

City of Coos Bay

Economic Opportunity Analysis

Final Report

June 17, 2009

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Introduction

The City of Coos Bay is updating the Economic Development (Goal 9) element of their Comprehensive Plan. To assist with this effort, Cogan Owens Cogan, LLC and Marketek, Inc. (COC) are conducting an Economic Opportunities Analysis (EOA) in accordance with Oregon Administrative Rule (OAR) 660.009.0015, and the Oregon Department of Land Conservation and Development's (DLCD) Goals 9 (Economic Development) guidelines. This work was funded by a planning grant from DLCD.

Economic Development Vision and Goals

In accordance with OAR 660.009.0015(5), this section summarizes the City's economic development vision and goals developed based upon consultation with City, County, and state of Oregon staff, business and citizen leaders, and members of the project Advisory Committee.

Vision

The City of Coos Bay is developing a vibrant, dynamic economy capitalizing on its waterfront and proximity to a geographically unique area. The City is poised as the region's hub to support industrial growth.

The City's commercial and industrial economic development is a balance of increasing the amount and occupancy of useable industrial land and maintaining a focus on services, hospitality, the retirement community and related support services.

Economic Development Goals

- **Goal #1:** Encourage and support economic growth.
- **Goal #2:** Maintain and expand a diversified economy.
- **Goal #3:** Recruit businesses.
- **Goal #4:** Work to retain, expand and strengthen existing local businesses.
- **Goal #5:** Recruit sustainable industries and industries that provide "green-collar" jobs.
- **Goal #6:** Maximize use of Coos Bay's unique geographic and recreational assets and cultural heritage.

Community Economic Development Objectives

Based on review of Coos Bay's existing economic vision and goals, Comprehensive Plan policies, and interviews with City officials, DLCD staff and Advisory Committee members, the following are the City's community economic development objectives, in accordance with OAR 660.009.0020(1)(a):

- Create a more diversified economy.
- Become ready for economic opportunities aligned with 21st century trends.
- Promote housing necessary for economic development and enhanced quality of life.
- Encourage a range of housing types at different price points (including, but not limited to first-time home owners, workforce housing, and retirees).
- Support the creation of necessary improvements to the Oregon International Port of Coos Bay to attract and stimulate economic opportunities.
- Increase the City's short-term availability of industrial and commercial sites.
- Update the City's Buildable Lands Inventory (BLI) to reflect truly buildable land.
- Serve as a regional hub for commercial and professional support services.

Issues and Opportunities

The following issues and opportunities were identified through interviews with 12 stakeholders, and updated after meeting with the Advisory Committee in February, 2009. They helped guide the City's economic development and housing vision and policy updates. An additional record of the initial interviews is included in Appendix A.

Key Industry Changes

Like much of the Pacific Northwest, the Coos Bay region has seen continued decline of the wood-products industry. Interviewees estimate that the community has lost 80% of its water-dependent industry as well. Advisory Committee members feel it is time to embrace this change and re-align Coos Bay's employment strategies along 21st century growth industries.

Port Expansion

Due to its proximity to the Pacific Ocean, the Coos Bay (Port) harbor is well-positioned to serve as a regional marine trade center to accommodate the projected doubling of Trans-Pacific cargo between the years 2015 and 2020.

The Port District, Oregon International Port of Coos Bay (Port), has plans to develop marine industrial property on the North Spit of lower Coos Bay and expand marine terminal capacity in the harbor to handle bulk commodities, intermodal containers and possibly automobiles, and could potentially become the third largest container port in the Pacific Northwest.

This expansion is dependent on several key factors: depth and width modification of the federally-authorized Coos Bay deep-draft channel to

accommodate large cargo vessels and increased shipping traffic, rehabilitation of the Coos Bay rail line and private-sector investment in terminal facilities.

Commercial and Industrial Land Supply

There is concern among interviewees that Coos Bay lacks adequate industrial lands to accommodate economic growth. Many feel that the existing industrial land is encumbered by water-dependent use restrictions as stipulated in the City's Waterfront-Industrial (W-I); is difficult to build on due to topography and other environmental constraints; or is not of a size and contiguity suitable for industrial development. There is also limited commercial land available that is suitable for large format retail.

Transportation

Interviewees believe the Coos Bay area is challenged by a lack of adequate transportation infrastructure to support future economic development. The Central Oregon & Pacific (CORP) Railroad Coos Bay Line, a critical rail link between Coquille and Eugene was embargoed by CORP in September 2007. The rail line is in need of significant repair, including repairs to the rail bridge across Coos Bay. The rail is crucial for existing industries, the Port's expansion plans, and the development of industrial sites throughout the region. In December, 2008, the Port agreed to purchase and rehabilitate the CORP Coos Bay line.

The region has a new air terminal located in North Bend. The area is served twice-daily by SkyWest shuttles from San Francisco International (SFO) and twice-daily service to Portland International Airport (PDX).

Coos Bay's distance from a major interstate (Interstate 5) and the limited capacity of Highways 32 and 48 are considered constraints to attracting freight-dependant industries to the area.

Tourism Development

Interviewees say tourism is a key opportunity for Coos Bay. The region's access to outdoor recreational opportunities is significant and considered by some to be underexploited. Some feel the role of tourism in Coos Bay seems to conflict with the industrial/natural resources based psychology, history of the region and living wage jobs. However, this psychology may be transforming due to the success of Bandon Dunes, a world-class golf resort located south of Coos Bay in Bandon. Tourism is considered hindered by the aforementioned uncertainty regarding air service, a perceived lack of contemporary, recently updated hotel rooms and sufficient recreational/entertainment opportunities

Beautification/Revitalization

Interviewees say the waterfront beautification/revitalization of Front Street is considered central to attracting tourism to the community. The departure of water-dependent industries along Coos Bay's waterfront creates significant redevelopment opportunity.

Housing Affordability and Supply

Interviewees say housing is increasingly expensive in Coos Bay relative to the community's median household income. This represents a significant cost of living hurdle for younger, lower-income households.

According to interviewees, Coos Bay lacks an adequate supply of workforce housing. This may be due to several factors: there is increased market demand for single-family, upper-income housing on larger lots; the buildable residential land supply is not suitable in places due to topographical issues that make development infeasible; and median home prices have inflated over the past several years following the housing boom. Recently, more affordable homes are being built on smaller lots.

Economic Trends

National Overview

As of Fall 2008, the economic outlook for Oregon, Coos County and the Coos Bay area is inextricably tied to the U.S. outlook and the global marketplace. As a wave of negative signs gather force in the U.S., policy makers and investors are debating just how much the national economy could be affected in upcoming years. Underpinning much of the economic slowdown is the housing market, which is a year and a half into its response to the mortgage lending crisis and increased home foreclosures. Other recent worries, including rising energy costs, increases in unemployment, tepid job growth, a volatile stock market and declines in consumer spending, indicate a national economy headed for a recession.

The Bureau of Labor Statistics (BLS) tracks economic growth within the US and prepares 10-year growth forecasts based on a general view of the national economy, labor force growth rates, unemployment assumptions, exports and imports, consumer spending and other economic variables. Major trends reported by the BLS include:

- An anticipated annual employment increase of 1.0% through 2016, compared to 1.2% during the 1996 to 2006 time frame. Growth expected to be concentrated in service sectors, with the greatest growth in professional and business services, health care and social assistance. By 2016, service jobs are projected to account for more than three-quarters of all jobs.
- Increase in unemployment from 5.7% in July to 6.1% in August 2008—the highest unemployment rate since September 2003. Continued decline in non-farm payroll employment throughout 2008. The rise in unemployment despite job gains indicates that the labor force is growing faster than the number of jobs.
- Manufacturing sector expected to lose 1.5 million jobs by 2016, compared to a decrease of 3.0 million jobs from 1996 to 2006.
- Civilian labor force expected to grow by 12.8 million persons to reach 164.2 million by 2016. This increase is below that seen from 1996 to 2006, when the civilian labor force grew by 17.5 million.
- Aging “baby boom” population (persons born between 1946 and 1964) adding to the share of labor force over the age of 55 over the next 10 years. Increasingly diverse labor force as share of Hispanics, Asians and African Americans grow through 2016.

