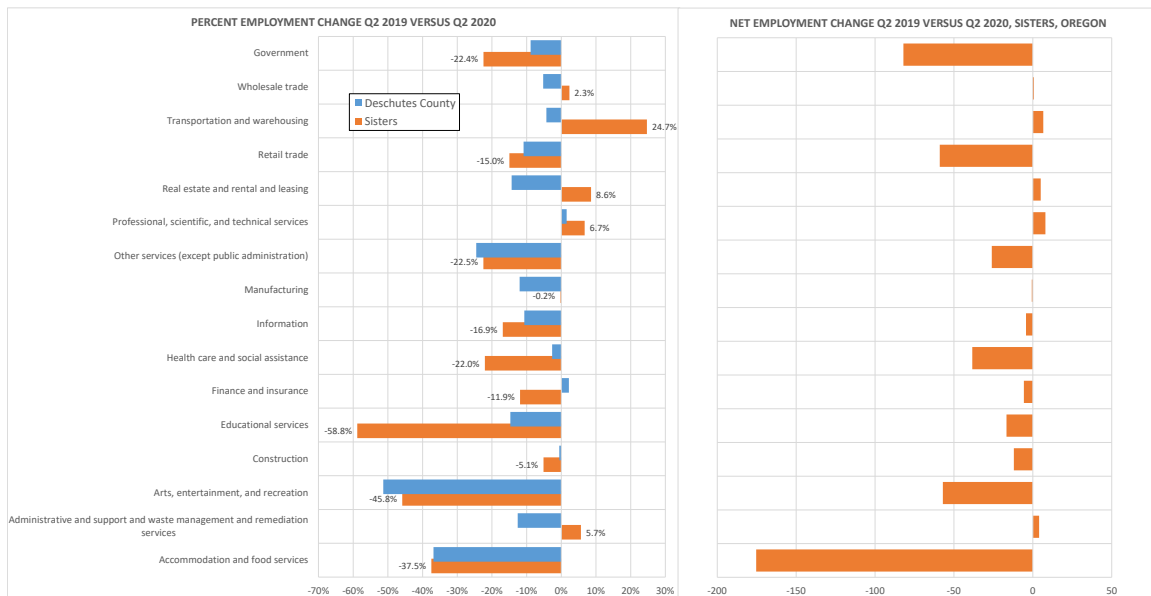
FIGURE 2.12: PROJECTED EMPLOYMENT GROWTH BY SECTOR, CROOK, DESCHUTES, AND JEFFERSON COUNTIES



SOURCE: State of Oregon Employment Department, Workforce and Economic Research Division

The impact of the pandemic during the first half of 2020 had a significant impact on employment levels in Deschutes County and the City of Sisters. While employment losses were seen in virtually all industries county-wide, several reported modest gains in the City of Sisters. As would be expected, employment losses were highest in accommodations & food service, government, and retail trade. On a percentage basis local declines were greatest in educational services and arts, entertainment, & recreation, and accommodation and food services.

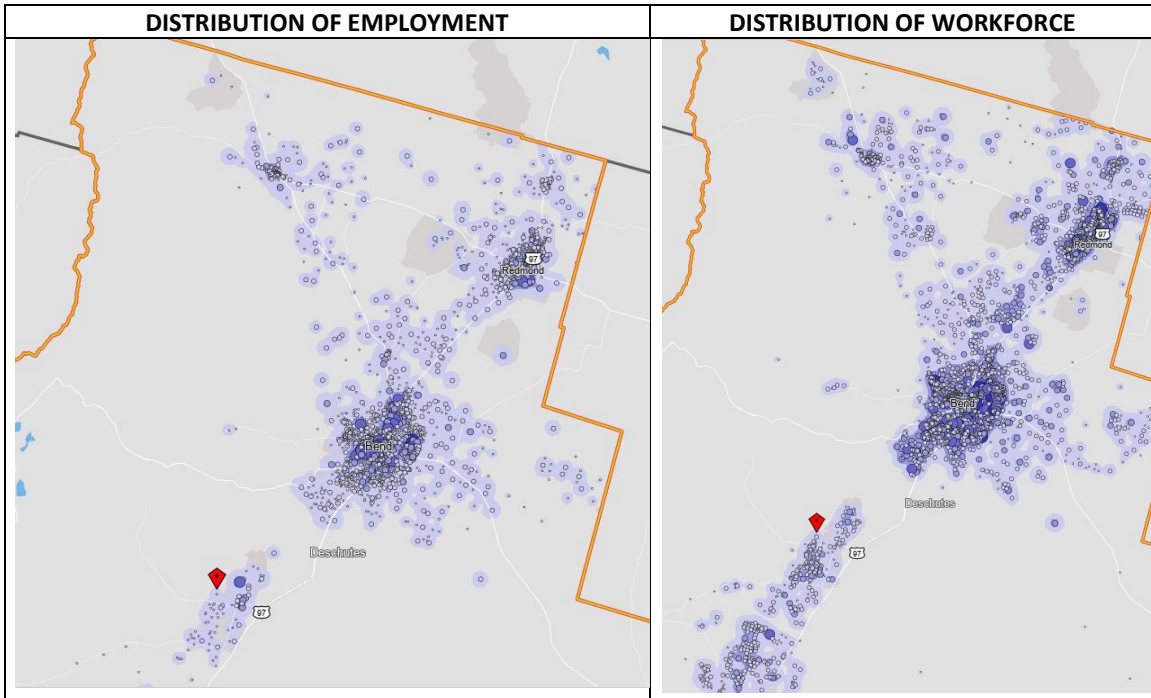
FIGURE 2.12: CHANGE IN EMPLOYMENT GROWTH BY SECTOR FROM 2Q2019 TO 2Q2020



SOURCE: State of Oregon Employment Department

The distribution of both employment and workforce in Deschutes County is concentrated along the Highway 97, primarily in Bend and Redmond. The City of Sisters does have a rough balance of employment and workforce.

FIGURE 2.15: DISTRIBUTION OF EMPLOYMENT AND WORKFORCE, DESCHUTES COUNTY, 2017

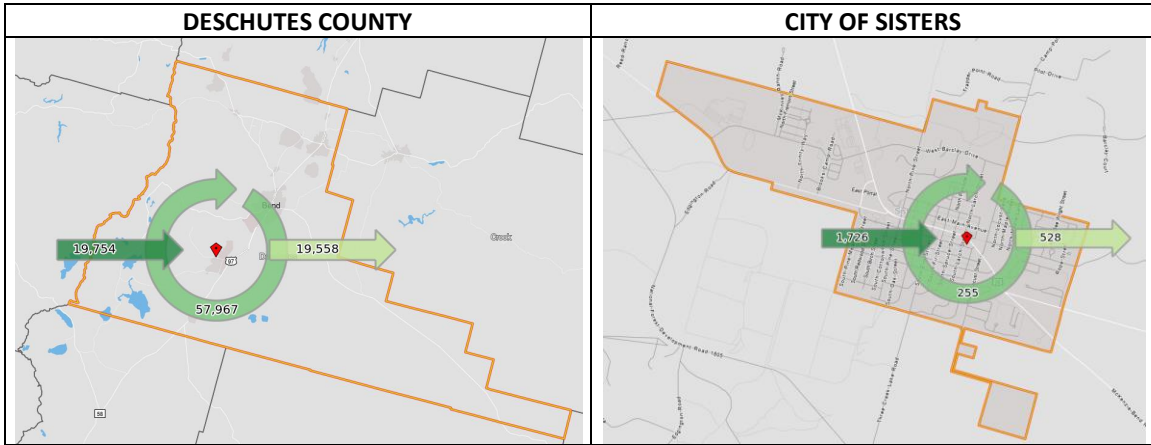


SOURCE: Census Bureau, LEHD Data

Deschutes County had an estimated 19,700 employees commuting in for work in 2017, while a slightly lower number of county residents commuted outside of the county for employment. The City of Sisters had an estimated 1,726 employees commuting in for employment, while only 528 commuted out. This indicates that the City is a net importer of labor, reflecting its position as a commercial and industrial hub for the surrounding area.

Commuting patterns are an important element in the local economy. They are indicative of the labor shed companies can draw workers from, the extent to which job creation translates into increased demand for housing, goods, and services, and the overall balance of population and employment in the community. While population and household growth has been increasing rapidly within the City, the ability to attract labor force will be critical in supporting ongoing employment growth.

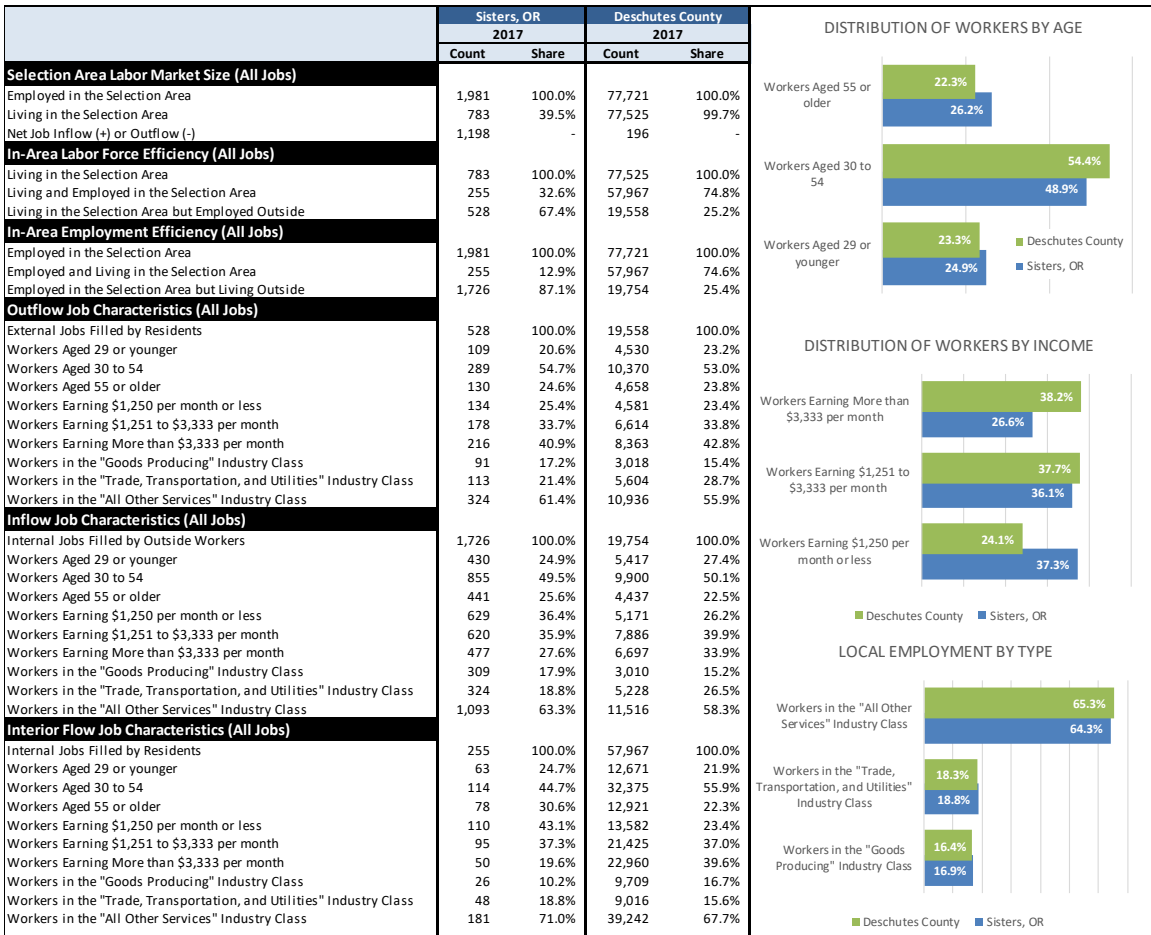
FIGURE 2.16: NET INFLOW-OUTFLOW OF EMPLOYEES, DESCHUTES COUNTY AND CITY OF SISTERS, 2017



SOURCE: Census Bureau, LEHD Data

The characteristics of the workforce commuting into and out of Sisters were similar in terms of incomes and age, and the characteristics of the labor force was also largely consistent with that of Deschutes County.

FIGURE 2.17: NET INFLOW-OUTFLOW DETAIL, CITY OF SISTERS AND DESCHUTES CITY, 2017

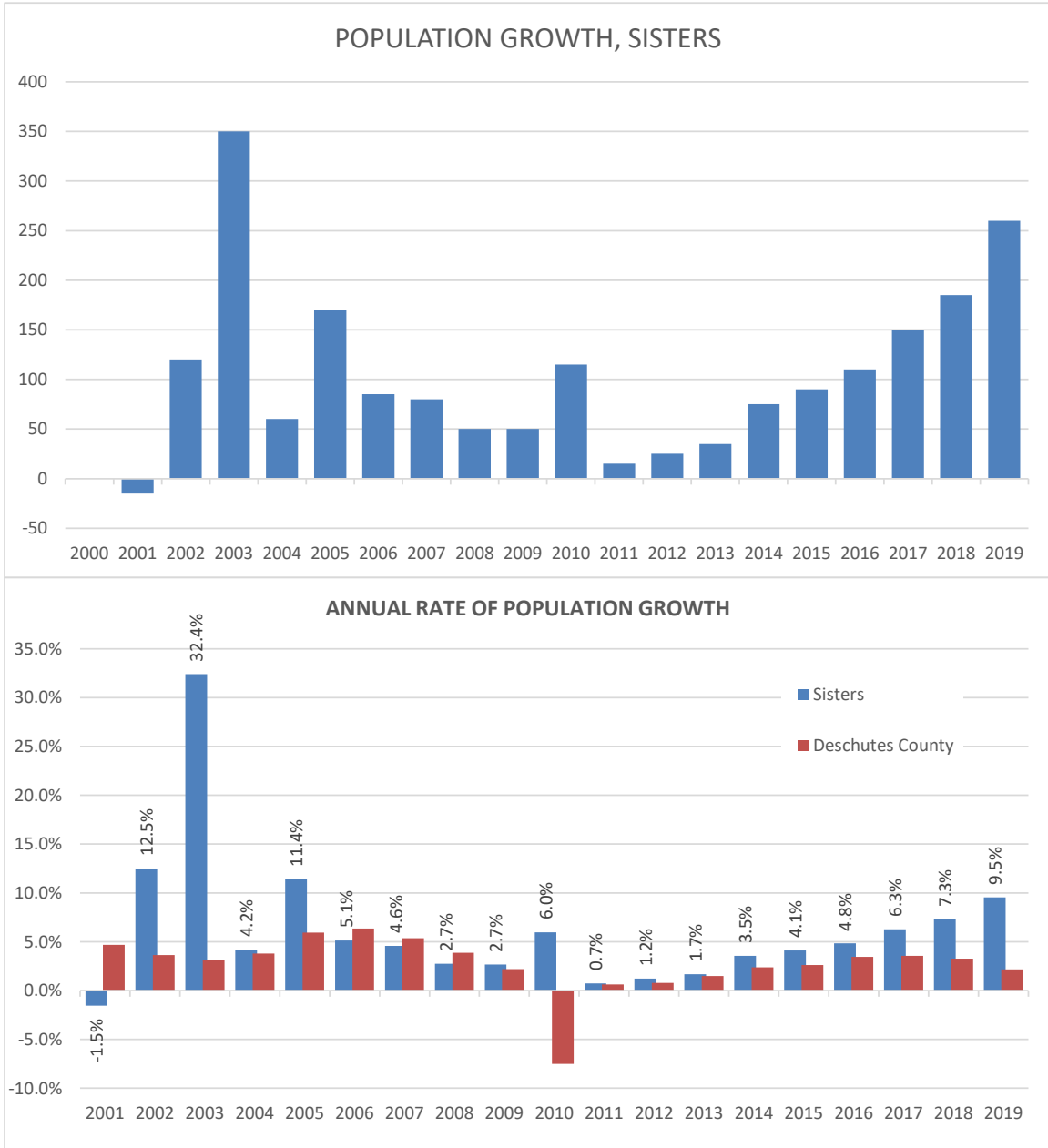


SOURCE: US Census Bureau, LEHD Origin-Destination Employment Statistics

POPULATION AND WORKFORCE

The City of Sisters' population base has seen robust growth over the last two decades, with growth accelerating through 2019. The annual rate of growth has been exceptionally strong as new housing supply has been added to the market. As a net importer of labor, growth in the local population base is supportive of economic development objectives as it accommodates an increase in the local labor force.

