

REPORT TO THE MAYOR AND CITY COUNCIL OF THE DALLES
DECEMBER 2011

FROM THE

COMMITTEE TO IDENTIFY BARRIERS TO ECONOMIC DEVELOPMENT

Introduction:

The Committee members Mike Zingg (Chair), Andrea Klaas, Jim Broehl, Dwight Langer, Ron Schmidt, and Dana Schmidling were nominated by the Mayor and confirmed by City Council by Resolution No. 11-007 on February 28, 2011. The Committee received assistance and support from Carole Trautman, Dick Gassman, and Dan Durow with the Community Development Department.

The charge given to the Committee was to identify barriers that may be hindering economic development and provide recommendations to address those barriers.

The committee met on 10 occasions over 8 months. A total of approximately 20 in-person, one-on-one interviews were conducted with a cross-section of people in the community. (Some of these were only partial interviews so were not part of the tabulated results seen later in this report.) The interviews included; employers (large and small), business owners, elected and appointed officials, contractors, commission and committee members, and involved citizens. In addition, committee members added their own comments to the information gathered from the interviews.

Although the interviews did not follow scientific standards, they were done using a standardized format that captured a lot of useful and pertinent information. This format allowed each person to speak freely on those areas of special interest to him or her as well. Additional comments were recorded. The comments received were diverse in perspective, point of view, and passion.

In addition to interviews, the committee reviewed and discussed a broader list of topics, some of which included; system development charges (SDC), land use ordinances(LUDO), local improvement districts (LID), infrastructure (roads, water, sewer, storm water, airport, electric energy, and communication), schools, health care, planning, banking, utility rates, land availability, housing, and our urban growth boundaries.

Summary of Findings:

The Committee found that from an economic development outlook the community has much for which we should be grateful and much from which we can learn and improve.

A. Interview Findings Summary

This summary is a compilation of findings from the interviews. The interview format allowed many of the responses to be categorized and tabulated into “Positive, Neutral, or Challenge”. The color coding shows those categories that are predominantly **positive (green)**, **neutral (blue)**, and **challenge (red)**. For this summary, the positives and neutrals were added together and if the difference was greater than two (2) then the category was either positive or challenge; if two (2) or less, the category was determined neutral.

Category	Positive	Neutral (P+N)	Challenge
Utility Rates	11	3 (14)	2
How Does The Dalles Stack Up	10	1 (11)	7
Construction Costs	7	4 (11)	8
Comprehensive Plan/LUDO	3	6 (9)	6
Regulatory Agencies’ Attitudes	8	1 (9)	7
Tax Rates	6	2 (8)	10
Education (K-12)	3	1 (4)	12
Housing	3	0 (3)	13
System Development Charges	2	4 (6)	10

Community Strengths, in rank order. (8 = number of similar responses) Location / (4) Weather, Economic Development Efforts / (3) Small Town Attributes, I-84, Portland and PDX / (2) Government Efforts, CGCC. *Others* – utilities, economy, work force, outdoor activities, business people, planning, health care, and housing.

Community challenges, in rank order. (5) Schools, Economic Development Efforts / (3) Small Population, Housing, Labor Force / (2) Location, Infrastructure, Developable Land, Economic Base, Government, Market Area. *Others* – downtown, family environment, turnover of doctors, appearance, infighting.

Greatest Business Challenge. (2) Poor Economy, Community Support, City and County Planning Departments, No Challenges. *Others* – being an absentee landlord, being a normal hours business, appearance of the town, importing raw materials (environmental issue), work force, schools, lack of professional workers, financial mix, hard to do business, land supply.

What works well for business. (3) Location, Easy to do Business / (2) Work Force, Serving People, Government. *Others:* - planning department, hiring consultants, word-of-mouth, transportation facilities.

B. *Committee's Findings Summary:*

This summary is a compilation of findings from the interviews, the interview findings summary, and other collective personal experiences of committee members.