The Pacific Northwest & Coos County

Three economic regions make up the West Coast, including the Pacific Northwest (Seattle and Portland in the US and Vancouver, British Columbia), Northern California (San Francisco/Oakland) and Southern California (Los

Angeles). Although the Pacific Northwest is the smallest in terms of population and economy, its economic growth rate during the 1990s, as measured by Gross Metropolitan Product (GMP), was nearly double that of other West Coast regions. In 2004, the combined GMP for the region was estimated at \$254.4 billion and made up 16% of GMP for the West Coast.

In Oregon, the Coos/Curry County Region, located along the southern coast, makes up 40% of the state's coastline. Its largest population centers include the Coos Bay-North Bend area in Coos County and the Brookings-Harbor area in Curry County. During the housing boom of the early to mid 2000s, the region's construction-related industries flourished, including wood product, cement/concrete, metals and construction machinery manufacturing and lumber and building materials trade.

Following the recent housing downturn, however, construction and wood product manufacturing employment declined. In Coos County, employment in these industries fell by 80 jobs from 2006 to 2007, with losses surpassing expectations. The professional and business services sector, however, saw greater job losses of 420 jobs, contributing to an overall decline in employment by 230 jobs during that period. Industries with job growth during the 2006 to 2007 timeframe included educational and health services (140 new jobs), leisure and hospitality, government positions and food manufacturing. While the coast has few large manufacturing firms, the 15 firms employing 99 or more persons are concentrated in four industries – food, wood products, paper and fabricated metal product manufacturing. Of these industries, food manufacturing employs the most people (1,240 in 2007) followed by wood products manufacturing with 1,097 jobs.

Coos Bay

In Coos Bay, the area's geography and natural resources play an important role in the economy, from marine activity, to wood product manufacturing and forest management, to recreation and tourism. Local facilities include the Southwestern Oregon Community College, Port of Coos Bay and a state-of-the-art Bay Area medical center, attractive to retirees and the aging population of Oregon's south coast.

As Coos Bay plans for future economic development, these assets present the area with key opportunities for economic growth, including:

- Greater activity at the Port of Coos Bay, with increased bulk container shipments;
- Increase tourism capitalizing on the area's natural beauty and outdoor recreation activities; and
- Growth in the healthcare sector building on the Bay Area Hospital and other local medical care providers, as well as the aging population in the region.

Population & Employment Trends

Population Trends

Demand for new office, commercial, residential and institutional development and for additional public infrastructure is typically driven by population and employment growth. The socio-economic trend analysis focuses on the Coos Bay/North Bend region shown in Map 1 as the project study area. This study area, reaching from North Bend on the north to Charleston on the south and including the communities of the Empire District and Eastside, was selected because of the interdependence and similarities of economic activity. Comparisons to the City of Coos Bay, Coos County and the State of Oregon are made where appropriate. The City represents the project planning area, as it is coterminous with the Urban Growth Boundary.

Map 1
Coos Bay Study Area

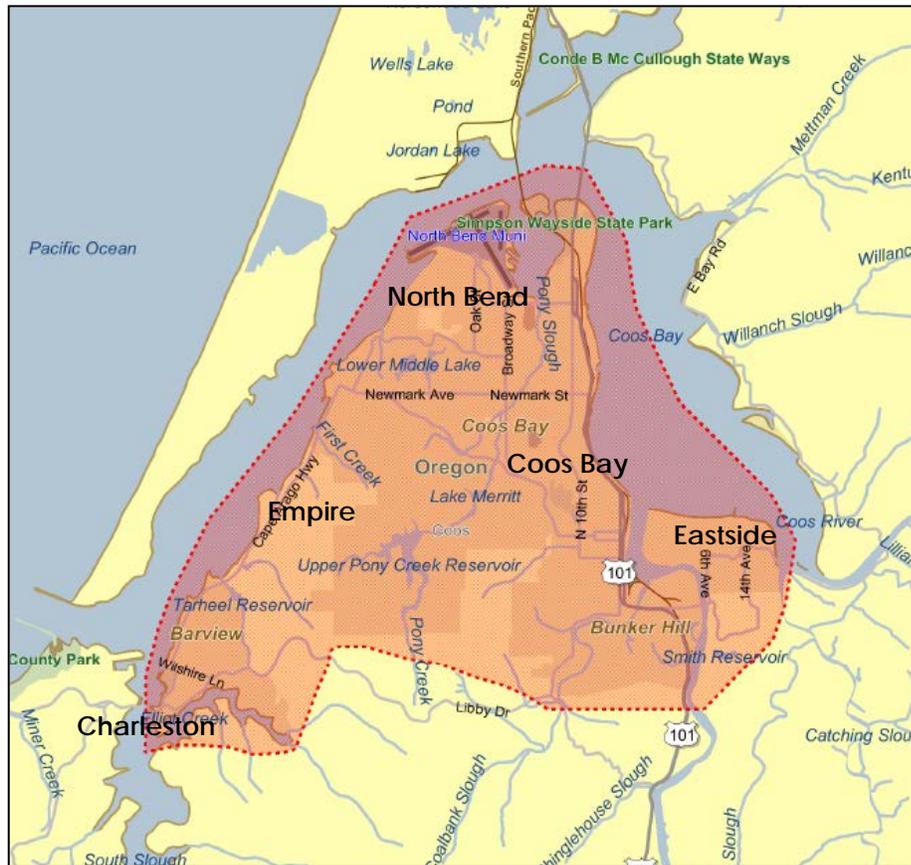


Table 1 displays population growth in the City of Coos Bay, the Coos Bay study area, Coos County and Oregon since 1990. The City of Coos Bay has an estimated population of 16,670 persons and the study area has an estimated 30,447 persons. Between 2000 and 2008, the City grew considerably faster than both the study area and the County over the last eight years, with average

annual growth rates of 1.06%, 0.15% and 0.03%, respectively. These rates are all below the growth rate throughout the state (1.44% per year over the same period).

Table 1

POPULATION GROWTH
City of Coos Bay, Coos Bay Study Area, Coos County and State of Oregon
1990 to 2008

Geographic Area	Avg. Ann. Change 1990-2000				Avg. Ann. Change 2000-2008		
	1990	2000	Number	Percent	2008 (Estimate)	Number	Percent
City of Coos Bay	15,231	15,372	14	0.09%	16,670	162	1.06%
Coos Bay Study Area	29,210	30,080	87	0.30%	30,447	46	0.15%
Coos County	60,273	62,799	253	0.42%	62,962	20	0.03%
State of Oregon	2,842,321	3,421,399	57,908	2.04%	3,814,725	49,166	1.44%

Source: Census 1990 and 2000; State and Coos Bay Study Area 2008 estimates from ESRI Business Information Solutions; City and County 2008 estimates from City of Coos Bay Housing Needs Analysis by Angelo Planning and based on PSU population estimates

Table 2 provides a demographic snapshot of the City of Coos Bay and the Coos Bay study area with comparisons to Coos County and Oregon. These trends show that:

- Current and historical median household income and per capita income in the City of Coos Bay and the Coos Bay study area are comparable to those of Coos County but below those of the state. Coos Bay median household income in 2008 is \$39,637 and per capita income is \$22,515; study area median household income is \$40,123 and per capita income is \$21,369.
- The city and study area populations are slightly younger than the county population, but older than the population statewide, with median ages of 42.0 years, 42.4 years, 46.4 years and 38.0 years, respectively.
- Educational attainment is lower in the city, study area and county than in Oregon. Approximately 17% of persons age 25 or over in these geographies have four year degrees or more, compared to 27.4% statewide.
- Migration trends are similar across the city, study area, county and state. As of 2000, roughly half of households moved within the last five years (46.9% in Coos County and 55.2% in Oregon).
- The percentage of the Coos Bay population living in poverty in 2000 was 15.8% in the city and 16.7% in the study area, above that of the county

(14.8%) and the state (10.8%). The poverty line is based on household type and size and, in 2000, was \$17,463 for a family of four.