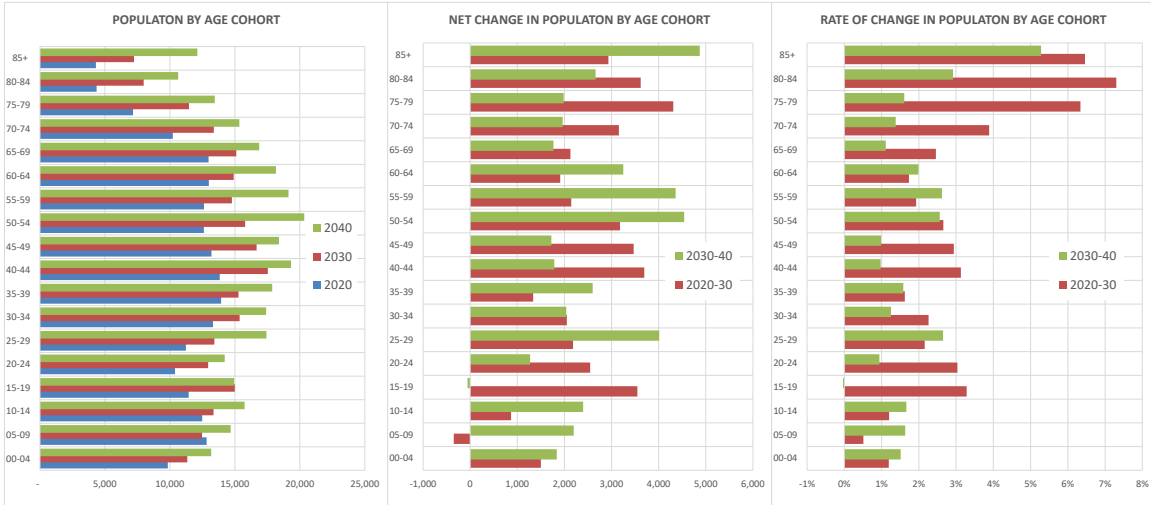
FIGURE 2.16: HISTORIC POPULATION TRENDS, CITY OF SISTERS AND DESCHUTES COUNTY



SOURCE: Population Research Center, Portland State University

While the population base has remained steady, the profile of the local population is projected to become significantly older, with the percentage of the population aged 70 years or higher significantly increasing. The long-term impact of this on the local labor force will be a concern moving forward, as the number of younger residents is expected to decline in percentage terms. The projected aging of the local population is significantly less pronounced than seen in areas with lower rates of growth, as Deschutes County is expected to experience broad based growth through net migration in almost all age cohorts.

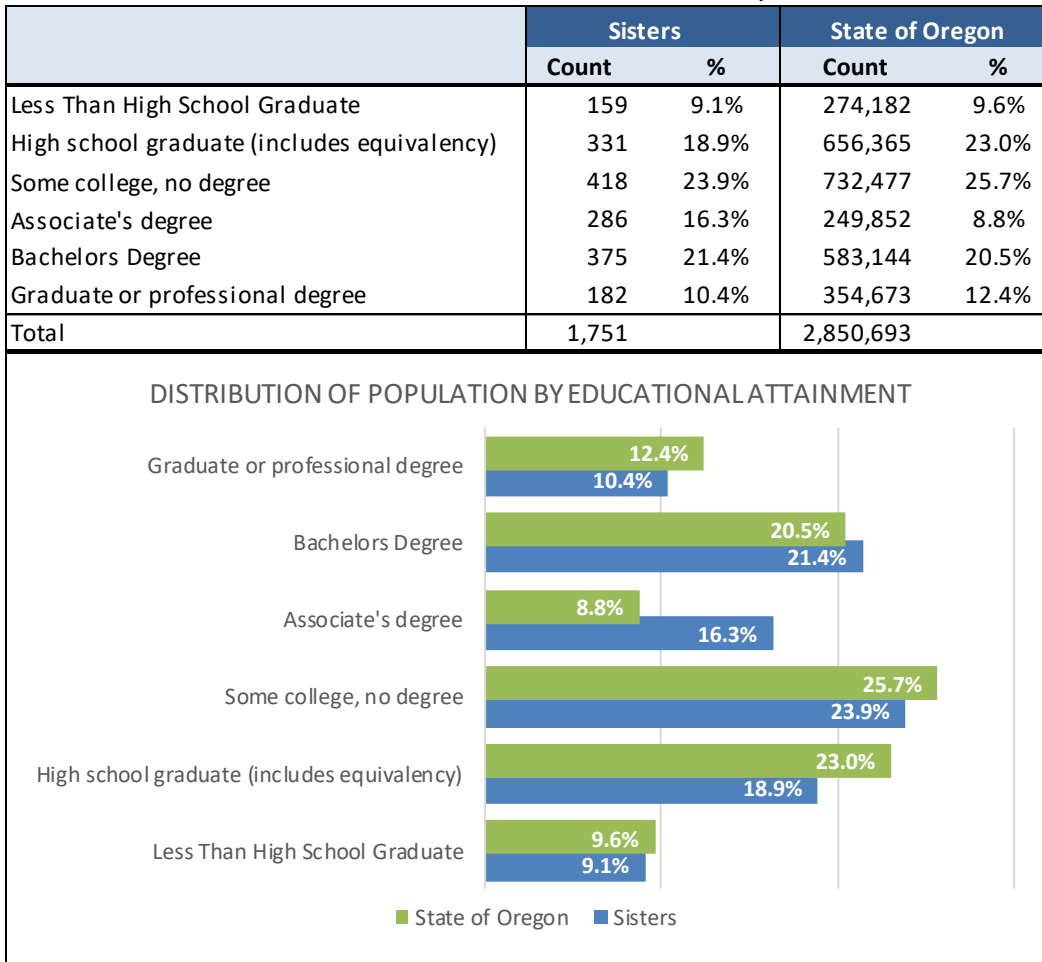
FIGURE 2.17: HISTORIC AND PROJECTED DISTRIBUTION OF POPULATION BY AGE COHORT, DESCHUTES COUNTY



SOURCE: Population Research Center, Portland State University

The educational attainment level of residents in the City of Sisters varies from the statewide pattern, with an unusually high level of residents having associate or bachelor’s degrees. Of an estimated 1,751 persons 25 years or older in the City of Sisters, as estimated 48.1% have an associate degree or higher. This compares to a 41.7% rate for Oregon. The level of associate degree holders in Sisters (16.3%) is 186% of the statewide average. This represents a likely competitive advantage for the City. Working with community colleges and other partners on on-going education, workforce development and distance learning opportunities may be an important part of local economic development strategy to train the workforce in the skills that local industries need.

FIGURE 2.21: EDUCATIONAL ATTAINMENT PROFILE, 2018



SOURCE: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates

GATEWAY COMMUNITIES AND “ZOOMTOWNS”

The City of Sisters, much like the remainder of Central Oregon, has dealt with economic issues associated with communities that are situated in areas that are highly attractive for tourism and remote working. These communities have recently been dubbed “Zoomtowns”, reflecting the sharp increase in telecommuting accelerated by the current pandemic, jurisdictions with these characteristics have several consistent issues. These communities can be generally defined as:

“...smaller communities, often also known as gateway communities, that are attracting highly skilled and mobile workers who seek scenic amenities and a small town feel while also remaining connected to urban work centers and practices.”

Common impacts in these communities are pressures on growth, which can drive housing prices beyond the reach of the locally employed labor force. Residents moving into a community but not employed locally can put pressure on host communities, as their ability to pay for housing often reflects higher priced housing markets. This can lead to gentrification pressure as locally employed residents in lower paying industries are challenged to find affordable housing.

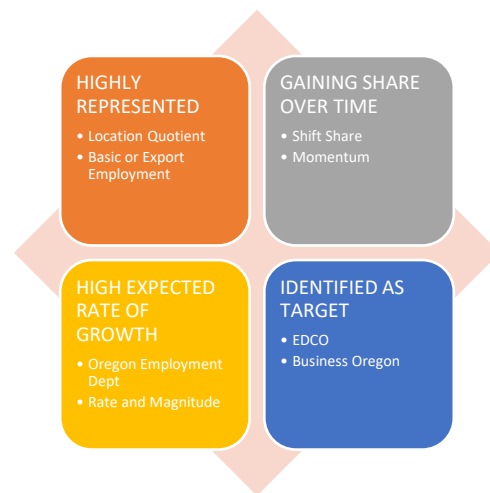
About 60% of US workers are now teleworking, fully or partially in response to the current pandemic, and for many they will continue to do so for a long time. Many companies have found that remote working is more viable than previously imagined, and there is evidence that remote working can be further optimized as better practices and tools are implemented.

A new study in the Journal of American Planning Association shares results from surveys and interviews with more than 300 officials in smaller Western gateway communities. When asked to identify the most important characteristics of their community, respondents cited (in rank order): well-maintained city infrastructure, small town feel, community character, livable wages, and housing affordability. When asked for their top challenges in the face of growth, they cited housing affordability, lagging wages/job quality, lack of local resources, income inequality, and climate change-related risks. While respondents in growing towns cited common growth challenges (e.g., too many tourists), most of those surveyed noted that the quality of life for residents has improved in recent years thank to an influx of new residents and tourists.

III. TARGET INDUSTRY ANALYSIS

This element of the Economic Opportunities Analysis utilizes analytical tools to assess the economic landscape in Deschutes County and the City of Sisters. The objective of this process is to identify a range of industry types that can be considered targeted economic opportunities over the planning period.

A range of analytical tools to assess the local and regional economic landscape are used to determine the industry typologies the county and individual cities should consider targeting over the planning period. Where possible, we look to identify the sectors that are likely to drive growth in current and subsequent cycles.



ECONOMIC SPECIALIZATION

The most common analytical tool to evaluate economic specialization is a location quotient analysis. This metric compares the concentration of employment in an industry at the local level to a larger geography. All industry categories are assumed to have a quotient of 1.0 on the national level, and a locality’s quotient indicates if the local share of employment in each industry is greater or less than the share seen nationwide. For instance, a quotient of 2.0 indicates that locally, that industry represents twice the share of total employment as seen nationwide. A quotient of 0.5 indicates that the local industry has half the expected employment.

A location quotient analysis was completed for Deschutes County, which evaluated the distribution of local employment relative to national averages, as well as average annual wage levels by industry. The most

over-represented major industries were construction, leisure and hospitality, and other services. Average wage levels were highest for the federal government and information sectors, with the lowest annual wages in the leisure and hospitality and other services sectors.

FIGURE 3.01: INDUSTRY SECTOR SPECIALIZATION BY MAJOR INDUSTRY, DESCHUTES COUNTY, 2018²

Industry	Annual Establishments	Average Employment	Total Wages	Avg. Annual Wages	Employment LQ
1011 Natural resources and mining	120	756	\$35,637,362	\$47,134	0.69
1012 Construction	1,242	6,705	\$347,566,993	\$51,841	1.63
1013 Manufacturing	380	5,708	\$280,996,894	\$49,228	0.79
1021 Trade, transportation, and utilities	1,444	15,742	\$597,102,228	\$37,930	1.01
1022 Information	245	1,863	\$135,676,139	\$72,840	1.16
1023 Financial activities	856	3,263	\$193,909,792	\$59,433	0.70
1024 Professional and business services	1,620	10,067	\$536,478,677	\$53,289	0.85
1025 Education and health services	852	13,479	\$761,081,492	\$56,464	1.05
1026 Leisure and hospitality	715	12,990	\$293,198,311	\$22,570	1.41
1027 Other services	1,008	3,345	\$106,422,270	\$31,818	1.31
Federal Government	34	946	\$69,231,043	\$73,215	0.59
State Government	38	869	\$52,824,503	\$60,782	0.33
Local Government	154	7,396	\$377,277,015	\$51,009	0.92

SOURCE: Bureau of Labor Services

A more detailed industry analysis shows that forestry and logging and other crop farming have the highest level of concentration but are relatively small sectors in terms of overall employment. Retail trade, health care, food services and drinking places, and construction are all relatively large sectors with an above average local concentration.