- The Committee found that there are two (2) categories of economic development challenges; those that are in the community's control and those that are not.
- The Committee found that there are two (2) groups of major industrial and commercial developers; larger developers, mostly from outside the area, and smaller developers, mostly from the local community.
- Larger developers will look at all community facets including; housing, schools, taxes, land availability, climate, location, work force, energy, transportation, and etc. For this group, local codes and SDCs are less significant than these other facets.
- Smaller developers are more concerned with local codes, process, and SDC charges, and see these as deterrents to development and/or their expansion. The committee noticed a large percentage of economic development comes from within the community from current businesses/employers.

Challenges:

1. Education (K-12)

- There is a strong community perception that School District 21 is not doing a good job. However, the Committee found that this perception is not an accurate reflection of the quality of education that is available. Whether a quality education is available or not, the negative perception is a barrier to economic development.
- The D-21 schools are less about buildings and more about students, teachers, and parents. A very good education can be had when all three care and are working toward the common goal of a quality education.
- School facilities are in great need of upgrading and refurbishing to better provide for a quality education and to give a better appearance to those that may want to relocate an existing business, or create a new business, in The Dalles.

2. Housing

- The housing stock is generally aging, lacks quality and in some areas upkeep, and there are few defined, uniform neighborhoods.
- Rental properties are generally full and command medium to high rents.

- Housing represents a major challenge for convincing those that may want to relocate an existing business, or create a new business, in The Dalles.
- Improvements to the housing situation will require a concerted effort by all interests.

3. System Development Charges

- SDC's are generally viewed by local developers as a burden, especially the Transportation (T)SDC. Larger developers either don't comment or are generally positive about the charges.
- The Committee found that the TSDC is the most challenging.

Neutrals:

1. Tax Rates

- Property taxes are generally thought of by those interviewed as necessary and on the higher end.
- The Enterprise Zone tax abatement program for industrial development has been an important tool for generating new jobs over the years.
- The community will be asked to vote on several bond measures in the near future for needed public facility improvements.

2. Regulatory Agencies' Attitudes

- Although the attitude of regulatory agencies was found to be generally neutral, there were a few notable exceptions that create development challenges.
- The attitude of regulatory agency personnel in serving citizens has a major effect on the ability of developers to complete projects, especially for those that only do developments on a rare occasion.
- The administration and enforcement of the fire codes is not working in partnership with the other economic development partners and is a barrier to economic progress. Current interpretation and administration of the fire code is viewed as harmful and punitive toward economic development and growth.

3. Construction Costs

- Although not a hindrance, it was noted that development costs can vary from less than Portland rates to at least as high. However, markets in The Dalles, compared to those in Portland or other larger nearby communities, cannot command the same return on investments or higher rents, making economic success less certain.

Positives:

1. Comprehensive Land Use Plan (CLUP) and Land Use and Development Ordinance (LUDO)

- The CLUP and its implementing ordinance, LUDO, provide certainty in development expectations and a level playing field for both outside and local developers.
- The CLUP and LUDO can be a challenge to the less experienced developer, most of whom are local people.
- The City Community Development Department's customer satisfaction survey is a good tool to measure the quality of service provided by planning staff.

2. Utility Rates

- Utilities rates for electric power, natural gas, water, and sewer, were a strong positive and the outlook is that we will remain very competitive into the future.

How Does The Dalles Stack Up?

The responses to this question tend to show that there is an overall positive attitude toward the economic development future of The Dalles.

C. Findings on Other Economic Development Matters:

- A. **Health Care:** The community's largest employer, Mid-Columbia Medical Center, has been a vital partner in providing services that support economic development and new jobs. However, the continuing challenge of recruiting and keeping doctors has been the source of many complaints over a long period of time.
- B. **Banking:** Since the loss of the local Bank, Columbia River Bank, financing local projects is subject to the approval of bankers living far from this community. This has become a barrier for those wanting to get financing for economic development projects.
- C. **Infrastructure:** The City's Urban Renewal program has proven to be an important tool in the Downtown area to build and replace infrastructure, create development opportunities, and be the catalyst that encourages private investment.
- D. **Downtown:** There appears to be a growing number of vacant buildings and rental space in the downtown area. The Oregon Main Street program is well underway and should be an important tool in helping to fill those vacancies and create greater demand for more space.