Table 2

DEMOGRAPHIC SNAPSHOT
City of Coos Bay, Coos Bay Study Area, Coos County and State of Oregon

Demographic Indicator	City of Coos Bay	Coos Bay Study Area	Coos County	State of Oregon
Median Household Income				
1990	\$21,334	\$22,280	\$22,146	\$27,250
2000	\$31,240	\$30,942	\$31,629	\$40,947
2008	\$39,637	\$40,123	\$40,692	\$52,474
% Change ('90-'00)	46.4%	38.9%	42.8%	50.3%
% Change ('00-'08)	26.9%	29.7%	28.7%	28.2%
Per Capita Income				
1990	\$11,191	\$11,095	\$11,088	\$13,418
2000	\$18,158	\$16,968	\$17,547	\$20,940
2008	\$22,515	\$21,369	\$22,143	\$27,198
% Change ('90-'00)	62.3%	52.9%	58.3%	56.1%
% Change ('00-'08)	24.0%	25.9%	26.2%	29.9%
Median Age (2008)	42.0	42.4	46.4	38.0
Educational Attainment (2008)				
Four Year Degree or More	17.1%	16.9%	16.7%	27.4%
Associate Degree	7.5%	7.2%	7.7%	7.4%
Moved from 1995 to 2000 (2000)	52.0%	50.8%	46.9%	55.2%
Average Commute Time (2000)	14.0 min	15.2 min	19.9 min	22.2 min
Below Poverty Line (2000)	15.8%	16.7%	14.8%	10.8%

Source: ESRI Business Information Solutions

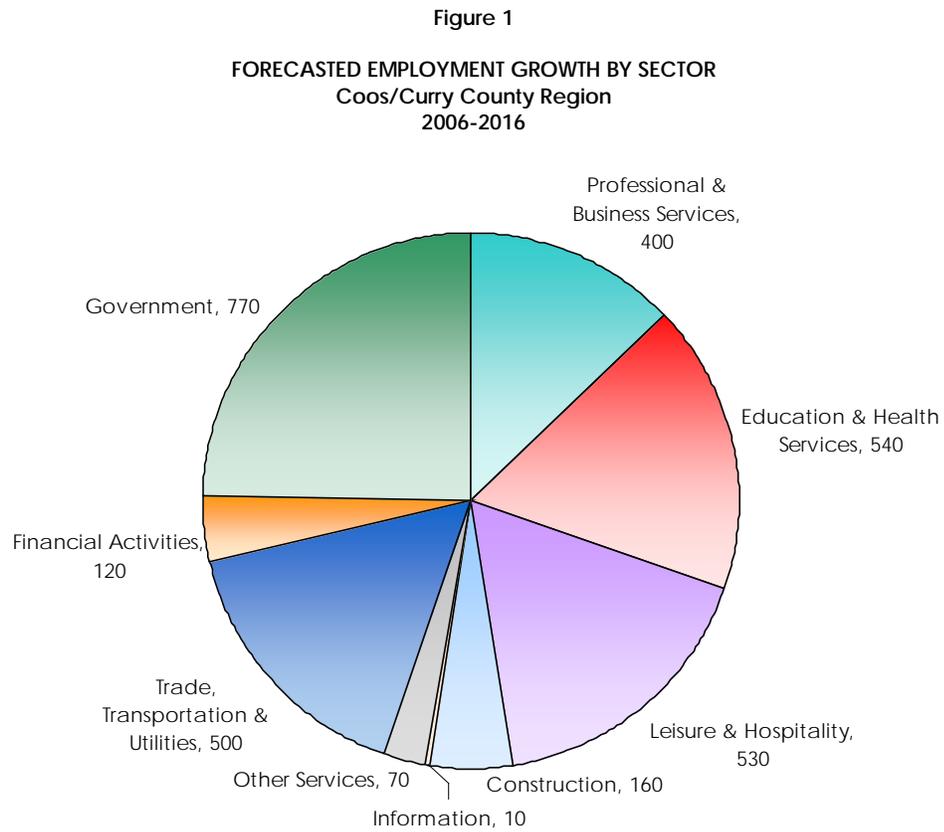
Employment Trends

Demand for new office and industrial space is generated by increases in employment, whether by existing local businesses expanding and adding workers or by business relocations or start-ups.

The Oregon Employment Department provides employment estimates and forecasts for several regions across the state. In the Coos/Curry County Region, the Employment Department estimates a total of 30,620 non-farm employees in 2006 (see Table 3). Sectors with the most employment in 2006 included Government (7,650 jobs or 25.0%), Trade, Transportation and Utilities (5,820 jobs or 19.0%), Leisure and Hospitality (3,680 jobs or 12.0%) and Professional and Business Services (3,290 jobs or 10.7%).

Employment is expected to grow at an average annual rate of 1.0%, reaching 33,620 by 2016. Figure 1 provides growth by economic sector for the Coos/Curry County Region and shows the following highest growth sectors and expected job increases:

- Government (including tribal employment) – 770 new jobs
- Education and Health Services (including assisted-living and nursing homes; does not include retirement housing without health services) – 540 new jobs
- Leisure & Hospitality – 530 new jobs
- Trade, Transportation and Utilities – 500 new jobs



Source: Oregon Employment Department

Table 3

NONFARM EMPLOYMENT FORECAST BY SECTOR
Coos/Curry County Region
2006-2016

Employment Sector	2006	2016	Change	Avg. Ann. % Change
Professional & Business Services	3,290	3,690	400	1.2%
Education & Health Services	2,800	3,340	540	1.9%
Leisure & Hospitality	3,680	4,210	530	1.4%
Construction	1,740	1,900	160	0.9%
Information	390	400	10	0.3%
Other Services	810	880	70	0.9%
Trade, Transportation & Utilities	5,820	6,320	500	0.9%
Financial Activities	1,440	1,560	120	0.8%
Government	7,650	8,420	770	1.0%
Manufacturing	2,250	2,180	-70	-0.3%
Natural Resources & Mining	750	720	-30	-0.4%
Total Non-farm Employment	30,620	33,620	3,000	1.0%

Source: Oregon Employment Department

In the Coos Bay study area, nonfarm employment is estimated at 16,360 in 2008, with approximately 64%, or 10,519 jobs located in the City of Coos Bay, according to a business summary report from ESRI Business Information Solutions. ESRI is a proprietary data service that collects updated economic data through public and private sources for use in geographic information systems (GIS)¹. Largest employment sectors in the Coos Bay study Area include Services (8,917 jobs or 54.5% of total jobs), Retail Trade (2,623 jobs or 16.0%) and Government (976 jobs or 6.0%). Table 4 lists major employers in Coos County.

¹ <http://www.esri.com/industries/business/index.html>

Table 4
Local Employment Base
Largest Employers
2008

Employer & Location	Type	Number of Employees
Bay Area Hospital, Coos Bay	Medical	1,040
CEDCE/The Mill Casino, North Bend	Entertainment	563
Affiliated Computer Services, Coos Bay	Services	534
Bandon Dunes, Bandon	Entertainment	527
Southwest Oregon Community College, Coos Bay	Education	405
Wal-Mart, Coos Bay	Retail	401
Coos County, Coquille	Government	384
Coos Bay School District, Coos Bay	Education	307
Roseburg Forest Products, Coquille	Manufacturing	320
North Bend Medical Center	Medical	242
North Bend School District	Education	225
South Coast ESD	Education	220
US Coast Guard, Coos Bay	Government	210
Safeway, Coos Bay	Retail	160
Fred Meyer, Coos Bay	Retail	156
Oregon Resources	Mining	60 (expected)
Georgia Pacific	Manufacturing	65

Source: South Coast Development Council and Marketek, Inc.

Target Industries

Regional Business Clusters

The Oregon Economic and Community Development Department conducted a Regional Trade Cluster Analysis for Coos, Curry and Douglas Counties in 2007 to identify major business clusters in the region. Clusters were classified as “high growth,” “established” or “emerging.” High growth clusters are defined as those with employment over 500, with positive average wage growth from 2001 to 2006 and with an employment growth rate that exceeded the region’s overall employment growth rate from 2001 to 2006. Established clusters were those with employment over 500 and positive employment growth or positive wage growth. Emerging clusters had positive employment growth *and* positive wage growth.