FIGURE 3.02: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, DESCHUTES COUNTY, 2018²

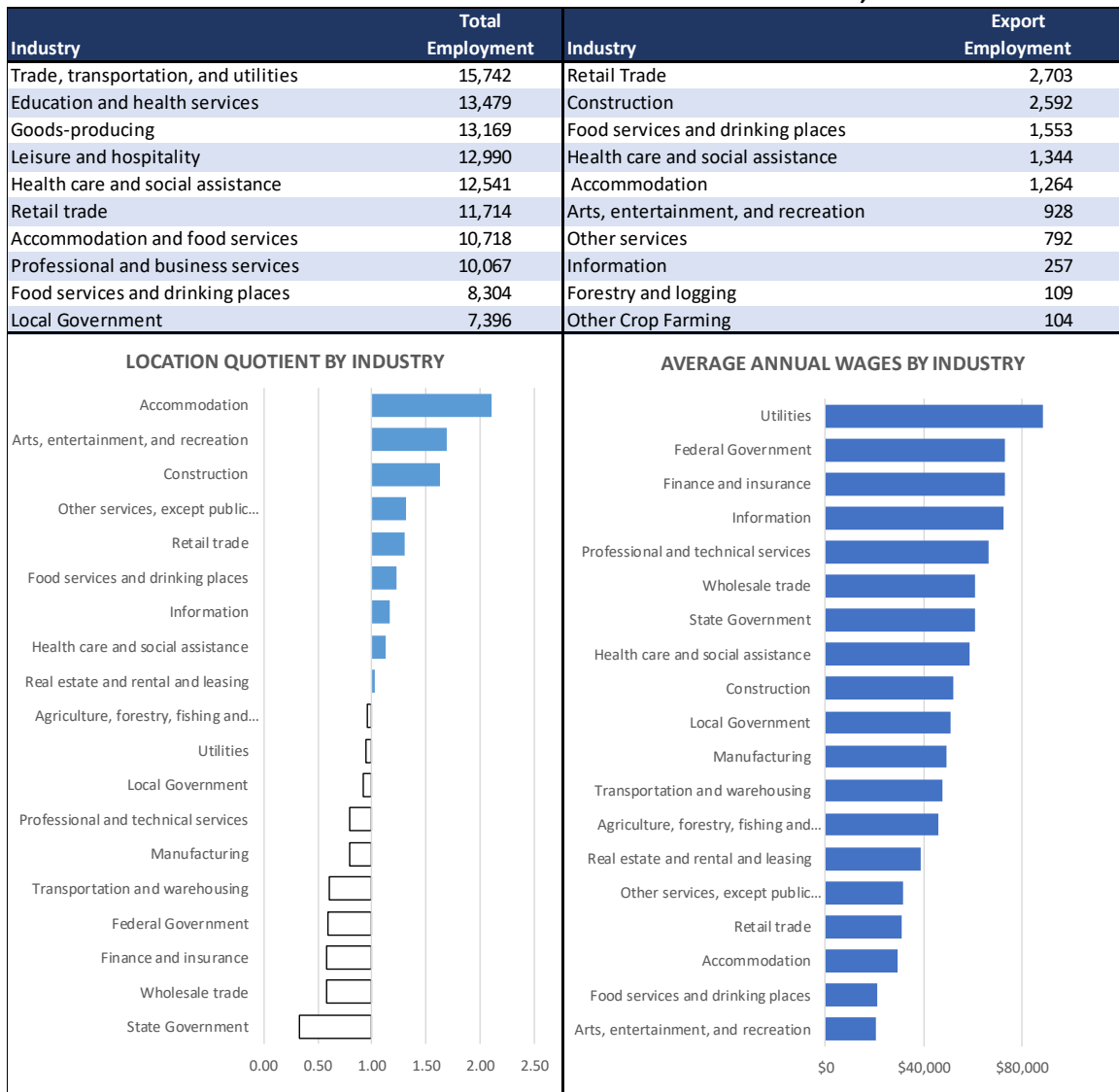
Industry	Annual Establishments	Average Employment	Total Wages	Avg. Annual Wages	Employment LQ
NAICS 111 Crop production	48	197	\$6,990,545	\$35,560	0.63
NAICS 1119 Other crop farming	34	140	\$5,299,327	\$37,762	3.90
NAICS 113 Forestry and logging	10	140	\$7,873,594	\$56,106	4.57
NAICS 11 Agriculture, forestry, fishing and hunting	113	693	\$31,697,181	\$45,767	0.96
NAICS 22 Utilities	23	296	\$26,296,492	\$88,890	0.94
NAICS 23 Construction	1,242	6,705	\$347,566,993	\$51,841	1.63
NAICS 31-33 Manufacturing	380	5,708	\$280,996,894	\$49,228	0.79
NAICS 42 Wholesale trade	423	1,922	\$117,198,402	\$60,983	0.58
NAICS 44-45 Retail trade	842	11,714	\$367,105,028	\$31,339	1.30
NAICS 48-49 Transportation and warehousing	156	1,811	\$86,502,306	\$47,778	0.61
NAICS 51 Information	245	1,863	\$135,676,139	\$72,840	1.16
NAICS 52 Finance and insurance	398	1,958	\$143,015,779	\$73,039	0.58
NAICS 53 Real estate and rental and leasing	459	1,305	\$50,894,013	\$39,012	1.03
NAICS 54 Professional and technical services	1,092	4,207	\$280,090,853	\$66,580	0.80
NAICS 62 Health care and social assistance	761	12,541	\$734,456,564	\$58,565	1.12
NAICS 71 Arts, entertainment, and recreation	140	2,272	\$46,694,092	\$20,548	1.69
NAICS 721 Accommodation	76	2,414	\$70,335,377	\$29,141	2.10
NAICS 722 Food services and drinking places	499	8,304	\$176,168,842	\$21,214	1.23
NAICS 81 Other services, except public administrat	1,008	3,345	\$106,422,270	\$31,818	1.31
Federal Government	34	946	\$69,231,043	\$73,215	0.59
State Government	38	869	\$52,824,503	\$60,782	0.33
Local Government	154	7,396	\$377,277,015	\$51,009	0.92

SOURCE: Bureau of Labor Services

² QCEW Data, Annual Average 2018 Data

We can estimate the level of indicated export employment by sector by combining the location quotients and overall employment levels. The sectors with the greatest level of export employment are retail trade, construction, food services and drinking places, health care and social assistance, and accommodation. This is reflective of the robust tourism industry in the county as well as the strong second home market.

FIGURE 3.03: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, DESCHUTES COUNTY



SOURCE: Bureau of Labor Services

The same analysis for the City of Sisters reveals high levels of employment concentration in industries such as wood manufacturing, agriculture, and food manufacturing.

FIGURE 3.04: INDUSTRY SECTOR SPECIALIZATION BY DETAILED INDUSTRY, CITY OF SISTERS, 2018²

Industry	Annual Establishments	Average Employment	Total Wages	Avg. Annual Wages	Employment LQ
Agriculture, forestry, fishing, and hunting	3	140	\$9,077,385	\$64,838	11.49
Construction	25	120	\$5,758,820	\$47,990	1.12
Food Manufacturing	3	76	\$2,631,732	\$34,628	2.31
Wood Manufacturing	5	78	\$2,844,156	\$36,464	15.51
Metals Manufacturing	4	28	\$1,495,465	\$53,409	1.30
Wholesale trade	7	16	\$382,774	\$23,923	0.18
Retail trade	49	388	\$9,475,003	\$24,420	1.95
Transportation	3	21	\$526,565	\$25,075	1.98
Delivery and warehousing	1	5	\$281,429	\$56,286	0.47
Information	6	32	\$658,939	\$20,592	0.59
Finance and Insurance	13	38	\$2,010,906	\$52,919	0.35
Real Estate and Rental	11	46	\$1,375,816	\$29,909	1.11
Professional, Scientific, and Technical Services	27	92	\$4,867,320	\$52,906	0.56
Management of Companies and Enterprises	2	3	\$217,682	\$72,561	0.08
Administrative and Waste Management	10	36	\$1,133,573	\$31,488	0.26
Educational services	7	138	\$6,240,376	\$45,220	2.17
Health care and social assistance	24	127	\$4,935,753	\$38,864	0.61
Arts, Entertainment, and Recreation	6	67	\$1,126,496	\$16,813	1.22
Accommodation and Food Services	31	432	\$9,583,121	\$22,183	2.71
Other services	27	90	\$2,471,940	\$27,466	1.35
Government	3	30	\$2,089,509	\$69,650	0.11

SOURCE: Oregon Employment Department

The top sectors in terms of overall employment were accommodation and food services, and retail trade. These were also the top sectors in terms of indicated export employment, followed by agriculture, educational services, wood manufacturing, and food manufacturing.

FIGURE 3.05: TOP TEN INDUSTRIES IN TERMS OF TOTAL AND EXPORT EMPLOYMENT, CITY OF SISTERS, 2018

Industry	Total Employment	Industry	Export Employment
Accommodation and Food Services	432	Accommodation and Food Services	273
Retail trade	388	Retail trade	189
Agriculture, forestry, fishing, and hunting	140	Agriculture, forestry, fishing, and hunting	128
Educational services	138	Educational services	75
Health care and social assistance	127	Wood Manufacturing	73
Construction	120	Food Manufacturing	43
Professional, Scientific, and Technical Services	92	Other services	23
Other services	90	Construction	13
Wood Manufacturing	78	Arts, Entertainment, and Recreation	12
Food Manufacturing	76	Transportation	10

SOURCE: Bureau of Labor Services

ECONOMIC DRIVERS

The identification of the economic drivers of a local or regional economy are critical in informing the character and nature of future employment, and by extension land demand over a planning cycle. To this end, we employ a shift-share analysis of the local economy emerging out of the latter half of the recent expansion cycle³.

³ Measured from 2013 through 2018

A shift-share analysis is an analytical procedure that measures local effect of economic performance within a particular industry or occupation. The process considers local economic performance in the context of national economic trends—indicating the extent to which local growth can be attributed to unique regional competitiveness or simply growth in line with broader trends. For example, consider that Widget Manufacturing is growing at a 1.5% rate locally, about the same rate as the local economy. On the surface we would consider the Widget Manufacturing industry to be healthy and contributing soundly to local economic expansion. However, consider also that Widget Manufacturing is booming across the country, growing at a robust 4% annually. In this context, local widget manufacturers are struggling, and some local or regional condition is stifling economic opportunities.

We can generally classify industries, groups of industries, or clusters into four groups:

Growing, Outperforming: Industries that are growing locally at a rate faster than the national average. These industries have characteristics locally leading them to be particularly competitive.

Growing, Underperforming: Industries that are growing locally but slower than the national average. These industries generally have a sound foundation, but some local factor is limiting growth.

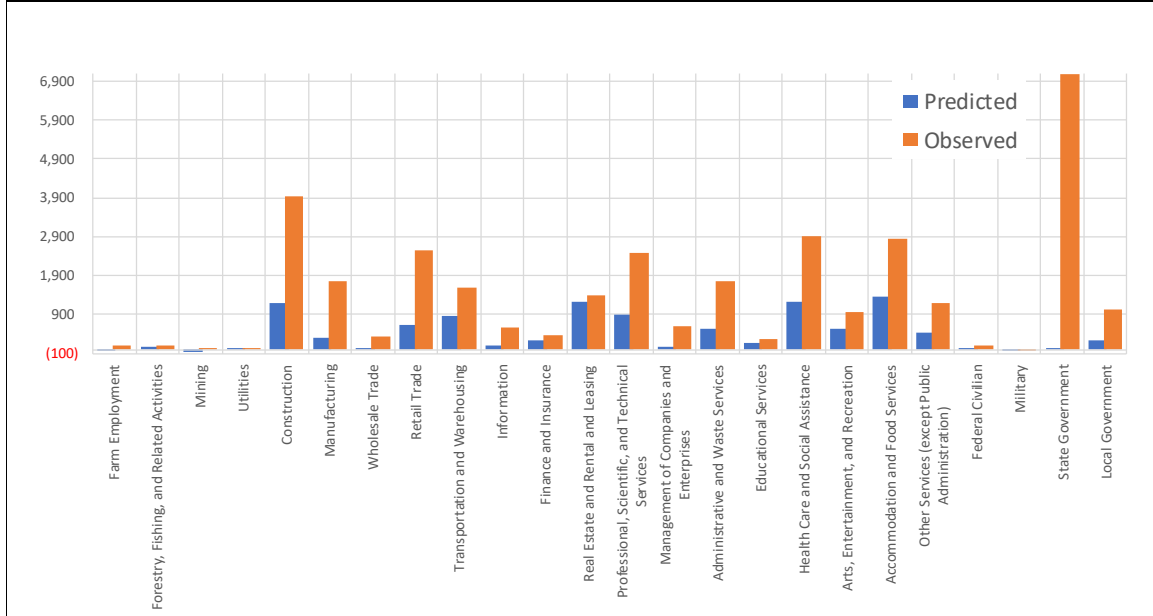
Contracting, Outperforming: Industries that are declining locally but slower than the national average. These industries have structural issues that are impacting growth industry wide. However, local firms are leveraging some local or regional factor that is making them more competitive than other firms on average.

Contracting, Underperforming: Industries that are declining locally at a rate faster than the national average. These industries have structural issues that are impacting growth industry wide. However, some local or regional factor is making it increasingly tough on local firms.

The average annual growth rate by industry from 2013 through 2018 for Deschutes County was compared to the national rate. The observed local change was compared to a standardized level reflecting what would be expected if the local industry grew at a rate consistent with national rates for that industry. As shown in Figure 3.06, almost all industries showed growth more than national rates, reflecting the relatively high rate of growth during this period in Deschutes County. Sectors with the greatest regional shift in employment during this period were state government, construction, retail trade, health care, professional services, and accommodations and food services.