- E. Long-range Planning (Urban Growth Boundaries): Expansion of the State and Federal mandated urban growth boundaries is a critical component of all future economic development success in the community. Without the expansion of these boundaries, the existing boundaries will continue to be the major barrier for economic development.
- F. Leadership of local elected officials: This is a critical factor in effective economic development and the involvement of local elected officials is critical to the success of The Dalles economic development efforts. This committee feels that it is very important that our elected officials stay informed and are the strategic decision-makers who can connect the policy “dots,” be effective communicators, and take a leadership role in economic development. It is critical that elected officials, and the agencies they represent, collaborate with each other on a regular basis to ensure each agency’s goals and objectives support other area agency’s goals and objectives with regard to economic development.

We feel that all elected officials should be knowledgeable about economic development in order to be effective leaders. Here is a list of nine points to think about:

- What are The Dalles local strengths and weaknesses?
- How do we fit into the region/What do we have to offer?
- Do your agency’s goals support the City of The Dalles economic development vision?
- What are your agency’s economic development strategies?
- Connections between economic development and your agency’s policies.
- The Dalles regulatory environment.
- The Dalles economic development partners and stakeholders.
- Don’t forget about our existing businesses.
- What agencies’ attitudes are hindrances?

- G. Need for financing. The formation of a Community Economic Development Corporation and/or Fund was discussed that would assist businesses with financing, business planning, and mentoring.
- H. Tax rates. While tax rates were viewed as relatively neutral by those interviewed, the Committee notes that The Dalles has the second highest rate in the State. In order to keep the support of the community, the local tax assessing entities should coordinate and prioritize all future bond measure requests.

Recommendations:

1. Establish a standing committee to be comprised of Economic Development Partners for economic development that would report to the City Council at least annually on issues, action items, and progress. This committee would begin by January 2012 and have a first report within six months.
2. Select representatives of elected boards to meet annually to review barriers of economic development as reported by the standing committee.
3. Investigate the creation of The Dalles Community Development Corporation. The Standing Committee will appoint the research group. Due by March 2012.
4. Encourage and help to develop public relations strategies for School District D-21 that creates a positive image of K-12 education that our schools are achieving, and a clear picture of the facilities challenges and other challenges that face public education in the community.
5. Recommend that the standing committee task an Ad Hoc committee to develop a housing renewal program and to carry out a demonstration project. Pilot program to be completed by January 2013.
6. Review and amend the Transportation System Plan (especially the project list) and the transportation system development charges that are needed to accomplish the revised list. To be completed by December 2012. Staff can recommend group or continue it on as an Advisory Committee role.
7. The customer satisfaction survey used by the Community Development Department should be expanded to allow for customer responses to the services provided by other agencies involved in the permitting process. Surveys should continue to be compiled at the City Manager's office and sent out to the various agencies. To be completed by March 2012.
8. All local taxing entities should collectively coordinate and prioritize bond referendums with the assistance of the standing committee.

Suggestions:

1. Ask all local governments, agencies, private organizations, and citizens to use the Vision Action Plan as a guide when making decisions that affect the economic vitality of the community.
2. Continue the annual update of the LUDO and encourage interested individuals and groups to participate in the update process.

3. All economic development partners need to join in a common effort to support the expansion of the State and Federal urban growth boundaries to accommodate a 20-year and a 50-year buildable land supply. This is a highly critical issue for long-range economic development success.
4. Resources needed to update the infrastructure master plans for water, sewer, storm water, and transportation need to be identified so that these planning efforts are ready to be undertaken when the urban growth boundaries are expanded.

Final Words:

History may show that these economic times are the new normal. Past successes in economic development have been the result of many individuals being involved. Involvement and participation were recurring words used by those that were interviewed as keys to their own success as well. Each citizen of this community is a participant in the community's economic development efforts. The attitudes, the feelings, the messages shared with one another, or with someone looking to our community as a place for his or her home or business, all contribute to the community's success.

This report leaves unanswered questions but there will always be unanswered questions. After all, it's about progress not perfection.

The members of the committee would like to thank Mayor Wilcox and the City Council for asking us to serve the community in this capacity. We would also like to thank all those that volunteered their time to participate in the surveys and to thank the Community Development Department staff for their support of this Committee.

END OF REPORT