High growth clusters included Transportation Equipment & Parts and Business Services. Logistics & Distribution was the top ranked established cluster and Agricultural Products was the top emerging cluster. Table 5 provides the findings of this research.

Table 5

Coos, Curry and Douglas County Business Clusters

High Growth Clusters: High Employment, Increase in Wages, High Employment Growth Rate
Transportation Equipment & Parts (including barges) Business Services
Established Clusters: High Employment, Increase in Wages or Increase in Employment
Logistics & Distribution Metals Processed Food & Beverage Products Wood & Other Forest Products
Emerging Clusters: Increase in Wages and Increase in Employment
Agriculture Products Medical Products Electronics & Advanced Materials Information Technology

Source: Oregon Economic and Community Development Department

Coos Bay Targets

Identifying Coos Bay’s target industries over the next 20 years should reflect a realistic combination of community goals and aspirations, the current local and county employment base and Coos Bay’s assets and challenges in the context of the regional business clusters described above. A synopsis of industrial and commercial targets follows, based on research and local and agency interviews.

- Water-dependent industries and enterprises
- Industries that don't require access to Interstate 5
- Businesses relating to outdoor recreation
- Wood products and commercial fishing industries
- Solar and metal fabrication
- Technology industries dependent on location near fiber optic lines
- Tourism

Coos Bay Land Demand

Employment Forecasts

Job growth forecasts and business cluster opportunities discussed above translate into land demand forecasts. The analysis used for this study breaks employment into three general classifications for land: (1) Industrial, including construction & mining, manufacturing, transportation, communications & utilities and wholesale trade; (2) Commercial/Service, including retail trade, finance, insurance and real estate and services; and (3) Institutional/Government jobs. A fourth category – other/uncovered employment – is included to take into account home-based employment not included in employment counts; this factor is assumed to be 5% of covered employment (based on standards from the Department of Land Conservation & Development’s *Industrial & Other Employment Lands Analysis Guidebook*).

Table 6 displays estimated employment by type for the City of Coos Bay, the Coos Bay study area and the Coos/Curry County Region as of 2008 (estimated from ESRI Business Information Solutions). As shown, the Coos Bay study area contained 53.9% of total employment in Coos and Curry Counties in 2008. The City of Coos Bay accounts for approximately 64% of the Coos Bay study area, and 35% of total employment in Coos & Curry Counties.

Table 6

EMPLOYMENT BY TYPE
City of Coos Bay, Coos Bay Study Area and Coos & Curry Counties
2008

Employment Type	City of Coos Bay	Coos Bay Study Area	Coos & Curry Counties	Study Area Share	City of Coos Bay Share
Construction & Mining	387	550	1,326	41%	29%
Manufacturing	527	574	2,263	25%	23%
Transportation, Communication & Utilities (TCU)	414	556	931	60%	44%
Wholesale Trade	199	370	773	48%	26%
Industrial Jobs	1,527	2,050	5,293	39%	29%
Retail Trade	2,286	2,623	4,638	57%	49%
Finance, Insurance & Real Estate (FIRE)	474	797	1,642	49%	29%
Information	177	218	384	57%	46%
Services	5,268	8,917	15,175	59%	35%
Commercial/Service Jobs	8,205	12,555	21,839	57%	38%
Government	286	976	1,761	55%	16%
Other/Uncovered (5% of covered jobs)	501	779	1,445	54%	35%
Total Nonfarm Employment	10,519	16,360	30,338	54%	35%

Source: ESRI Business Information Solutions

To estimate increases in employment in the Coos Bay study area through 2029, Oregon Employment Department projections for the Coos/Curry County Region were used. Based on average annual increases in employment for Coos and Curry Counties from 2006 to 2016, employment by sector in 2029 was estimated for the county. The City of Coos Bay share or “capture” of county jobs in 2008 (from Table 6) was then used to determine potential employment or the employment capture in the area in 2029 (see Table 7).

Table 7

EMPLOYMENT PROJECTIONS BY TYPE
City of Coos Bay and Coos & Curry Counties
2008-2029

Employment Type	2016 Projected Employment in Coos & Curry Counties	Avg. Annual Increase (2006-2016)	2029 Projected Employment in Coos & Curry Counties	Total Increase (2006-2029)	2008 City of Coos Bay Share	2029 City of Coos Bay Projected Employment	Change in Employment City of Coos Bay (2008-2029)
Construction & Mining	2,620	13	2,789	299	29%	474	87
Manufacturing	2,180	-7	2,089	-161	23%	490	-37
TCU	1,230	6	1,308	138	44%	475	61
Wholesale Trade	520	3	559	69	26%	217	18
Industrial Jobs	6,550	15	6,745	345	29%	1,656	129
Retail Trade	4,570	41	5,103	943	49%	2,751	465
FIRE	1,560	12	1,716	276	29%	554	80
Information	400	1	413	23	46%	188	11
Services	12,120	154	14,122	3,542	35%	6,498	1,230
Commercial/Service Jobs	18,650	208	21,354	4,784	38%	9,990	1,785
Government	8,420	77	9,421	1,771	16%	574	288
Other/Uncovered	1,681	15	1,876	431	35%	650	150
Total Nonfarm Employment	35,301	315	39,396	7,331	35%	12,870	2,351

Source: Oregon Employment Department; ESRI Business Information Solutions

As shown, the City of Coos Bay is projected to have approximately 12,870 jobs in 2029, an increase of 2,351 jobs, or approximately 23% over the 2008 number. Table 8 summarizes projected population changes for the city, study area and county over the next 22 years, estimated by Angelo Planning for the Coos Bay Housing Needs Analysis and based on anticipated growth rates from the Oregon Office of Economic Analysis (OEA) housed within the Oregon Economic and Community Development Department (OECD). According to the OEA, the City of Coos Bay is expected to grow at an average annual rate of 0.10% to reach 17,018 in 2029. This growth rate is less than the average annual growth rate of 1.06% between 2000 and 2008 presented in Table 1, which represents historical growth. The study area is forecasted to reach 31,256 persons and the County to reach 64,634 persons.

Notably, employment within the study area is projected to grow at a considerably higher rate than the population over the next twenty years. This is in part due to the fact that the laborshed, especially on the coast, is larger than the study area or County, so the City of Coos Bay’s employment may grow at a faster rate than its population. Another factor is the use of different sources for forecasting. Population forecasts are based on Office of Economic Analysis

projected growth rates, while employment forecasts are based on Employment Department projections.

Table 8

POPULATION PROJECTIONS
City of Coos Bay, Coos Bay Study Area and Coos County
2008 to 2029

	2008 (Estimate)	2029 (Forecast)	Avg. Annual % Increase
City of Coos Bay	16,670	17,018	0.10%
Coos Bay Study Area	30,447	31,256	0.13%
Coos County	62,962	64,634	0.13%

Source: City of Coos Bay Housing Needs Analysis by Angelo Planning;
 Forecasts based on current Office of Economic Analysis projected growth rates

Coos Bay Retail Potential

This section reports Marketek's estimate of potential demand for additional retail and restaurant space in the Coos Bay study area. Potential demand for new space is generated based on two sources. The first, "existing demand," is demand for retail goods by current study area households that is now being met outside of the study area. The second, "future demand," is demand for retail space based on projected household growth within the study area over the next ten years. In each case, household expenditure trends (from the Bureau of Labor Statistics' Consumer Expenditure Surveys) by type of merchandise are applied to study area population figures to obtain potential sales volume by study area residents. Estimates of sales per square foot of store space (derived from the Urban Land Institute's *Dollar and Cents of Shopping Centers*) are then used to convert sales potential to supportable space estimates.

Table 9 shows potential and future demand for retail space by type of merchandise. The only merchandise category with existing demand for additional space is home improvement, specifically building supplies and garden equipment and supplies, which showed potential demand for an additional 12,824 square feet of store space. In other merchandise categories, supply in the Coos Bay study area is greater than demand by study area residents, meaning that the area is drawing shoppers who live outside its boundaries.