FIGURE 3.06: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, DESCHUTES COUNTY(2013 – 2018)

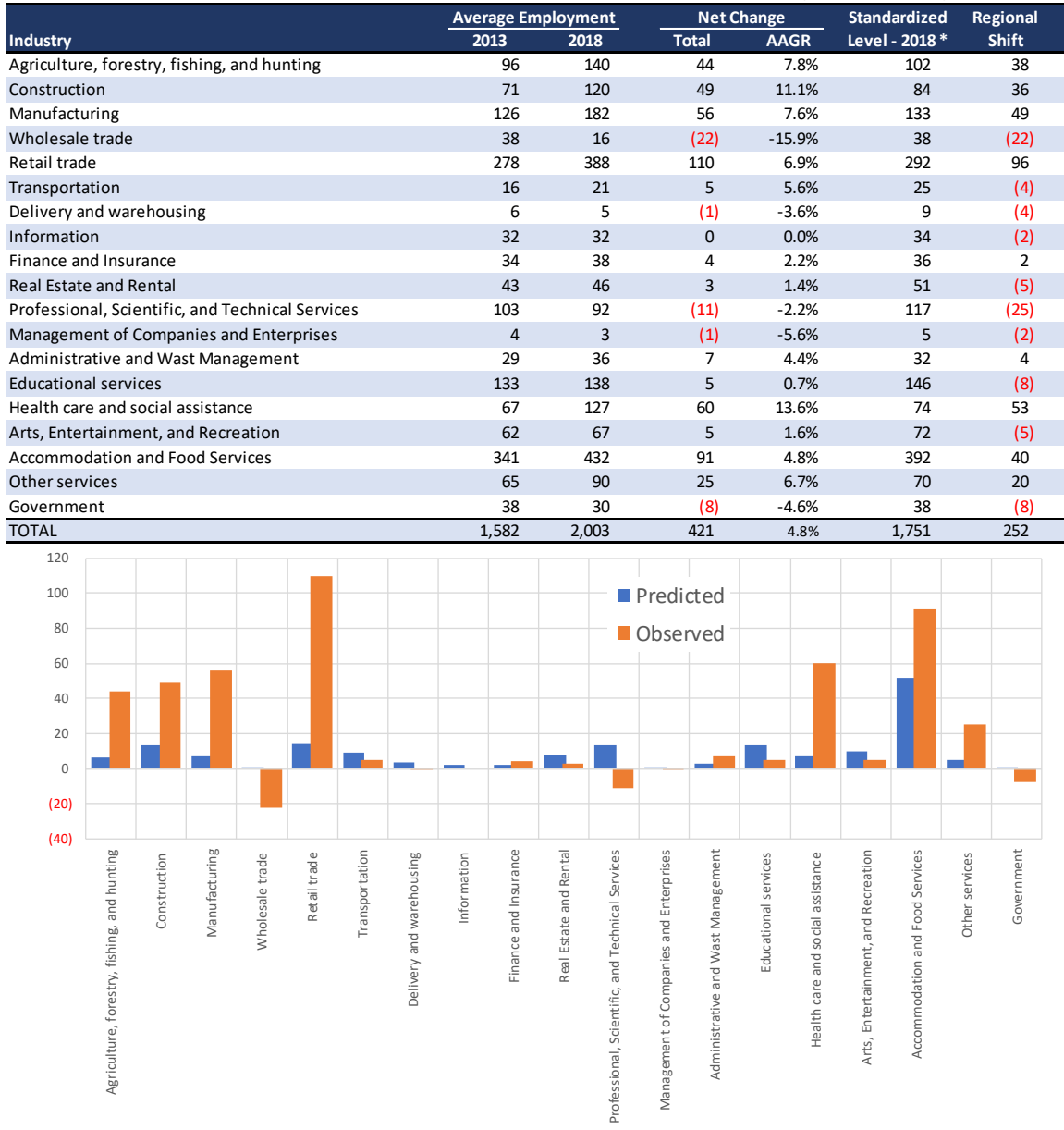
Industry	Average Employment		Net Change		Standardized Level - 2018 *	Regional Shift
	2013	2018	Total	AAGR		
Farm Employment	1,554	1,655	101	1.3%	1,530	125
Forestry, Fishing, and Related Activities	868	988	120	2.6%	926	62
Mining	307	360	53	3.2%	259	101
Utilities	276	317	41	2.8%	281	36
Construction	6,399	10,350	3,951	10.1%	7,601	2,749
Manufacturing	5,242	7,001	1,759	6.0%	5,546	1,455
Wholesale Trade	2,200	2,534	334	2.9%	2,227	307
Retail Trade	12,254	14,793	2,539	3.8%	12,880	1,913
Transportation and Warehousing	1,563	3,163	1,600	15.1%	2,434	729
Information	1,848	2,404	556	5.4%	1,959	445
Finance and Insurance	4,271	4,636	365	1.7%	4,523	113
Real Estate and Rental and Leasing	6,915	8,321	1,406	3.8%	8,158	163
Professional, Scientific, and Technical Services	6,873	9,346	2,473	6.3%	7,782	1,564
Management of Companies and Enterprises	420	1,033	613	19.7%	495	538
Administrative and Waste Services	5,572	7,340	1,768	5.7%	6,114	1,226
Educational Services	1,720	1,984	264	2.9%	1,891	93
Health Care and Social Assistance	11,764	14,671	2,907	4.5%	12,981	1,690
Arts, Entertainment, and Recreation	3,291	4,249	958	5.2%	3,813	436
Accommodation and Food Services	8,940	11,802	2,862	5.7%	10,290	1,512
Other Services (except Public Administration)	5,919	7,118	1,199	3.8%	6,339	779
Federal Civilian	867	955	88	2.0%	874	81
Military	456	454	(2)	-0.1%	431	23
State Government	1,023	8,087	7,064	51.2%	1,040	7,047
Local Government	6,448	7,471	1,023	3.0%	6,674	797
TOTAL	96,990	131,032	34,042	6.2%	107,048	23,984



* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.
 SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

When the same analysis is done for the City of Sisters, growth associated with a regional shift is less widespread. The best performing sectors on this measure in the local economy were retail trade, health care and social assistance, manufacturing, accommodation and food services, agriculture, and construction.

FIGURE 3.07: INDUSTRY SECTOR SHIFT SHARE ANALYSIS, CITY OF SISTERS (2013 – 2018)



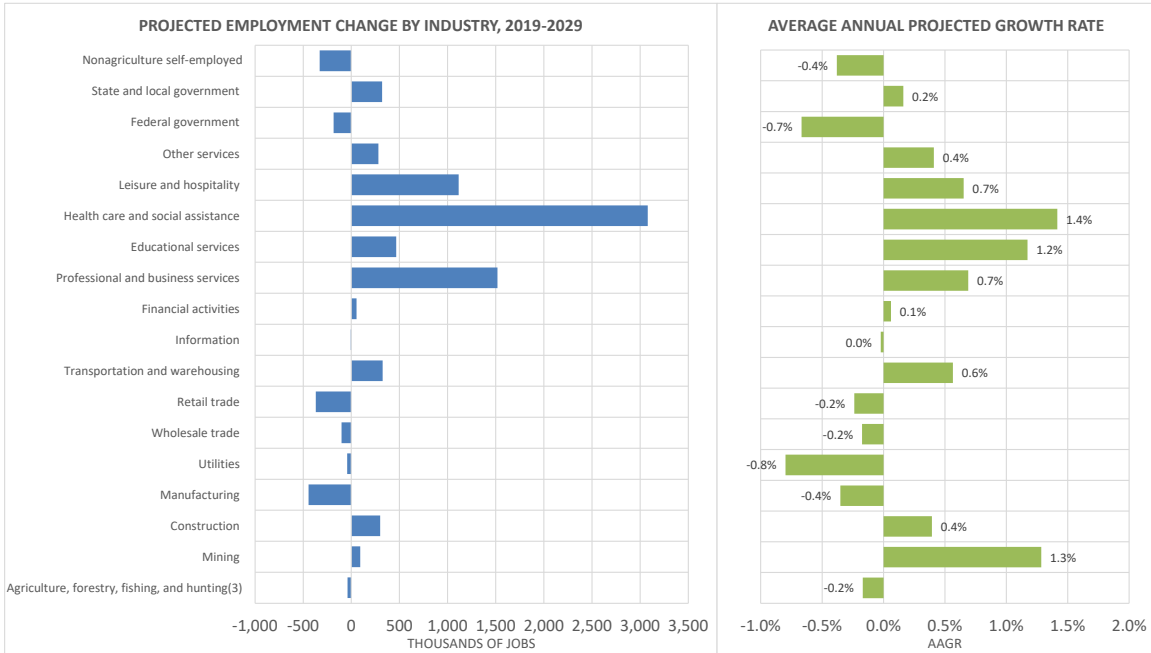
* Employment level in each industry had it grown at the same rate as its counterparts at the national level over the same period.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

PROJECTED EMPLOYMENT GROWTH

The Oregon Employment Department produces forecasts of employment growth by major industrial sector on a periodic basis. The most recent forecast for Central Oregon covers Crook, Deschutes, and Jefferson Counties, and projects employment growth in this region from 2019 through 2029. As outlined in the following graphic, projected employment growth is expected to be greatest in health care and social assistance, followed by professional and business services and leisure and hospitality. Health care and social services is also the sector expected to see the greatest rate of growth during this period.

FIGURE 3.08: PROJECTED EMPLOYMENT CHANGE BY SECTOR, CROOK, DESCHUTES, AND JEFFERSON COUNTIES, 2019-2029



SOURCE: Oregon Employment Department, Workforce and Economic Research Division

The region is projected to experience employment declines in manufacturing, retail trade, nonagricultural self-employed, and federal government.

REGIONAL AND STATEWIDE ECONOMIC DEVELOPMENT

Active economic development agencies assisting the City of Sisters include Business Oregon and EDCO (Economic Development for Central Oregon). These groups develop lists of targeted industries on a regular basis, and the following are the most current:

BUSINESS OREGON TARGETS

- Outdoor Gear and Apparel
 - Apparel & Footwear
 - Outdoor Gear
- Forestry & Wood Products
 - Forestry
 - Wood Products
- Advanced Manufacturing
- Business Services
- Food & Beverages

EDCO TARGETS

- Advanced Manufacturing
- Arts-Based
- Aviation & Aerospace
- Bioscience/Health
- Brewing & Distilling
- Building Products
- Headquarters Operations
- Musical Instrument Design & Manufacturing
- Outdoor Apparel & Gear
- Professional Services
- Specialty Food Products
- Technology (software/hardware/energy)

The Sisters Country Vision process addressed economic development issues in its vision as well as Action Plan. The vision identified economic opportunity for all residents, and specifically states the following:

We aspire to create a prosperous economy rooted in arts and craft, recreation, entrepreneurship and innovation, a livable city and region that remain welcoming even as we grow, resilient people better prepared for a challenging world, and a connected community that works together for the common good.

The following are key strategies outlined in the action plan that address how the community would like to pursue a prosperous economy, and a summary of implications for prospective targeted industries.

Strategy 1: Four-Season Tourism and Visitor Destination

Encourage ongoing tourism and destination economy, with a focus on shoulder season and winter events.

This supports the following target industries:

- Leisure and Hospitality
- Accommodation and Food Services
- Retail Trade

Strategy 2: Oregon's Artisanal Capital

Develop and promote the local artisanal economy including visual artists, trades and crafts people, musicians, performance artists, writers, brewers, distillers, and farm-to-table chefs. This supports the following target industries:

- Arts and Entertainment
- Food Services
- Brewing and Distilling
- Manufacturing
- Self employed

Strategy 3: Sisters Makers District

Develop and promote a local Sisters Makers District with a pedestrian friendly zone. The following are linked sectors:

- Manufacturing
- Brewing and Distilling
- Retail Trade
- Self employed

Strategy 4: Vibrant & Diverse Economy

Facilitate local entrepreneurial infrastructure and light industrial land, as well as support vocational education and workforce development. Supported industries:

- Manufacturing
- Brewing and Distilling
- Self employed

The industry sectors supported by the strategies outlined in the Sisters Country Vision Action Plan are summarized as follows:

Sisters Country Vision
Manufacturing
<i>Food Products</i>
<i>Wood Products</i>
<i>Brewing and Distilling</i>
Leisure and Hospitality
Arts and Entertainment
Accommodations and Food Service
Self Employed

CITY OF SISTERS TARGET INDUSTRIES

The preceding analysis provides a basis for identification of target industries for the City of Sisters. The selected industries include tourism-related sectors (i.e., accommodations, food service, and retail trade) as well as manufacturing and self-employment. These reflect industries that the area has shown historic strength in, as well as sectors with strong growth potential and consistency with the locally expressed vision for the community.

EXPORT EMPLOYMENT	SHIFT SHARE SECTORS	SISTERS COUNTRY VISION
Accommodation and Food Services Retail Trade Health Care and Social Assistance Construction Professional, Scientific, and Technical Services Other services Wood Manufacturing Food Manufacturing	Retail trade Health care and social assistance Manufacturing Accommodation and Food Services Agriculture, forestry, fishing, and hunting Construction Other services Administrative and Waste Management Finance and Insurance	Manufacturing <i>Food Products</i> <i>Wood Products</i> <i>Brewing and Distilling</i> Leisure and Hospitality Arts and Entertainment Accommodations and Food Service Self Employed
BUSINESS OREGON TARGETS	EDCO TARGETS	PROSPECTIVE LOCAL TARGETS
Outdoor Gear and Apparel Apparel & Footwear Outdoor Gear Forestry & Wood Products Forestry Wood Products Advanced Manufacturing Business Services Food & Beverages	Advanced Manufacturing Arts-Based Aviation & Aerospace Bioscience/Health Brewing & Distilling Building Products Headquarters Operations Musical Instrument Design & Manufacturing Outdoor Apparel & Gear Professional Services Specialty Food Products Technology (software/hardware/energy)	Accommodation and Food Services Retail Trade/Local Focus Health Care and Social Assistance Self Employed Manufacturing <i>Advanced Manufacturing</i> <i>Outdoor Apparel & Gear</i> <i>Specialty Food Products</i> <i>Arts-Based</i> Food and Beverages <i>Brewing and Distilling</i> Technology (software/hardware/energy)

While the number of target industries identified is quite large, the focus can be simplified into a mix of tourism supportive industries, manufacturing, health care, and self-employment. The following section has a more detailed overview of the several of these targeted sectors and their role in the local economy.

TARGET INDUSTRY CLUSTERS

This section discusses potential target industries for the City of Sisters based on the community’s historical strengths and advantages, regional trends, and local goals and objectives.

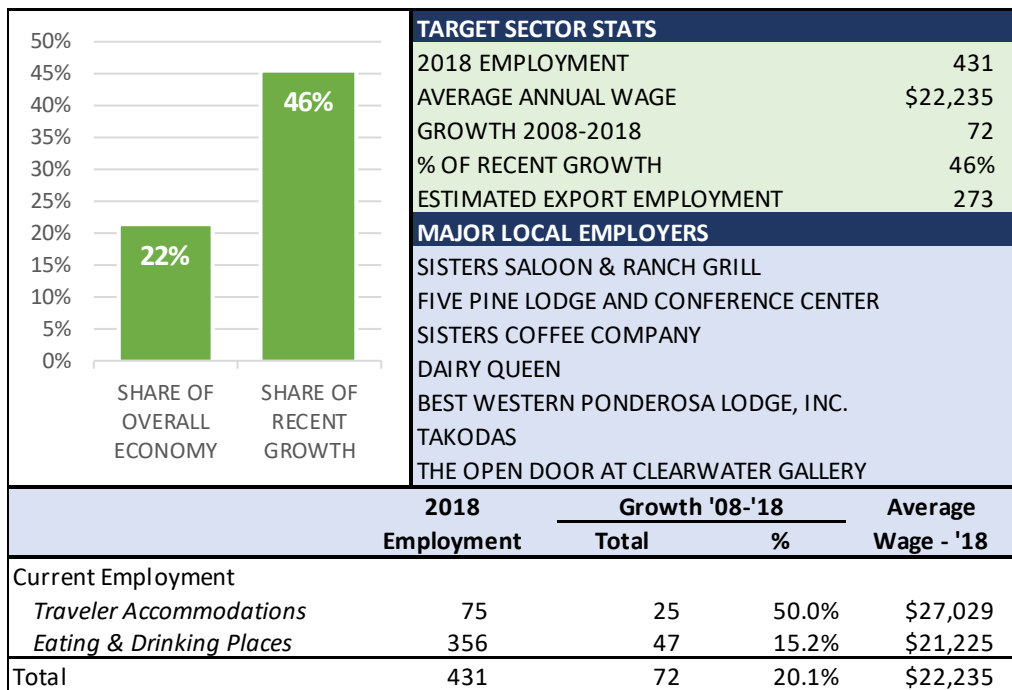
ACCOMMODATION AND FOOD SERVICES

The City of Sisters enjoys physical and locational attributes that make recreation and hospitality an attractive target sector. The area is centrally located with access to recreational opportunities, while serving as a commercial hub for a broader area (including Black Butte Ranch). The City of Sisters has developed a robust mix of lifestyle retail stores and restaurants, providing a strong base for ongoing development and a range of amenities that can support tourist activities. The amenities that tourism traffic supports are largely consistent with what is desirable to residents. Quality retail, restaurant, recreation, and hospitality tenants make a community an attractive place to live and work. Studies have shown that amenity-related supportive uses also benefit and attract residents and businesses. This is a growing phenomenon in the context of emerging consumer preferences.