Household growth in the study area through 2018 is estimated to generate demand for 81,289 square feet of new retail space throughout the study area. Most of the future demand – 36,100 square feet – is for shoppers goods (i.e., apparel, home furnishings, home improvement goods or other specialty retail items). There is potential demand for an additional 20,056 square feet of store space for convenience goods, such as groceries and pharmaceuticals. Demand for restaurants/entertainment is the next highest, with the potential for an additional 18,869 square feet of space through 2018.

Together, existing and future demand show potential support for an additional 94,113 square feet of new retail space in the Coos Bay study area over the next ten years. This demand estimate accounts for most but not all commercial potential. Some sales are inevitably linked to persons living outside of the study area as well. These other markets include tourists/visitors to the area, households living nearby that come to the study area to shop and employees working in Coos Bay businesses who visit area stores and restaurants on lunch breaks or before or after work. Visitor spending tends to be highest for restaurant and bars, entertainment and convenience goods and, in 2007, was estimated at \$193 million for Coos County, up from \$137.4 million in 2000.

Coos Bay's ability to capture potential demand is based on the availability of quality commercial space and emphasis on understanding the retail niches that are needed and aggressive marketing to the local resident population.

Table 9

**SUMMARY OF POTENTIAL SUPPORTABLE RETAIL SPACE
Coos Bay Study Area
2008-2018**

Merchandise/Service Category	Existing Demand (SF)	Future Demand (SF)	Total New Supportable Space (SF)
Shoppers Goods			
Apparel	0	9,914	9,914
Home Furnishings	0	7,737	7,737
Home Improvement	12,824	8,603	21,427
Misc. Specialty Retail	0	9,846	9,846
Subtotal	12,824	36,100	48,924
Convenience Goods			
Grocery	0	16,653	16,653
Health & Personal Care	0	3,403	3,403
Subtotal	0	20,056	20,056
Restaurants	0	14,176	14,176
Entertainment	0	4,693	4,693
Personal Services	0	6,264	6,264
Total	12,824	81,289	94,113

Source: ESRI; Urban Land Institute; Marketek, Inc.

Land Demand Estimate

Table 10 outlines the methodology for estimating demand for vacant land for new commercial and industrial development based on employment growth forecasts for the City of Coos Bay. Based on employee per acre standards from the Oregon Department of Land Conservation and Development *Industrial and Other Employment Lands Analysis Guidebook*, employment forecasts were translated to acres of land needed to accommodate employment growth. Infill and land redevelopment will absorb some of this need for space and the remaining space will be developed on currently vacant land. Based on consultation with the City and local economic development organizations, and through COC's experience working on redevelopment and revitalization projects and research conducted on similar standards from Urban Land Institute case studies and other planning agencies, such as Metro, COC estimates that 25% of service and office job growth will occur on existing sites with the balance (75%) of anticipated new development on vacant land. For retail uses, the infill redevelopment rate is estimated at 50%. For this study, a redevelopment rate of 30% was used for Commercial/Service jobs and a redevelopment rate of 25% for Government and Other employment. Redevelopment rates for industrial land vary considerably. This analysis assumes a redevelopment rate of 0% - i.e., that any new employment on redeveloped parcels will be offset by existing employment moving to new sites. This means with regard to new industrial

development, an equal amount will occur on infill sites as will occur from existing industry expanding on industrial land.

Additional land will be required for public roads, utilities, easements and other types of public infrastructure. COC assumes 25% of total gross buildable land area is allotted to such public facilities. This assumption was considered reasonable by City staff based on guidelines provided in the DLCD *guidebook*. The adjustment results in an estimated need for 200 acres of vacant land based on anticipated employment growth in the City of Coos Bay.

The analysis shows that there will be an estimated need for 271 acres of total employment land in Coos Bay through 2029. Approximately 200 acres of this need will be for vacant land to accommodate forecasted employment in the City of Coos Bay. Note that the demand for 23 acres of vacant land for “other” employment includes sole proprietorships and other forms of uncovered employment not included in Oregon Employment Department estimates.

Table 10

**20 YEAR LAND DEMAND ANALYSIS
City of Coos Bay
Through 2029**

Type	Employment Growth Forecast (1)	Employees per Acre (2)	Land Needed (acres) (3)	Adjusted Land Needed (aces) (4)	% Vacant Land (5)	Vacant Land Needed (acres) (6)
Industrial	129	8	16	20	100%	20
Commercial/Service	1,785	14	127	159	70%	112
Government	288	6	48	60	75%	45
Other	150	6	25	31	75%	23
Total	2,351		216	271		200

(1) Increase in employment from 2008 to 2029 from Tables 6 and 7.

(2) Employees per acre from *Employment Lands Analysis Guidebook*.

(3) Employment growth divided by employees per acre standard.

(4) Land needed plus an additional 25% for public infrastructure.

(5) Estimated percentage of employment growth that will occur on vacant land rather than through infill/redevelopment.

(6) Adjusted land needed multiplied by percentage of vacant land needed.

Source: Marketek, Inc.; *Industrial and Other Employment Lands Analysis Guidebook*; Metro 2002-2022 Urban Growth Report

The near-term land requirements (i.e., land needed over the 2009 to 2014 period) are estimated to be a third of the total vacant land needed through 2029. According to the *Guidebook*, this estimate will allow for a competitive land supply allowing tenants to choose between a variety of locations that meet their

site needs. Table 11 summarizes near- and long-term demands for total and vacant land by employment type. Through 2014, 90 total acres of employment land will be needed, with 66 acres of that for vacant. Approximately 271 total acres will be needed through 2029, with 200 acres of that for vacant land. Of this demand, the majority is for commercial/service or government land (including employment on American Indian reservations). Together these uses will demand 75 acres of land (83% of all land demanded) in the near-term and 219 acres (83%) in the long-term.

Table 11

**SUMMARY OF INDUSTRIAL AND COMMERCIAL
LAND REQUIRED THROUGH 2029
Coos Bay Study Area**

Type	Near-Term Land Required (2009 to 2014)	Near-Term Vacant Land Required (2009 to 2014)	Long-Term Land Required (2009 to 2029)	Long-Term Vacant Land Required (2009 to 2029)
Industrial	7	7	20	20
Commercial/Service	40	28	159	111
Government	35	27	60	45
Other	8	6	31	23
Total	90	66	271	200

Existing Industrial and Commercial Land Supply

In accordance with OAR 660-009-0015(3), the following summarizes the existing industrial and commercial land supply for the City of Coos Bay.

COC worked closely with the City's Public Works and Engineering Department and Planning staff to conduct an inventory of existing buildable industrial and commercial lands in Coos Bay.

Using guidance from DLCDC's *Industrial and Other Employment Lands Analysis Guidebook (2005)* and agency staff, and in accordance with OAR 660-009-0015(3)(a)(A-C), the City created a base inventory consisting of select industrial and commercial parcels within Coos Bay's Urban Growth Boundary (UGB) using a tax assessor's database provided by Coos County.

The inventory consists of the following:

- **Vacant Industrial and Commercial Parcels.** Industrial and commercial properties within the UGB that have zero improvement value.
- **Potentially Redevelopable and Underutilized Parcels (infill).** Industrial and commercial properties that meet at least one of the following criteria:
 - The improvement value is less than \$10,000.
 - The ratio of assessed improvement value to land value is less than one.

The inventory does not include schools, cemeteries, federal/tribal land, tidelands and City parks. The City determined these lands to be permanently unbuildable.

The above methodology yielded an initial inventory of 368 industrial and commercial parcels, comprising approximately 350 acres. Following discussions with the City of Coos Bay, Advisory Committee Team Members, and through COC's field analysis, 45 parcels, comprising approximately 170 acres were eliminated from the inventory. This was primarily due to some inaccuracy of parcel status in the County's tax assessment records. Table 12 provides an updated aggregate inventory of acreage by type.

Table 12

AGGREGATE INVENTORY OF BUILDABLE INDUSTRIAL AND COMMERCIAL LANDS WITH COOS BAY UGB

Parcels by Type	Industrial		Commercial		Total	
	Parcels	Acreage	Parcels	Acreage	Parcels	Acreage
Vacant	48	14.83	224	155.37	272	170.20
Redevelopable/Infill	3	2.44	48	7.57	51	10.01
Total	51	17.27	272	162.94	323	180.21

In summary, there are approximately 180.21 gross acres of buildable industrial and commercial land within Coos Bay's UGB, comprising 323 parcels.