The accommodation and food services sectors account for approximately 22% of the City of Sisters current employment base and have accounted for 46% of employment growth from 2008 through 2018.

SECTOR SUMMARY: ACCOMMODATION AND FOOD SERVICES



This sector accounted for 431 jobs in 2018, with average annual wages of \$22,235.

Cluster Strengths

- Recreational amenities.
- Central location along the Highway 20 corridor.
- Strong base of existing businesses in downtown area attractive for tourists.

Cluster Weakness

- Relatively low wage levels in the industry make appropriate housing availability an issue.

This sector has been disproportionately impacted by the current pandemic. While the sector is expected to rebound quickly when restrictions are removed, many operators and owners may be lost or substantially weakened.

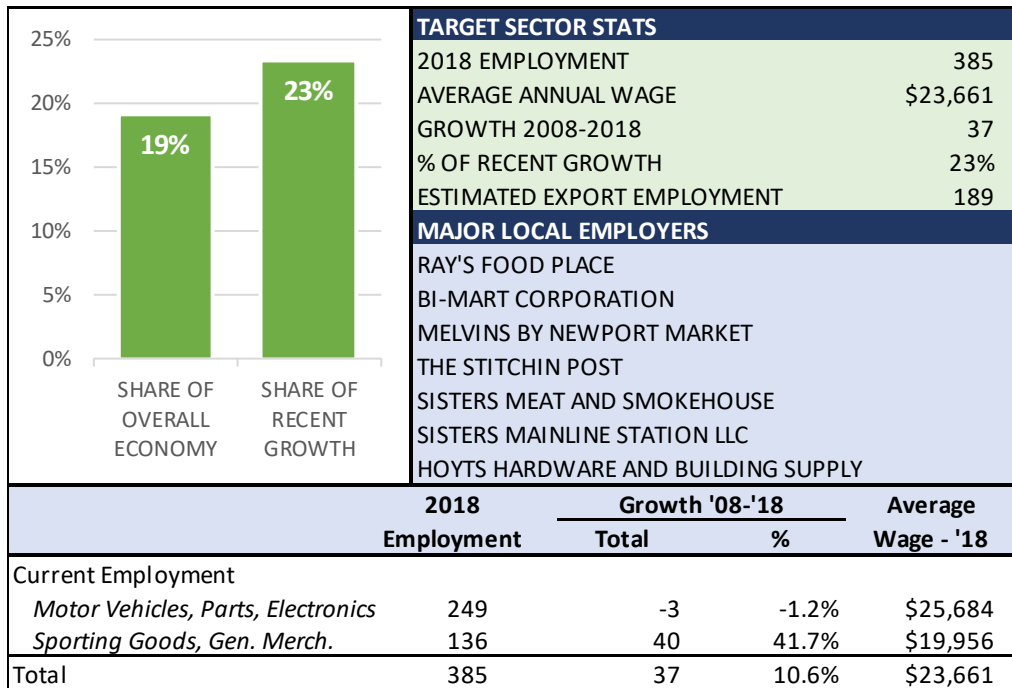
RETAIL TRADE

The City of Sisters serves as the commercial hub for northwestern Deschutes County, and as such has a retail trade sector that is 95% greater than what is supported by locally originating expenditures. The City’s position on Highway 20 allows it to capitalize on through traffic along that corridor as well.



The overall employment level in this sector was 385 in 2018, representing 19% of the local employment base. The average annual wage was approximately \$23,700 per year in 2018. The sector accounted for 23% of employment growth from 2008 through 2018.

SECTOR SUMMARY: RETAIL TRADE



The retail sector serves as a basic industry in Sisters, bringing net new dollars into the community from travelers and through traffic. Almost half of local employment is supported by expenditures from non-residents.

Cluster Strengths

- Highway 20 access and exposure.
- Commercial hub for broader region.
- Strong base of local retailers in place.

Cluster Challenges

- Limited available labor workforce.
- Affordable housing.
- Leakage to Bend/Redmond, but also a potential opportunity.



Many portions of the retail sector have been negatively impacted by the pandemic, and online retailers continue to increase their share of overall sales. The community has expressed a preference for local tenants and less chain influence. While these tenants are less susceptible to competition from online sales, they are also typically less capitalized and more vulnerable to disruptions such as the pandemic.

HEALTH CARE AND SOCIAL ASSISTANCE

The health care and social services sectors account for only 6% of all employment in the City of Sisters, but the level of employment in these sectors roughly doubled from 2008 through 2018. Demand for these services tends to follow demographic trends, and the aging of the local population base is expected to support a growing demand for health services, specifically physical therapy, and continuing care. In addition, there is potential for local critical care services as the local population base grows. The following are key industry trends:

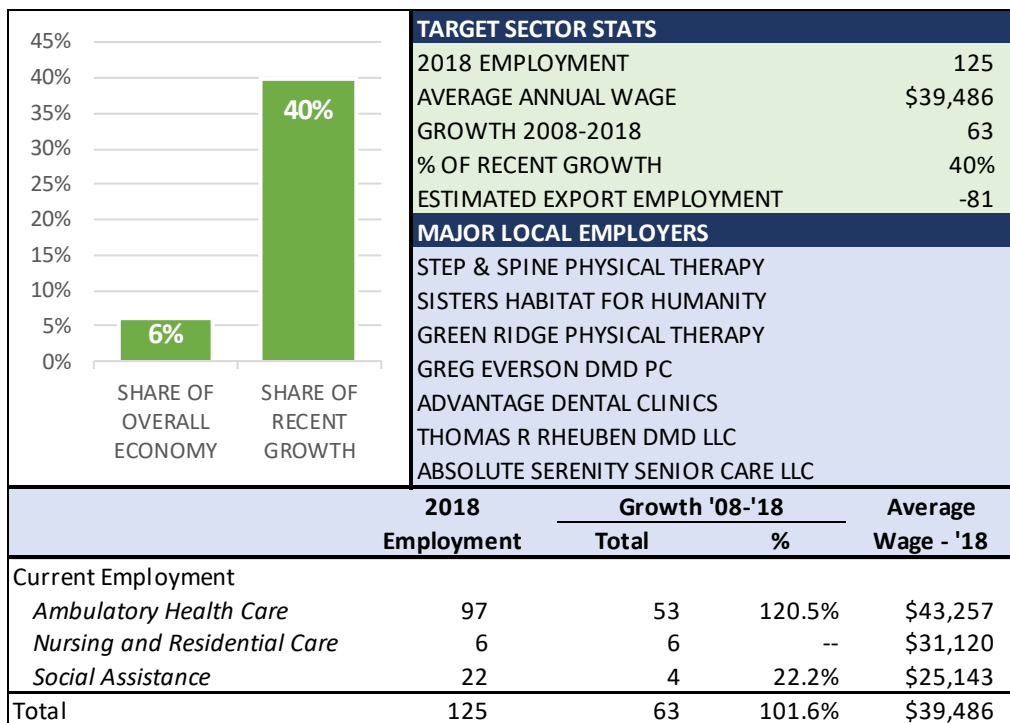
- Emphasis on leveraging cost advantages.
- Strong growth in utilization of mobile health systems, software, and access to information.
- Emerging care models including smaller, distributed clinics (i.e., Zoomcare).
- Phone and video appointments.



The closest full-service hospital is the St. Charles Health Center in Bend, which is roughly 35 minutes from Sisters. St. Charles also has a smaller facility in Redmond. Several other medical facilities are available in Bend and Redmond, but there are limited medical services available in Sisters at this time.

This sector accounted for 125 jobs in 2018, with average annual wages of \$39,486. It is estimated that an additional 81 employees in these sectors are supported by locally originating expenditures captured outside of Sisters.

SECTOR SUMMARY: HEALTH CARE AND SOCIAL ASSISTANCE



Cluster Strengths

- Aging of population will support health services.
- Sisters is the regional hub for a growing trade area.
- Access to Highway 20.

Cluster Weakness

- Local market too small to support many specialists, medical service modules

Cluster Opportunities

- Development of new medical facilities, including urgent care.
- More medical office space for medical and dental.
- Alternative healthcare providers.

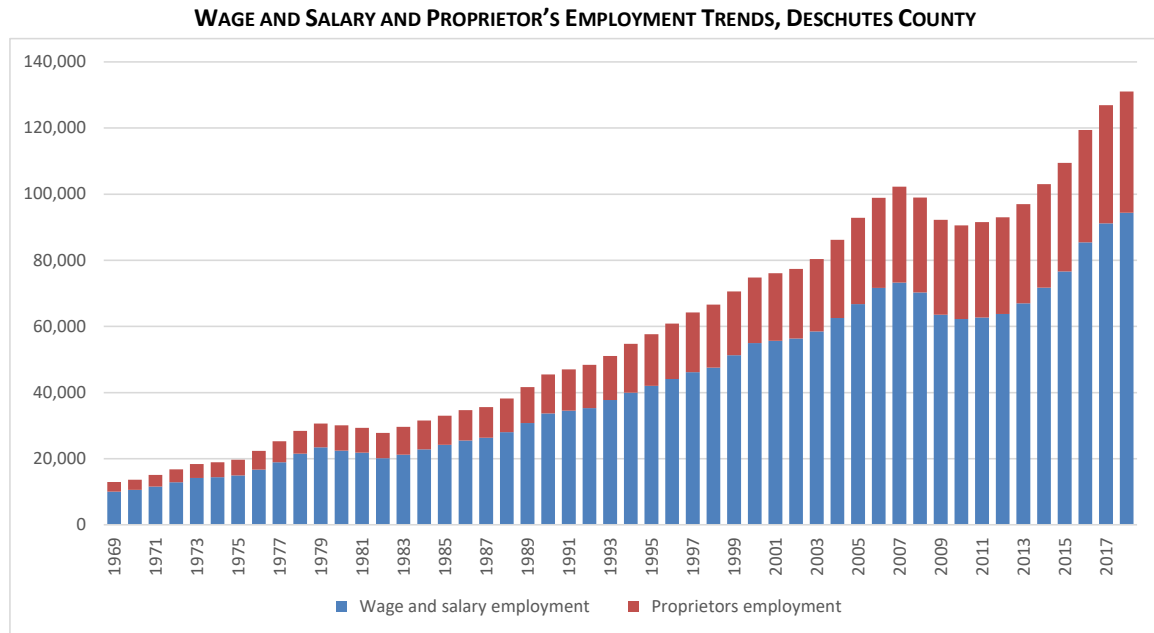
SELF EMPLOYED

Self-employment accounts for an estimated 7.5% of the total employment base in Deschutes County. Technological advances have reduced the geographic requirements in many industries, allowing workers to interact collaboratively and effectively through multiple mediums from a remote location. This has allowed workers to become more footloose when choosing a location to live and work. The Covid pandemic has accelerated these trends.

While self-employed persons may be professionals working for firms remotely, others bring their expertise and capital to start new local ventures. This influx of capital and expertise can be supportive of a broad range of industries. Attracting and retaining these individuals involves several linked industries that makes the city and region competitive, including commercial amenities, recreational opportunities, education systems, and health care.

Discussions of employment – including self-employment – are complicated by the multiple definitions of

jobs and the fact that different agencies provide different estimates of the number employed. The following chart summarizes data from taxpayers filing as sole proprietors or single member LLCs.



SOURCE: Bureau of Economic Analysis

The share of employment accounted for by sole proprietors grew steadily in Deschutes County through 2011 and has remained relatively stable over the last decade.

Cluster Strengths

- Quality of life advantages.
- Proximity to more urban amenities while in a small-town environment.
- Access to broadband.

Cluster Weakness

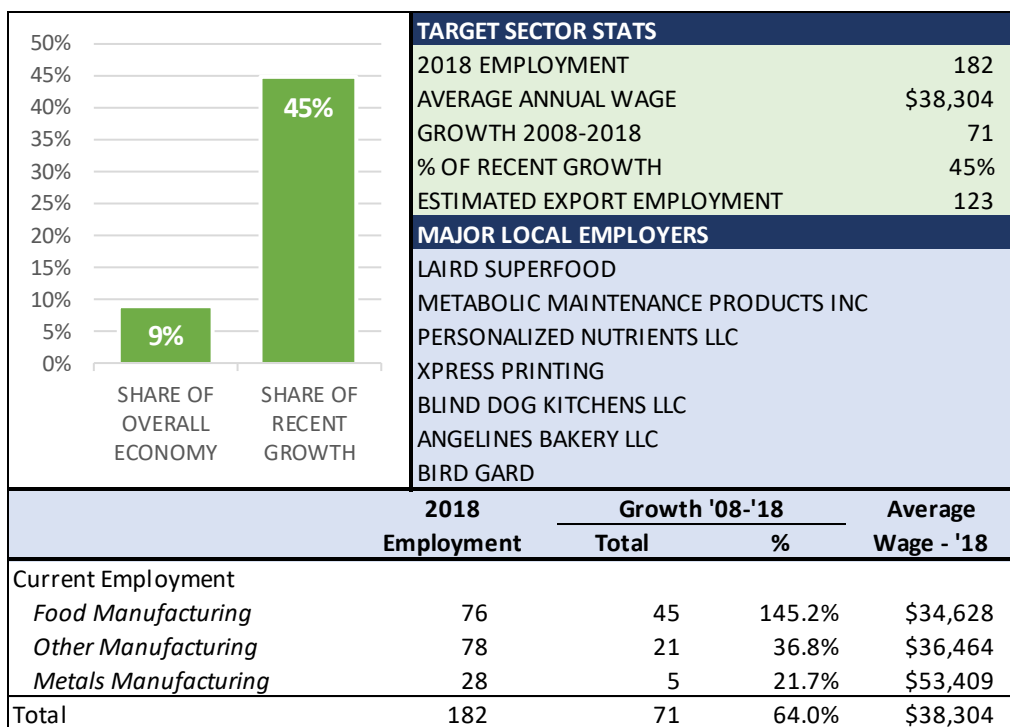
- Accessibility to a major airport.

In Deschutes County roughly 28% of all employment was estimated to be proprietor’s employment, reflecting business owners.

MANUFACTURING

The manufacturing sector is typically a highly desirable sector, which creates considerable value and often exports the bulk of its output. Within the City of Sisters, manufacturing accounts for only 9% of the overall employment base but accounted for 45% of employment growth from 2008 through 2018. An estimated 123 of the 182 local jobs in this sector are estimated to be supported by export.

SECTOR SUMMARY: MANUFACTURING



TARGET SECTOR STATS	
2018 EMPLOYMENT	182
AVERAGE ANNUAL WAGE	\$38,304
GROWTH 2008-2018	71
% OF RECENT GROWTH	45%
ESTIMATED EXPORT EMPLOYMENT	123

- MAJOR LOCAL EMPLOYERS**
- LAIRD SUPERFOOD
 - METABOLIC MAINTENANCE PRODUCTS INC
 - PERSONALIZED NUTRIENTS LLC
 - XPRESS PRINTING
 - BLIND DOG KITCHENS LLC
 - ANGELINES BAKERY LLC
 - BIRD GARD

Food and other product manufacturing are roughly of equal size, but the food manufacturing sector has seen the most robust growth. Recent growth in natural food products reflects the community’s ethos.

Cluster Strengths

- Quality of life, attracting executives, workforce, and providing a branding opportunity.
- Existing wood products industry with workforce expertise.
- Geographic access to export markets.
- Available and serviced land supply.
- Speculative industrial space availability.



Cluster Challenges

- Limited available labor workforce.

The community has also specifically identified arts-based manufacturing as a target industry.

FOOD AND BEVERAGES

Food and beverages have also been identified as a targeted sector. These are classified as manufacturing industries but are broken out here as these industries are often reported as part of food service as their operations can be multifaceted. Key local employers include Three Creek Brewing and Cascade Spirits. These types of manufacturers provide both export employment as well as tourism-supportive tasting rooms and restaurants in many cases. The City of Bend has developed a well-regarded and marketed Bend Ale Trail, capitalizing on interest in the industry.



PARTNERS IN ECONOMIC DEVELOPMENT

Effective economic development entails a partnership of communities, businesses, public and non-profit agencies, and residents. The following is a partial list of major stakeholders in regional economic development who can partner in growing existing businesses and attracting new ones along with the appropriate workforce.

1. Economic Development for Central Oregon (EDCO)

EDCO is a non-profit corporation supported by private and public sector members and stakeholders. The organization's mission is to create a diversified local economy and a strong base of middle-class jobs in Central Oregon. EDCO is involved in recruitment of outside firms, mentoring of young companies, and partnering with expanding traded-sector companies. The City of Sisters should continue to work closely with EDCO to ensure that they are informed of regional efforts and that local objectives and opportunities are represented. The agency is a good first contact for any economic and workforce questions. The organization has taken a leadership role in economic development in Sisters, with their recently published Sisters 2020-2023 Strategic Plan providing strategic guidance for the area.

2. Sisters Area Chamber of Commerce

The Chamber serves as a key economic development advocate for the Sisters area, coordinating marketing to visitors, businesses, and residents. The Chamber provides information on local businesses and attractions to all these groups. The Chamber works to improve the local business climate and economy while promoting the area in its best light. As the representative of local businesses from within the target industries and other sectors, the Chamber should be involved in all regional economic development and marketing efforts.

3. Key Industry Employers

In addition to the Chamber, large or small employers in target industries are key resources in understanding what opportunities and challenges those industries face in the region. The businesses can help inform economic development partners of their industry needs in terms of workforce, infrastructure, and regulatory barriers. Businesses feedback often proves to be the most valuable source of ground-testing the effectiveness of planned initiatives. EDCO's efforts in the area have included active outreach to key employers to solicit and incorporate their feedback in local economic development efforts.

4. Central Oregon Intergovernmental Council (COIC)

Economic Development Districts are designated by the US Economic Development Agency, and as such help administer certain federal programs and funding sources. The COIC was founded in 1972 and provide services to the counties of Crook, Deschutes and Jefferson, the cities of Bend, Culver, La Pine, Madras, Metolius, Prineville, Redmond, and Sisters, as well as the Confederated Tribes of Warm Springs. The COIC offers services in the following areas: employment and training, alternative high school education, business loans, transportation, and community and economic development. COIC is responsible for identifying priority economic development project needs within the region, articulating regional needs to the EDA, and assisting local governments in applying for grant funding through the EDA. As an Economic Development District, COIC is also responsible for creating and maintaining a regional Comprehensive Economic Development Strategy (CEDS). The CEDS is updated every five years.

5. Central Oregon Regional Solutions Team

Regional Solutions Centers are located across Oregon and are designed to recognize the unique challenges of each region and help implement the Governor’s economic development approach. The Regional Solutions Team helps coordinate the efforts of multiple State departments and other partners to ensure that efforts are cohesive. High focus priorities for the Central Oregon team including growing OSU Cascades, increasing workforce housing, ensuring land and infrastructure availability to support economic development, enhancing transit, supporting the regional creative economy, encouraging water conservation and restoration, and integrating workforce training opportunities.

6. Business Oregon

Business Oregon is the state economic development agency, looking to support and grow Oregon industries and workforce, and recruit new economic activity. Business Oregon is part of the Regional Solutions team and serves similar regions across the state. The Central Oregon district covers Deschutes, Cook, and Jefferson Counties. The agency offers a broad range of economic development initiatives for businesses and communities, including guidance, education, analysis, funding, and referrals to other partners. Business Oregon is an excellent resource for economic development questions that can benefit from a statewide knowledge base.

7. Oregon Department of Development and Land Conservation (DLCD)

DLCD can provide guidance and sometimes funding for some economic development planning efforts for local jurisdictions. The agency can assist with the technical aspects of updating the economic aspects of the Comprehensive Plan and development codes related to commercial and industrial land. A key aspect of local economic development (and the focus of this project) is ensuring the availability of the right types of sites with the proper zoning to accommodate projected economic growth.

8. Central Oregon Community College Small Business Development Center (COCC)

Central Oregon Community College’s district encompasses all of Crook, Deschutes, and Jefferson Counties, as well as the southern part of Wasco and northern portions of Klamath and Lake Counties. The Small Business Development Center (SBDC) at COCC provides expert business advice and education to help existing and future business owners grow and succeed. Their experienced team provides pro-bono guidance and advising in all aspects of funding and developing small business, plus their advisers and instructors offer practical courses and workshops to help business owners make smart business decisions and prosper. The center will help clients write comprehensive business plans, conduct financial forecasts, strategize marketing tactics, apply for funding, and improve operations.

9. Office of Small Business Assistance

The Office of Small Business Assistance serves as an advocate for small businesses and their interests from the Office of the Secretary of State. The office is meant to serve as an advocate outside of the executive and legislative branches, providing information on starting, growing, or closing a business. The office also can support small businesses who believe they may be facing unfair or excessive state regulatory actions helping to find resolutions.

IV. FORECAST OF EMPLOYMENT AND LAND NEED

CITY OF SISTERS EMPLOYMENT FORECASTS

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typically begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those trends into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated to two-digit NAICS sectors. Estimates in this analysis are intended for long-range land planning purposes and are not designed to predict or respond to business cycle fluctuation.

The projections in this analysis are built on an estimate of employment in 2020, the commencement year for the planning period. Employment growth will come as the result of net-expansion of businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth. Long-range forecasts typically rely on a macroeconomic context for growth. The forecast does not consider the impact of a significant exogenous shift in employment such as recruitment of a major employer.

OVERVIEW OF EMPLOYMENT FORECAST METHODOLOGY

Our methodology starts with employment forecasts by major commercial and industrial sector. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).

FIGURE 4.01: UPDATE TO 2020 BASELINE AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT



The first analytical step of the analysis is to update covered employment to the 2020 base year. The Quarterly Census of Employment and Wages (QCEW) data was used to determine the City of Sister’s covered employment by industry through 2018. To update these estimates, we use observed industry specific growth rates for Deschutes County between 2018 and 2020.

The second step in the analysis is to convert “covered”⁴ employment to “total” employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. Covered employment was converted to total employment based on observed ratios at the national level derived from the Bureau of Economic Analysis from 2010 through 2018. The differential is the most significant in construction, professional, and administrative services. The adjusted 2018 total employment base for the City of Sisters is 1,959 jobs.

FIGURE 4.02: UPDATE TO 2020 BASELINE AND CONVERSION OF COVERED TO TOTAL EMPLOYMENT

Major Industry Sector	QCEW Employment			Total Emp. Conversion ²	2020 Estimate
	2018 Employment	'18-'20 County Δ ¹	2020 Estimate		
Construction	120	2.1%	123	77%	159
Manufacturing	182	-2.2%	178	98%	182
Wholesale Trade	16	4.9%	17	98%	17
Retail Trade	388	-2.3%	379	95%	399
T.W.U.	26	0.2%	26	91%	29
Information	32	-4.6%	31	95%	32
Finance & Insurance	38	1.8%	39	91%	42
Real Estate	46	1.8%	47	91%	51
Professional & Technical Services	92	-0.2%	92	90%	102
Administration Services	39	-0.2%	39	90%	43
Education	138	1.8%	140	95%	148
Health Care	127	1.8%	129	95%	136
Leisure & Hospitality	499	-9.1%	454	95%	479
Other Services	90	0.2%	90	83%	109
Government	30	-2.6%	29	100%	29
TOTAL	1,863	-2.7%	1,812	93%	1,959

1/Growth rate calculated using CES data for Deschutes County

2/ Bureau of Economic Analysis

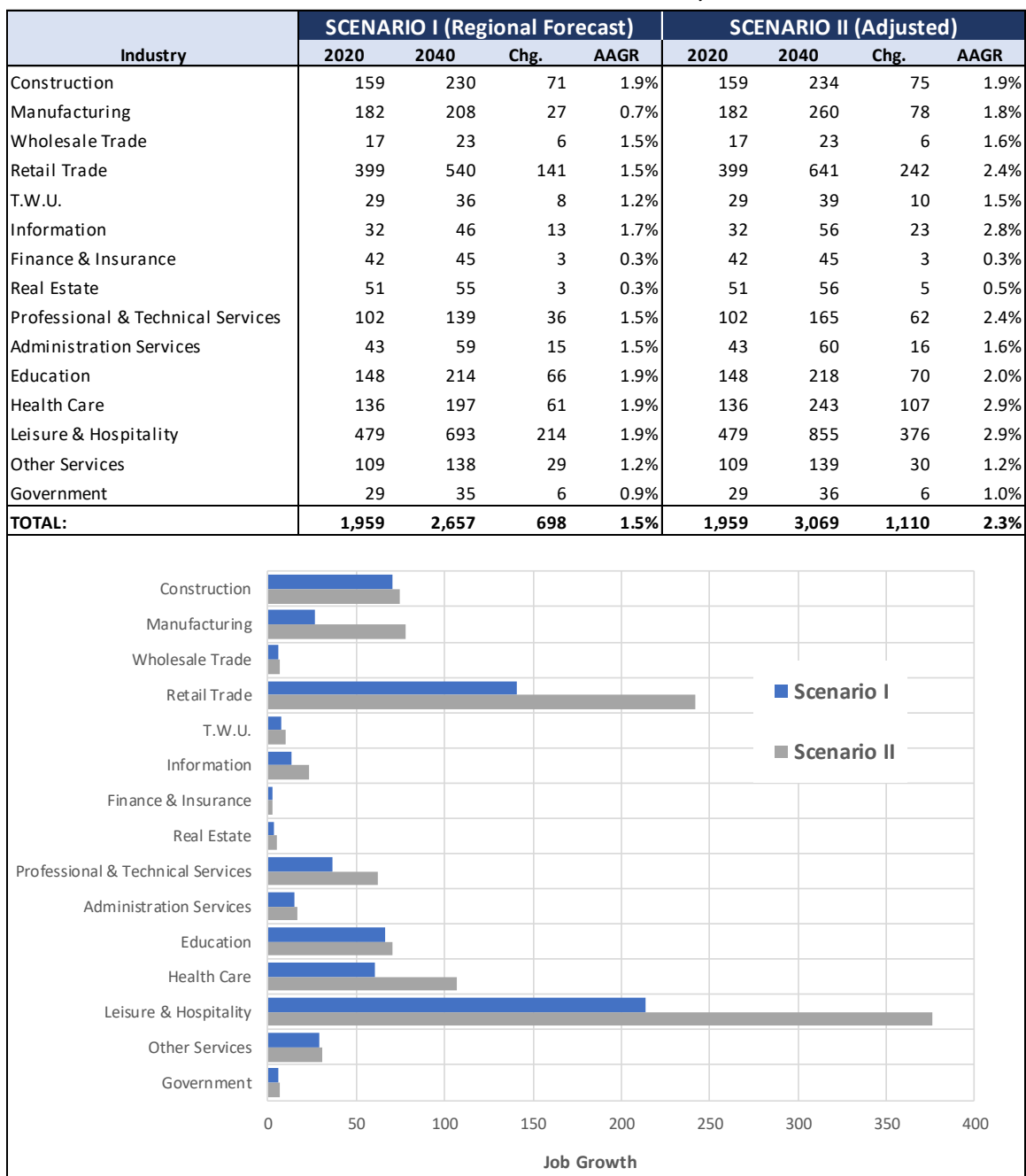
T.W.U. = Transportation, Warehousing, and Utilities

SCENARIO 1: SAFE HARBOR FORECAST

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The most applicable for the City of Sisters is 660-024-0040(9)(a)(A), which recommends reliance on the most recent regional forecast published by the Oregon Employment Department. This method applies industry specific growth rates for the Central Oregon Workforce Region (Crook, Deschutes, & Jefferson counties) to the City of Sisters’ 2020 base. This method results in an average annual growth rate of 1.5%, with total job growth of 645 jobs over the forecast period.

⁴ The Department of Labor’s Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are “covered” by unemployment insurance.

FIGURE 4.03: COMPARISON OF ALTERNATIVE FORECASTS, CITY OF SISTERS



SCENARIO 2: ALTERNATIVE EMPLOYMENT FORECAST

A second forecast scenario was influenced by the research and analysis conducted in the EOA. This scenario formulates an employment growth trajectory based on identified trends, a more optimistic growth outlook for targeted industries, and input from the project technical advisory committee. Further, the alternative scenario recognizes that economic development efforts and public policy can influence realized growth in targeted sectors. This scenario considers the influence of known or anticipated development over a near and medium-term horizon. This scenario forecasts an average annual growth rate of 2.3% for the period.

SUMMARY OF EMPLOYMENT FORECAST SCENARIOS

The two forecast scenarios in this analysis range from 1.5% to 2.3% average annual growth. Job growth estimates range from 698 to 1,110 jobs. The estimates in the preceding analysis are useful in creating a baseline understanding of growth prospects by industry. These are common and accepted approaches when looking at large geographic regions. Forecasts grounded in broad based economic variables do not account for the realities of local businesses and trends among evolving industries. Any long-term forecast is inherently uncertain and should be updated on a regular basis to reflect more current information. This is particularly true in a smaller jurisdiction such as Sisters, in which a single firm’s location and/or operational decision may substantively impact the rate of growth.