Table 13 provides a breakdown of parcels by City of Coos Bay zoning designation.

Table 13
AGGREGATE INVENTORY OF BUILDABLE INDUSTRIAL AND
COMMERCIAL LANDS WITH COOS BAY UGB BY CITY ZONING DESIGNATION

Coos Bay Zone		Parcels	Gross Acreage
C1	Central Commercial	25	3.54
C2	General Commercial	172	115.74
IC	Industrial/Commercial	79	36.76
WH	Waterfront Heritage	11	13.95
W-I	Waterfront Industrial	36	10.22
Total		323	180.21

DLCD specifies guidelines for eliminating acreage affected by near- and long-term constraints. The analysis currently includes the following constraints and their respective acreage:

- **Wetlands.** The City of Coos Bay does not currently have a local (Goal 5) wetlands inventory. For the purposes of this analysis, the City utilized data from the National Wetlands Inventory (NWI) to determine the presence of wetlands. Given the inaccuracy of the NWI, the amount of affected acreage was reduced by half, as per guidance from DLCD. This amount was removed from the parcel acreage, leaving an effective net-buildable acreage.
- **Steep Slope.** The City calculated the amount of parcel acreage affected by slope with a grade above 25%. This amount was removed from the parcel acreage, leaving an effective net-buildable acreage.

Additionally, there are three relevant constraints that should be recognized as having potential long-term implications to site suitability:

- **Tsunami Inundation.** The City determined the affected area for potential tsunami inundation. This area is illustrated on the BLI map, but not removed from the aggregate inventory as an environmental constraint due to potential mitigation measures and will be addressed through policy and code provisions on a parcel by parcel basis.
- **Estuary.** This area is designated in the Coos Bay Estuary Comprehensive Plan Element. Policies relating to areas affected by the Estuary are addressed in the Estuary Plan Element. The affected area is not illustrated on the BLI map due to it being entirely contained in the Tsunami Inundation Zone.
- **100-year Flood Plain.** The City acquired recent Federal Emergency Management Agency (FEMA) 100-year floodplain data for Coos Bay. This area was not removed from the aggregate inventory as an environmental constraint due to potential mitigation measures and will be addressed through policy and code provisions on a parcel by parcel basis.

Table 14 provides “net” industrial and commercial lands and the amount of constrained acreage.

Table 14
NET BUILDABLE INDUSTRIAL AND COMMERCIAL LAND
WITH LONG-TERM CONSTRAINTS REMOVED (ACRES)

Land by Zone	Parcels	Acres	Constraints (Acres)		Buildable Acres	Vacant Land	Potentially Redevelopable
			Wetlands	Slope			
Industrial	51	17.27	2.18	2.32	12.77	11.25	1.52
Commercial	272	162.95	4.88	16.11	141.96	134.51	7.45
Total	323	180.22	7.06	18.43	154.73	145.76	8.97

Approximately 7.06 acres of available industrial and commercial land are constrained by wetlands and 18.43 acres are constrained by steep slope above a 25% grade.

By removing environmental constraints, there are approximately 154.73 acres of net buildable industrial and commercial acres inside Coos Bay’s UGB, with 12.77 acres of industrial lands and 141.96 acres of commercial land.

Approximately 145.76 acres of this net buildable land is vacant, and the remaining approximately 8.97 acres is redevelopable/infill land.

Buildable lands can be classified by size according to the following thresholds:

- **Small Sites:** Less than one acre
- **Standard Sites:** 1- 10 acres
- **Large Sites:** Above 10 acres

Table 15 provides buildable industrial and commercial sites by size.

Table 15
BUILDABLE INDUSTRIAL AND COMMERCIAL SITES BY SIZE

Available Land by Zone	Total Sites		Large Sites		Standard Sites		Small Sites	
	Parcels	Acres	Parcels	Acres	Parcels	Acres	Parcels	Acres
Industrial	51	12.78	0	0	1	1.10	50	11.68
Commercial	272	141.96	3	32.01	19	49.76	250	60.18
Total	323	154.73	3	32.01	20	50.86	300	71.86

As the table illustrates, there are three large sites (32.01 acres, all commercial), 19 standard sites (50.86 acres) and 300 small sites (71.86 acres). Given the high number of small sites, to fully utilize this land for industrial and commercial purposes will require assembly of smaller, contiguous parcels into larger sites.

Table 16 provides a summary of buildable acres by land use type and corresponding zoning designation.

Table 16

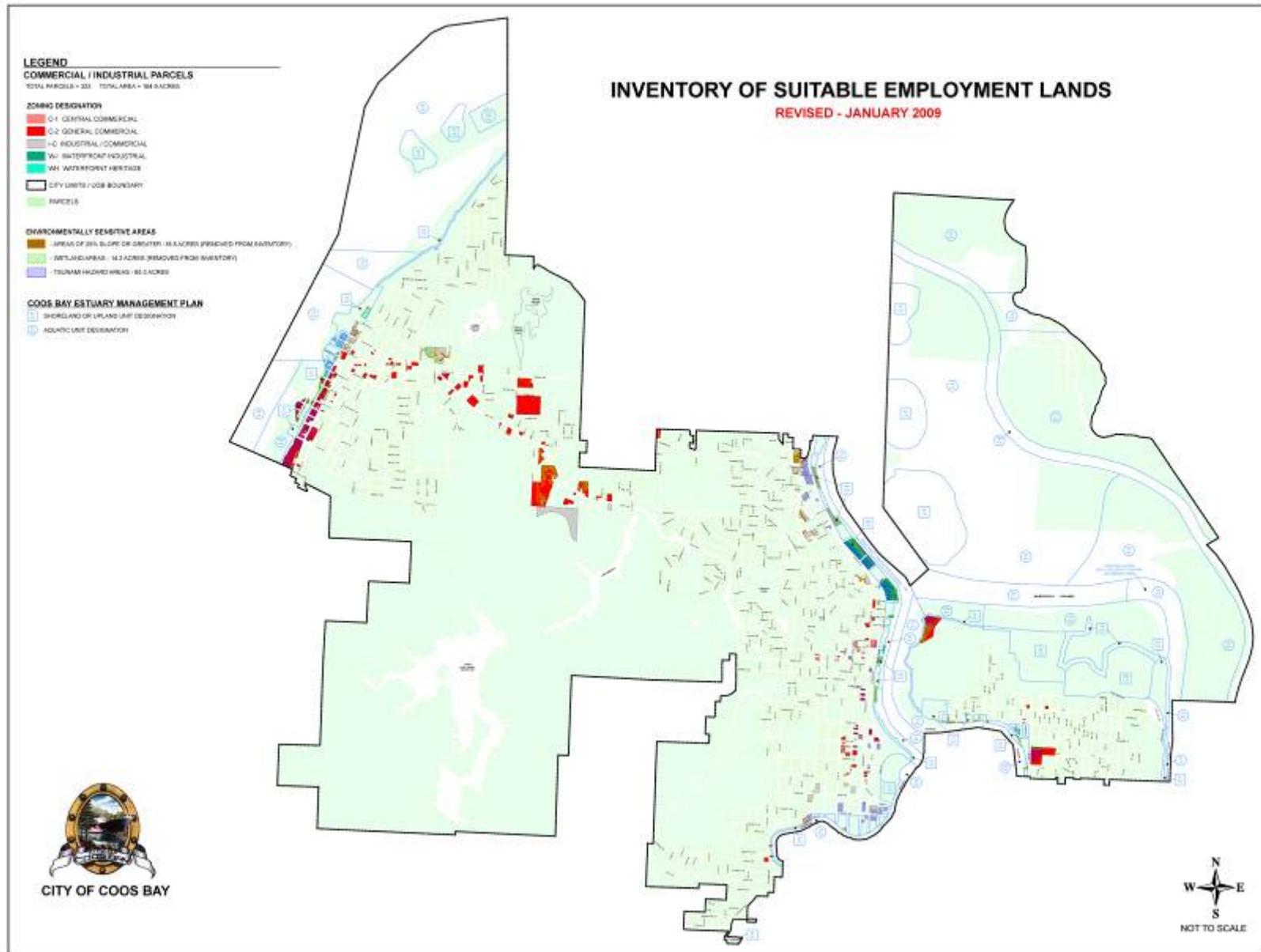
BUILDABLE INDUSTRIAL AND COMMERCIAL ACREAGE BY LAND USE TYPE AND ZONING DESIGNATION

Land Use Type	Coos Bay Zoning Designation (Acres)					Total
	C1	C2	IC	WH	W-I	
Industrial	0.00	0.00	4.96	0.00	7.82	12.78
Commercial	3.52	102.68	24.04	11.70	0.00	141.94
Total	3.52	102.68	29.00	11.70	7.82	154.72

As outlined in the above table, most of Coos Bay’s buildable land is allocated as Commercial (141.94 acres), while the 12.78 acres on industrial is distributed among Industrial Commercial (IC) and Waterfront-Industrial (W-I).