The forecasts were broken down into four five-year increments, assuming a consistent rate of growth over the period. We would fully expect that a twenty-year forecast will include multiple business cycles, and that growth will be variable.

FIGURE 4.04: SUMMARY OF PROJECTION SCENARIOS, CITY OF SISTERS

Industry	Overall Employment					Net Change by Period				Total 20-40
	2020	2025	2030	2035	2040	20-25	25-30	30-35	35-40	
SCENARIO 1 (Regional Trends)										
Construction	159	174	191	210	230	15	17	18	20	71
Manufacturing	182	188	195	201	208	6	7	7	7	27
Wholesale Trade	17	18	20	21	23	1	1	2	2	6
Retail Trade	399	431	464	501	540	31	34	36	39	141
T.W.U.	29	30	32	34	36	2	2	2	2	8
Information	32	35	38	42	46	3	3	3	4	13
Finance & Insurance	42	43	44	44	45	1	1	1	1	3
Real Estate	51	52	53	54	55	1	1	1	1	3
Professional & Technical Services	102	111	119	129	139	8	9	9	10	36
Administration Services	43	47	51	54	59	3	4	4	4	15
Education	148	162	178	195	214	14	16	17	19	66
Health Care	136	149	164	179	197	13	14	16	17	61
Leisure & Hospitality	479	525	576	632	693	46	51	56	61	214
Other Services	109	116	123	130	138	7	7	7	8	29
Government	29	31	32	34	35	1	1	2	2	6
TOTAL:	1,959	2,112	2,279	2,460	2,657	154	167	181	197	698
SCENARIO 2 (Modified)										
Construction	159	175	193	213	234	16	18	20	22	75
Manufacturing	182	199	217	238	260	17	19	20	22	78
Wholesale Trade	17	19	20	22	23	1	2	2	2	6
Retail Trade	399	449	506	569	641	50	56	64	72	242
T.W.U.	29	31	33	36	39	2	2	3	3	10
Information	32	37	42	49	56	5	5	6	7	23
Finance & Insurance	42	43	44	45	45	1	1	1	1	3
Real Estate	51	52	54	55	56	1	1	1	1	5
Professional & Technical Services	102	115	130	146	165	13	15	16	18	62
Administration Services	43	47	51	55	60	4	4	4	5	16
Education	148	163	179	198	218	15	17	18	20	70
Health Care	136	157	182	210	243	21	25	28	33	107
Leisure & Hospitality	479	553	640	739	855	75	86	100	115	376
Other Services	109	116	123	131	139	7	7	8	8	30
Government	29	31	32	34	36	1	2	2	2	6
TOTAL:	1,959	2,188	2,447	2,739	3,069	229	259	292	330	1,110

EMPLOYMENT LAND FORECAST

The next analytical step in our analysis is to convert projections of employment into forecasts of land demand over the planning period. The generally accepted methodology for this conversion begins by allocating employment by sector into a distribution of building typologies those economic activities usually

locate in. As an example, insurance agents typically locate in traditional office space, usually along commercial corridors. However, a percentage of these firms locate in commercial retail space adjacent to retail anchors. Cross tabulating this distribution provides an estimate of employment in each typology.

The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for market clearing vacancy we arrive at an estimate of total space demand for each building type. Historical development patterns in the Sisters area have been at lower densities than typical for many development types, particularly for commercial uses.

Finally, we can consider the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a “floor area ratio” or FAR. For example, assume a 25,000-square foot general industrial building requires roughly two acres to accommodate its structure, setbacks, parking, and necessary yard/storage space. This building would have an FAR of roughly 0.29. Demand for space is then converted to net acres using a standard floor area ratio FAR for each development form.

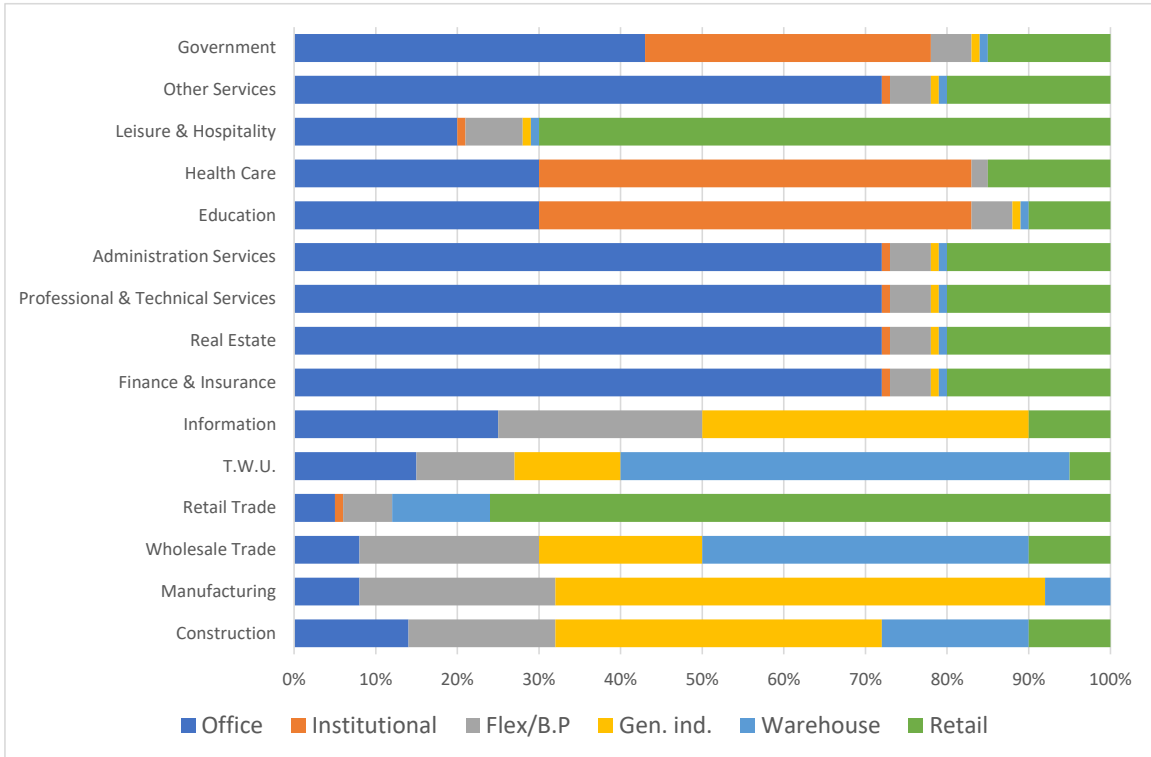
LAND DEMAND ANALYSIS – ADJUSTED FORECAST

In this analytical step we allocate employment growth into standard building typologies. The building typology matrix represents the share of sectoral employment that locates across various building types.

FIGURE 4.05: DISTRIBUTION OF EMPLOYMENT BY SPACE TYPE, CITY OF SISTERS

Industry Sector	20-year Job Forecast		BUILDING TYPE MATRIX					
	Number	AAGR	Office	Institutional	Flex/B.P	Gen. ind.	Warehouse	Retail
Construction	75	1.9%	14%	0%	18%	40%	18%	10%
Manufacturing	78	1.8%	8%	0%	24%	60%	8%	0%
Wholesale Trade	6	1.6%	8%	0%	22%	20%	40%	10%
Retail Trade	242	2.4%	5%	1%	6%	0%	12%	76%
T.W.U.	10	1.5%	15%	0%	12%	13%	55%	5%
Information	23	2.8%	25%	0%	25%	40%	0%	10%
Finance & Insurance	3	0.3%	72%	1%	5%	1%	1%	20%
Real Estate	5	0.5%	72%	1%	5%	1%	1%	20%
Professional & Technical Services	62	2.4%	72%	1%	5%	1%	1%	20%
Administration Services	16	1.6%	72%	1%	5%	1%	1%	20%
Education	70	2.0%	30%	53%	5%	1%	1%	10%
Health Care	107	2.9%	30%	53%	2%	0%	0%	15%
Leisure & Hospitality	376	2.9%	20%	1%	7%	1%	1%	70%
Other Services	30	1.2%	72%	1%	5%	1%	1%	20%
Government	6	1.0%	43%	35%	5%	1%	1%	15%
TOTAL	1,110	2.3%	23%	9%	8%	9%	6%	45%

FIGURE 4.06: ASSUMED DISTRIBUTION OF SPACE BY TYPE AND INDUSTRY SECTOR, CITY OF SISTERS



Under the employment forecast scenario, employment housed in retail and office space accounts for the greatest share of growth, followed by employment housed in institutional, general industrial, flex/business park, and warehouse/distribution space. The combined industrial employment is roughly equivalent to the employment allocated to office space.

FIGURE 4.07: NET CHANGE IN EMPLOYMENT ALLOCATED BY BUILDING TYPE, CITY OF SISTERS – 2020-2040

Industry Sector	NET CHANGE IN EMPLOYMENT BY BUILDING TYPE - 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Construction	10	0	13	30	13	7	75
Manufacturing	6	0	19	47	6	0	78
Wholesale Trade	1	0	1	1	3	1	6
Retail Trade	12	2	15	0	29	184	242
T.W.U.	2	0	1	1	6	1	10
Information	6	0	6	9	0	2	23
Finance & Insurance	2	0	0	0	0	1	3
Real Estate	3	0	0	0	0	1	5
Professional & Technical Services	45	1	3	1	1	12	62
Administration Services	12	0	1	0	0	3	16
Education	21	37	4	1	1	7	70
Health Care	32	57	2	0	0	16	107
Leisure & Hospitality	75	4	26	4	4	263	376
Other Services	22	0	2	0	0	6	30
Government	3	2	0	0	0	1	6
TOTAL	252	103	93	94	63	505	1,110

Employment growth estimates by building type are then converted to demand for physical space. This conversion assumes the typical space needed per employee on average. This step also assumes a market clearing vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. We assume a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Institutional uses are assumed to have no vacancy.

The demand for space is converted into an associated demand for acreage using an assumed Floor Area Ratio (FAR). The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

FIGURE 4.08: NET ACRES REQUIRED BY BUILDING TYPOLOGY, CITY OF SISTERS— 20 YEAR

	DEMAND BY GENERAL USE TYPOLOGY, 2020-2040						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	252	103	93	94	63	505	1,110
Avg. SF Per Employee	350	600	990	600	1,850	500	602
Demand for Space (SF)	88,000	62,000	92,400	56,700	115,800	252,600	667,500
Floor Area Ratio (FAR)	0.25	0.25	0.30	0.30	0.30	0.20	
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	
Implied Density (Jobs/Acre)	28.0	18.1	11.9	20.7	6.7	15.7	16.2
Net Acres Required	9.0	5.7	7.9	4.6	9.3	32.2	68.6

Commercial office and retail densities are 28 and 16 jobs per acre, respectively. Industrial uses range from 21 for general industrial to less than 7 jobs per acre for warehouse/distribution. The overall weighted employment density is just over 16 jobs per acre, with the projected 1,110-job expansion in the local employment base through 2040 requiring an estimated 68.6 net acres of employment land.

In addition to assuring adequate capacity for employment-driven land needs over a twenty-year horizon, local jurisdictions are also required to demonstrate that they have an adequate capacity of readily available sites to meet their more immediate needs, which are defined as employment land needs over the next five years. As shown in the following table, that need is estimated at 14.2 net acres in the City of Sisters.

FIGURE 4.09: NET ACRES REQUIRED BY BUILDING TYPOLOGY, SISTERS – 5 YEAR

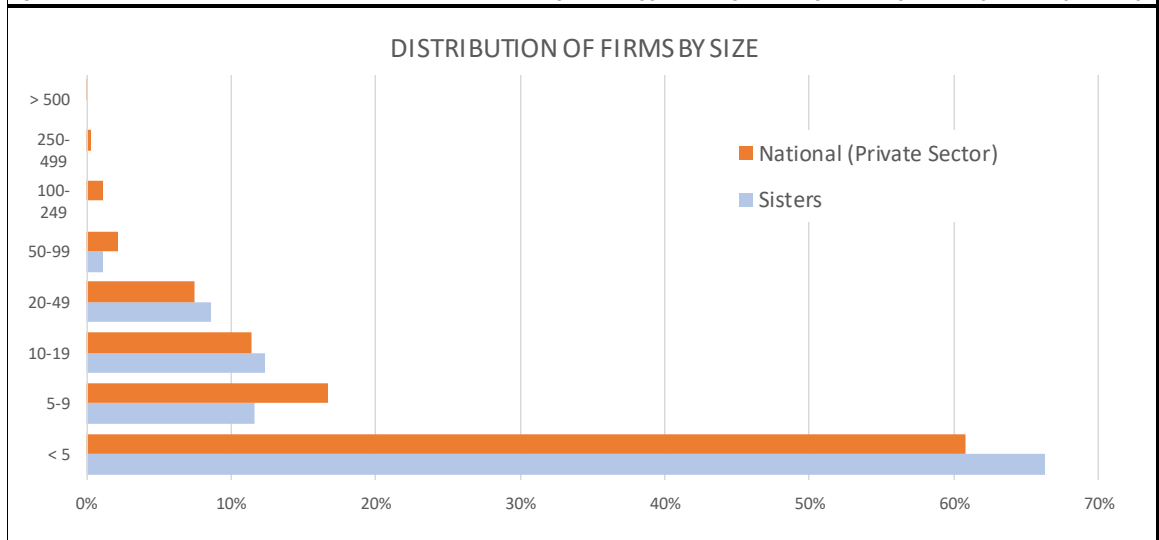
	DEMAND BY GENERAL USE TYPOLOGY, 2020-2025						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	52	21	19	20	13	103	229
Avg. SF Per Employee	350	600	990	600	1,850	500	602
Demand for Space (SF)	18,300	12,700	19,300	12,200	24,500	51,300	138,300
Floor Area Ratio (FAR)	0.25	0.25	0.30	0.30	0.30	0.20	
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	
Implied Density (Jobs/Acre)	28.1	18.2	11.9	20.6	6.7	15.7	16.2
Net Acres Required	1.9	1.2	1.6	1.0	2.0	6.5	14.2

There is a significant distinction between capacity and readily available site supply. The readily available inventory must currently have appropriate entitlements and infrastructure capacity to accommodate short-term development.

The local employment base is largely dominated by relatively small firms, with the local economic base showing a higher proportion than the national average for firms below 20 employees. The local economy had no firms with more than 100 employees in 2018.

FIGURE 4.10: DISTRIBUTION OF FIRMS BY SIZE, CITY OF SISTERS - 2018

Industry	Size of Firm/Employees								Total
	< 5	5-9	10-19	20-49	50-99	100-249	250-499	> 500	
Agriculture, forestry, fishing, and hunting	1	0	0	0	2	0	0	0	3
Mining	0	0	0	0	0	0	0	0	0
Construction	17	4	3	1	0	0	0	0	25
Food Manufacturing	0	0	2	1	0	0	0	0	3
Wood Manufacturing	2	0	2	1	0	0	0	0	5
Metals Manufacturing	2	1	1	0	0	0	0	0	4
Utilities	0	0	0	0	0	0	0	0	0
Wholesale trade	6	1	0	0	0	0	0	0	7
Retail trade	15	3	6	2	1	0	0	0	27
Retail trade	17	2	1	2	0	0	0	0	22
Transportation	2	0	1	0	0	0	0	0	3
Delivery and warehousing	1	0	0	0	0	0	0	0	1
Information	4	1	1	0	0	0	0	0	6
Finance and Insurance	11	2	0	0	0	0	0	0	13
Real Estate and Rental	9	0	2	0	0	0	0	0	11
Professional, Scientific, and Technical Services	25	1	0	1	0	0	0	0	27
Management of Companies and Enterprises	2	0	0	0	0	0	0	0	2
Administrative and Wast Management	7	2	1	0	0	0	0	0	10
Educational services	2	0	2	3	0	0	0	0	7
Health care and social assistance	17	4	2	1	0	0	0	0	24
Arts, Entertainment, and Recreation	4	0	0	2	0	0	0	0	6
Accommodation and Food Services	11	5	6	9	0	0	0	0	31
Other services	21	5	1	0	0	0	0	0	27
Government	1	0	2	0	0	0	0	0	3
TOTAL	177	31	33	23	3	0	0	0	267



SOURCE: State of Oregon QCEW Data

ADDITIONAL CONSIDERATIONS IN LAND DEMAND

Beyond a consideration of gross acreage, there is a significantly broader range of site characteristics that industries would require to accommodate future growth. We summarize some key findings here:

- Industrial buildings are generally more susceptible to slope constraints due to larger building footprints. For a site to be competitive for most industrial uses, a 5% slope is the maximum for development sites. Office and commercial uses are generally smaller and more vertical, allowing for slopes up to 15%.
- Most industries require some direct access to a major transportation route, particularly manufacturing and distribution industries that move goods throughout the region and beyond. 10 to 20 miles to a major interstate is generally acceptable for most manufacturing activities, but distribution activities require 5 miles or less and generally prefer a direct interstate linkage. Visibility and access are important to most commercial activities and site location with both attributes from a major commercial arterial is commonly required.
- Access and capacity for water, power, gas, and sewer infrastructure is more important to industrial than commercial operations. Water/sewer lines of up to 10" are commonly required for large manufacturers. Appendix A details utility infrastructure requirements by typology.
- Fiber telecommunications networks are likely to be increasingly required in site selection criteria for many commercial office and manufacturing industries. Medical, high-tech, creative office, research & development, and most professional service industries will prefer or require strong fiber access in the coming business cycles.

RECONCILING FORECASTED LAND NEED WITH CURRENT SUPPLY

As outlined in the Buildable Lands Inventory (BLI), the City of Sisters has a significant inventory of available sites to accommodate employment uses. An estimated inventory of 92.9 net acres of vacant and redevelopable land is available, with almost all sites adjacent to necessary infrastructure and services to accommodate development. Roughly 56% of this land is in Commercial zones, while 44% has Industrial zoning. Over 84% of this acreage is identified as “vacant”, and 16% in potential “redevelopment” sites. Most “redevelopable” acreage in the City is in commercial designations.

Comparing this inventory to the 20-year forecast of employment land need generated earlier in this analysis indicates that the City of Sister’s had adequate land capacity to accommodate its forecasted needs over this horizon. The overall projected demand for employment land is 74.2% of the estimated net developable acreage in the BLI, with the commercial inventory closer to the projected demand level at 85%.

A summary of the net developable acres and projected demand is presented below.

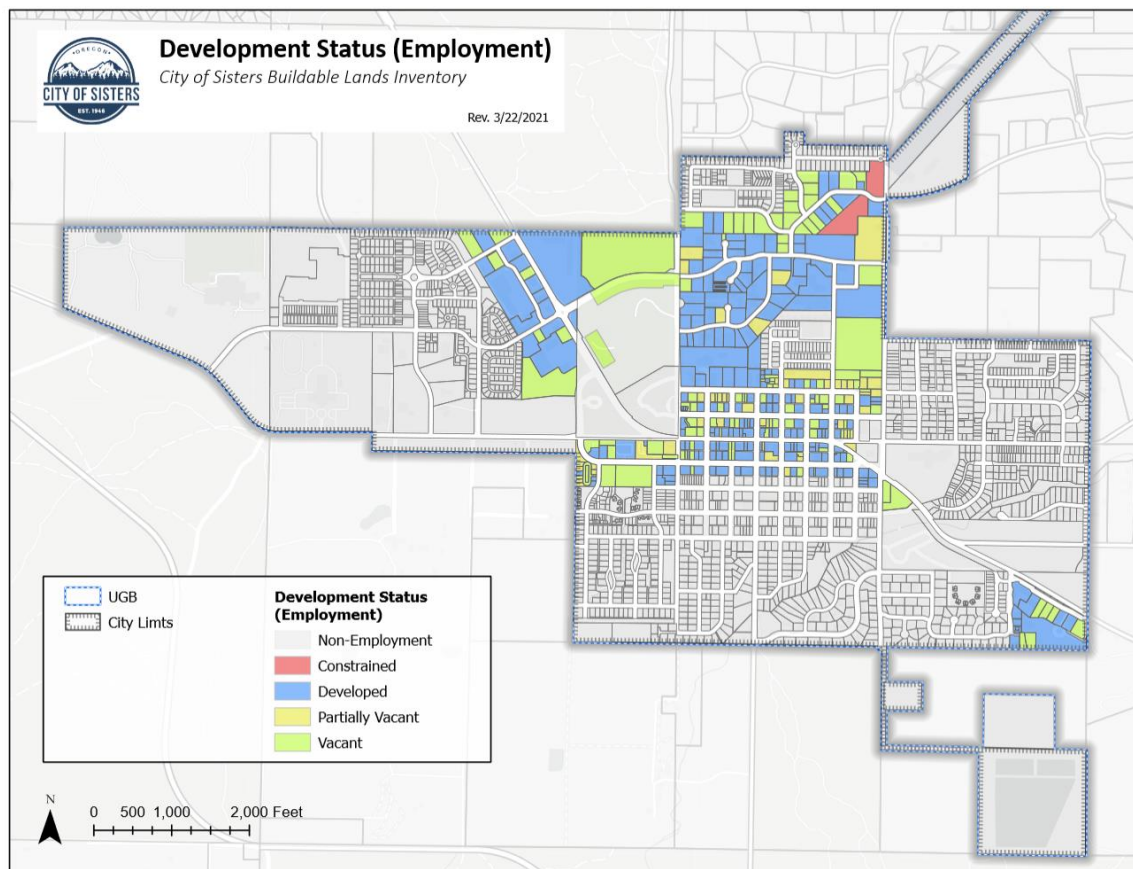
FIGURE 4.11: RECONCILIATION OF BLI CAPACITY AND PROJECTED DEMAND, CITY OF SISTERS– 20 YEAR

EMPLOYMENT ZONING DESIGNATION	NET DEVELOPABLE ACRES/BLI	PROJECTED 20 YR. DEMAND	DEMAND AS A % OF AVAILABLE
COMMERCIAL (RETAIL AND OFFICE)	55.1	46.9	85.1%
DC - Downtown Commercial*	38.2		
HC - Highway Commercial	13.6		
TC - Tourist Commercial	3.3		
INDUSTRIAL (INDUSTRIAL AND OFFICE)	37.4	21.8	58.2%
LI - Light Industrial*	23.3		
NSBP - North Sisters Business Park	14.1		
TOTAL	92.5	68.6	74.2%

**Office and institutional land demand split between commercial and industrial zoned parcels*

Industrial properties are primarily concentrated north of Highway 20, with commercial properties concentrated along the Highway 20 corridor and the downtown couplet with the highway and West Hood.

FIGURE 4.12: MAP OF EMPLOYMENT BUILDABLE LAND INVENTORY



Source: City of Sisters, Angelo Planning Group

There is currently sufficient buildable employment land within the urban growth boundary to accommodate the projected need for new development of these uses over the 20-year period. Given this surplus, the City can focus on readiness and marketing of available sites.

Due to the relatively small size of the Sisters economic base, the introduction of a large employer can have a substantive impact on magnitude of local growth. As a result, the performance of the local economy should be regularly monitored relative to the forecasts in this analysis, and the EOA updated if there is a significant shift in either economic performance or land use patterns.

V. ECONOMIC DEVELOPMENT STRATEGIES

This section discusses a range of strategies and/or action items that the city may consider that are consistent with the findings of this report. (Adoption of this report does not imply official commitment to any of these steps although some of these strategies may be incorporated in Comprehensive Plan policies in some form.)

- 1) **Identify local economic development point person:** The city should select a point person to ensure that the agreed upon next steps stemming from this EOA study are implemented. This local point person may coordinate with regional partners to facilitate broader economic development efforts (see below).
- 2) **Adoption of the EOA report and findings:** The City Council should consider formally recognizing this EOA report and its findings. This establishes the analysis as the underpinning of the Economic Chapter of the local Comprehensive Plan. Typically, at the time of adoption, the contents of the Economic Chapter will also be updated with an overview of findings from this analysis, and revised goals and policies (if any) stemming from the findings. Adopting the EOA helps establish a factual basis for other grants and planning efforts moving forward.
- 3) **Regularly Update and Support the Economic Development Strategic Plan:** The City of Sisters has been actively working with EDCO and the Sisters Economic Development Advisory Board (SCED) to prepare a strategic plan, with the most recent plan finalized in 2020. The plan will be updated regularly over time, providing timely and responsive direction on economic development issues. In addition to establishing broad goals and objectives, the economic development strategic plan contains a more comprehensive strategy reflecting short term conditions actionable items. This document informed the formulation of the target industry list in the EOA.
- 4) **Actively recruit and support companies, with a focus on targeted industries:** Potential actions in support of this strategy include developing and updating marketing materials, attending industry tradeshows, following up on referrals by partner organizations, publicizing the success of local businesses, and highlighting competitive advantages of the area for proposals.
- 5) **Prioritize childcare as a workforce readiness issue:** Childcare is a commonly identified need for working households if all adults are working, or working unusual hours, etc. This topic is increasingly raised as an important part of attracting and maintaining an available workforce. Home-based childcare businesses are also usually a category of self-employment, which is identified as a target industry.
- 6) **Continue regional economic development coordination:** Economic development efforts, including promotion and marketing campaigns, can be coordinated at the state and multi-county level to take some burden off scarce local resources. EDCO is a non-profit corporation supported by private and public members, and serves Crook, Deschutes, and Jefferson Counties. EDCO is involved in business attraction, retention, and support. The group is the natural lead for many of the economic

development steps that can be implemented regionally and has been an integral part of organizing the Sisters Area Economic Development Strategy.

- 7) **Ensure that available employment lands are listed on Oregon Prospector:** Business Oregon provides the Oregon Prospector tool which provides open, free data on available employment lands across the state, including both industrial and commercial properties. Buildings and development sites can be listed with extensive detail and pricing for prospective businesses. Economic development staff should ensure that key sites and buildings in the city are included and use the tool to track land transactions in their area. It also helps keep Business Oregon informed of available local properties, to guide prospective businesses.
- 8) **Branding:** Capitalize on Sisters' established brand, image, and reputation as a "community of choice" for lifestyle, quality schools, the arts, and scenic beauty.
 - *Bring together local and regional visitor organizations willing to partner with their existing marketing and advertising strategies for business development.*
 - *Create and implement marketing strategies around Sisters' signature annual events, including: The Sisters Rodeo, Folk Music Festival and Quilt Show.*
 - *Collaborate on vision for downtown and identify any needed gaps that should be addressed to continue to maintain a vital downtown.*
- 9) **Continue to grow workforce development opportunities:** The city and its partners should look for opportunities to grow workforce development, particularly in the trades, and around the target industries identified in this report.
- 10) **Provide incubator opportunities and small business services:** There are many agencies offering small business services in Oregon, including Business Oregon, the SBA, the USDA, EDCO, and others. On-going coordination and communication can ensure that agencies are leveraging each other's resources and not duplicating services. From a real estate perspective, smaller firms typically need smaller workspaces and will tend to lease in multi-tenant structures. The City should provide support for development of flexible multi-tenant spaces in employment areas. Actions the City should consider to actively encourage new light industrial space for new and existing companies include active recruitment of developer(s), matching of developers to prospective tenants, and finding private and/or public capital to support new construction. In addition, small firms are often under-capitalized and programs that provide funding or credit enhancement for items such as tenant improvements can be particularly useful for these firms.
- 11) **Support existing local businesses:** Meet with all interested companies in Sisters annually to identify opportunities and challenges. Survey companies during interviews and meetings to determine systematic roadblocks and opportunities to catalyze growth and expansion. Provide rapid and responsive follow up to all company meetings to resolve issues and capitalize on opportunities. The following specific actions that support local businesses were outlined in the current Economic Development Strategic Plan:
 - *Produce one "Made in Sisters" tour/event annually that features local businesses (included: annual luncheon and local program fund-raising/EDCO membership drive).*
 - *Partner with other local, regional, and statewide organizations to deliver best practices workshops locally (export strategies, OMEP events, industry associations, etc.).*

- *Support key industry events.*
 - *Support companies in continuous improvement and Lean implementation through Grow 3 Degrees, the Oregon Manufacturers Extension Partnership (OMEP) and private contractors.*
 - *Connect Sisters businesses to existing industry associations including the Technology Association of Oregon (TAO), Oregon Bioscience Association (Oregon Bio), Oregon Outdoor Alliance (OOA), Central Oregon Brewer's Guild, and other consortia that can add value.*
- 12) **Market local economic development resources:** Actively market Sisters enterprise zone, e-commerce zone, and the Deschutes County renewal energy development zone. Expand zone as required to capitalize on opportunities for job creation and diversification. Renew the zones as required and encourage local sponsors to offer additional incentives. Assist Sisters companies that qualify and are a good fit for the Deschutes County Economic Development Fund.
- 13) **Regularly assess economic performance vis-à-vis projections:** As part of the regular updating process for the Economic Development Strategic Plan, assess the local economic performance relative to the forecasts contained in the EOA. The EOA findings can be updated as required to reflect more current information and observed development patterns. The City should actively monitor the consumption of employment lands from the buildable lands inventory to assure that adequate and appropriate short- and long-term capacity is maintained for employment needs.