The following Buildable Lands Inventory map illustrates buildable employment land in Coos Bay:

Buildable Lands Inventory Map



In 2008, members of the City of Coos Bay Planning Commission conducted a separate field analysis to further assess the viability of each industrial site identified in the Buildable Lands Inventory based on the following criteria:

- Ownership pattern
- Local knowledge of the area
- Property location
- Transportation access
- Parcel size
- Site utilization factor

Planning Commission members identified 18 total industrial parcels comprising 17.3 acres considered viable for use. A breakdown of these viable parcels by their respective industrial zone is presented in the following table and map:

Table 17

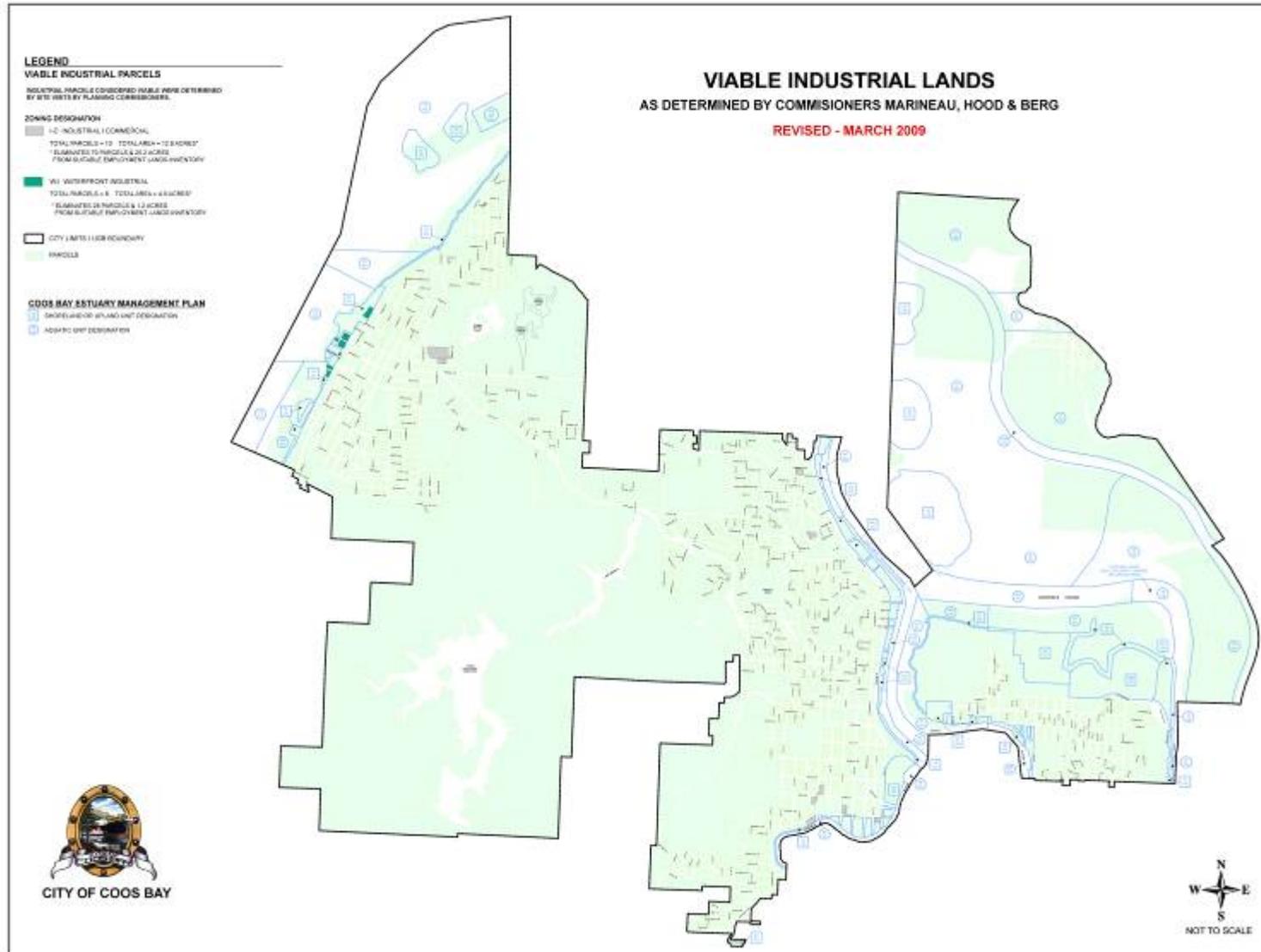
BUILDABLE INDUSTRIAL AND COMMERCIAL ACREAGE BY LAND USE TYPE AND ZONING DESIGNATION

Industrial Zone	Viable Parcels	Acres
I-C Industrial Commercial	10	12.8
W-I Waterfront-Industrial	8	4.5
Total	18	17.3

There is a difference of approximately 4.5 acres comprising 33 parcels between the inventory and the Planning Commissioner’s field analysis. This is primarily due to a discrepancy in the Comprehensive Plan designation for certain parcels in the Industrial-Commercial (I-C) zone. According to the City’s zoning code, the I-C zone encompasses both commercial and industrial uses. However, the BLI inventories land according to Comprehensive Plan designation. Given this, some I-C parcels are designated as commercial, while others are designated as industrial. The Planning Commissioner’s field analysis assumes all I-C parcels have an industrial comprehensive plan designation. The City has outlined an implementation policy as part of this analysis that more discreetly separates commercial and industrial uses in the zoning code according to Comprehensive Plan designation.

These sites should be carefully evaluated in an alternatives analysis associated with any future UGB expansion.

Viab Industrial Lands Map



Reconciliation of Land Demand and Supply

This section compares the near- and long-term demand for industrial and employment land with the existing supply of industrial and commercial acreage as identified through the Buildable Lands Inventory (BLI). The purpose of the reconciliation is to assess whether the City of Coos Bay has an adequate supply of suitable industrial and employment land to satisfy projected demand for the next 20 years, and serve as a basis for determining Urban Growth Boundary (UGB) expansion or other policy measures to increase the available industrial and employment land supply.

Table 18 compares the existing supply of buildable vacant industrial and commercial acreage with the projected 5-year land needs (near-term) identified in Table 11, Coos Bay currently has an overall near-term surplus of 79.76 acres of vacant land. This consists of approximately 89.51 acres of commercial land, offset by a 9.75 acre deficit of industrial land. More importantly, there is an overall long-term shortage of 54.24 acres consisting of 52.25 acres of industrial and 1.99 acres of commercial. This reconciliation assumes that government is an employment need that is potentially met by industrial and commercial land. Since Coos Bay does not have a zone specifically for government use, land demand allocated to government and other uses, comprising approximately 97 acres, was redistributed equally among industrial and commercial land needs.

Table 18
RECONCILIATION OF LAND DEMAND AND SUPPLY FOR VACANT LAND

Land by Zone	Vacant Acres	Near-term		Long-term	
		Needed Acres	Surplus/ (Shortage)	Needed Acres	Surplus/ (Shortage)
Industrial*	11.25	21	(9.75)	63.5	(52.25)
Commercial*	134.51	45	89.51	136.5	(1.99)
Total	145.76	66	79.76	200	(54.24)

* Land needed for "other" and "government" has been equally allocated to industrial and commercial need

Table 19 provides an overall breakdown of land needs by assumed parcel size. The overall land needs considers redevelopable/infill land in addition to vacant land.

COC and Marketek assumed the following parcel sizes for allocating acreage based on typical need by plan designation:

- **Small** = Parcels less than 1.0 acre, with an average size of .5 acres/parcel
- **Standard** = Parcels greater than 1.0 acre, but less than 10.0 acres, with an average size of 5 acres/parcel
- **Large** = Parcels greater than 10.0 acres, with an average size of 10.0 acres/parcel

Needed acreage was distributed by parcel size and compared to the current supply by parcel size (Table 15) to determine a net surplus or shortage by parcel size.

Table 19

OVERALL NEAR- AND LONG-TERM EMPLOYMENT LAND NEED BY PARCEL SIZE

Industrial											
Parcel Size	Near-term Parcels Needed	Acres Needed	Long-term Parcels Needed	Acres Needed	Vacant Parcels	Vacant Acres	Redev/ Infill Parcels	Redev/ Infill Acres	Total Parcels	Total Acres	Surplus/ Shortage
Small (.5 acres average)	18	9	42	21	47	10.91	3	0.77	50	11.68	(9.32)
Standard (5 acres average)	2	10	5	25	1	1.10	0	0.00	1	1.10	(23.90)
Large (10 acres average)	1	10	2	20	0	0.00	0	0.00	0	0.00	(20.00)
Total	21	29	49	66	48	12.01	3	0.77	51	12.78	(53.22)

Commercial											
Parcel Size	Near-term Parcels Needed	Acres Needed	Long-term Parcels Needed	Acres Needed	Vacant Parcels	Vacant Acres	Redev/ Infill Parcels	Redev/ Infill Acres	Total Parcels	Total Acres	Surplus/ Shortage
Small (.5 acres average)	22	11	60	30	202	52.73	48	7.45	250	60.18	30.18
Standard (5 acres average)	8	40	25	125	19	49.76	0	0.00	19	49.76	(75.24)
Large (10 acres average)	1	10	5	50	3	32.01	0	0.00	3	32.01	(17.99)
Total	31	61	90	205	224	134.51	48	7.45	272	141.96	(63.04)

Overall Industrial Land Needs

Coos Bay has an overall shortage of approximately 53.22 acres of industrial land. COC estimates that Coos Bay will need at least one large, two standard, and 12 small industrial parcels in the next 1-5 years to accommodate immediate market demand. Near-term demand accounts for approximately 33% of the projected 20-year industrial land demand. Meeting near-term demand for large parcels may be difficult as there are no large parcels identified in the inventory. A potential strategy may be to aggregate several small parcels to create additional standard or large-sized parcels.

Overall Commercial Land Needs

Coos Bay has an overall shortage of approximately 63.04 acres of commercial land. Coos Bay is anticipated to have a near-term need for 1 large, 8 standard and 22 small parcels. Again, near-term demand accounts for approximately 33% of the projected 20-year demand for commercial land. Accommodating near-term demand for large parcels is particularly significant as Coos Bay seeks to attract larger-sized commercial retailers to satisfy and better localize demand for goods.

Conclusion

Based on the reconciliation above, Coos Bay has an insufficient 20-year supply of industrial and employment land to satisfy projected demand.

Considering that the City is in need of immediate, near and longer-term industrial and employment land, consideration of rezoning and/or UGB expansion is warranted.

Implementation

To implement the economic development goals outlined in this report, The City of Coos Bay proposes to following policies to amend the City's Comprehensive Plan, In accordance with OAR 660-009-0020:

Recommended updated Comprehensive Plan goals and associated policies.

Goal 1: Encourage and support economic growth.	
	Policy
1.1	Enhance Coos Bay's role as a hub for support services for the south coast, commercial, financial, real estate, professional services (engineering, architecture), housing, etc.
1.2	Encourage and support assembly of small, contiguous industrial and commercial parcels into suitable sizes utilizing city-initiated efforts, such as the use of urban renewal, public private partnerships and real estate negotiation, site clearance assistance and brownfield remediation.
1.3	Collaborate both locally and regionally to provide an adequate supply of industrial land.
1.4	Focus industrial growth toward areas viable for industrial use; consider rezoning less viable industrial lands for redevelopment consistent with the City's overall vision and emerging market trends.
Action 1.4.1	Considering revising the City's Industrial-Commercial Zone (I-C) to ensure industrial use, including possible minimum use requirements for industrial, or more condition uses for commercial.
1.5	Support and cooperate with community and regional partners to encourage economic growth.

Goal 2: Maintain and expand a diversified economy.	
	Policy
2.1	Encourage expansion of recreational, cultural and eco-tourism industries by supporting, enhancing and expanding amenities and infrastructure from waterfront development to lodging options, including shopping, arts and entertainment.
2.2	Direct public investments toward creating an attractive downtown and waterfront setting that enhances Coos Bay and the Empire districts as areas where people want to live and do businesses.
2.3	Investigate expansion of the City's urban growth boundary to address the shortfall of industrial lands.
2.4	Pursue new industrial opportunities while supporting existing industrial uses.

Goal 3: Recruit service-oriented businesses.	
	Policy
3.1	Continue to offer programs that encourage business development and retention
3.2	Continue to facilitate efforts to enhance Coos Bay as a medical center for the surrounding area.
3.3	Continue to enhance our core area as a place to do business.

Goal 4: Work to retain, expand and strengthen existing local businesses.	
	Policy
4.1	Continue to support the creation of outdoor public gathering spaces as a way to strengthen community interaction with local businesses.
4.2	Continue to offer programs that strengthen local businesses.
4.3	Facilitate business investment and development by offering programs to fit their needs.

Goal 5: Recruit sustainable industries and industries that provide “green-collar” jobs.	
	Policy
5.1	Continue to support the Community College and other regional partners on workforce training and marketing efforts.
5.2	Create a sustainability action plan that identifies clear strategies and collaborative partnerships to help recruit and locate green and sustainable industries in Coos Bay.

Goal 6: Maximize use of Coos Bay’s unique geographic and recreational assets and cultural heritage.	
	Policy
6.1	Maximize the potential uses and benefits the waterfront and deep-water port offers to the city and region as a whole.
6.2	Support the Port of Coos Bay in its development efforts for transportation linkage and to develop a deep-draft channel to accommodate large cargo vessels and increase shipping activities and water-dependent uses.
6.3	Promote the waterfront as key to a recreational center and opportunity to increase awareness of Coos Bay’s rich maritime and logging history.
6.4	Promote the development of walking and bike trails throughout the City, ultimately linking with our neighbors, and continue to work towards the Coos Bay Waterfront Walkway to the North Bend Boardwalk for the mutual benefit of area residents, businesses and visitors.
6.5	Promote eco-tourism activities and the exploration and enjoyment of our natural surroundings.

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Appendix A

Economic Assets, Opportunities and Challenges

Interviews with 12 Coos Bay community and economic leaders, an August 2008 site visit and the professional observations of the Coos Bay EOA consultant team provided insight and perspective to the synopsis of Coos Bay’s economic strengths and weaknesses in the table below.

Although a host of factors influence the decision process for business expansion and attraction, among the key considerations are:

- Location and proximity to customers
- Labor costs and skills
- Business climate
- Industrial buildings and sites
- Size of community
- Transportation access
- Infrastructure
- Cost of doing business

The following represents perspectives from interviews with 12 community and economic development leaders in the Coos Bay area:

Physical Attributes	
Assets/Opportunities	Issues/Challenges
Completion of Southwest Oregon Regional Airport terminal expansion. Coos Bay harbor is well-positioned to serve as a regional marine trade center. Port of Coos Bay plans to expand marine terminal capacity to handle intermodal containers & bulk commodities are dependent in part on increasing channel depth and width, up to 10 years out.	Transportation infrastructure challenges: Lack of interstate access is impediment to trucking. Businesses highly dependent on truck transportation or access to the freeway are unlikely to locate in Coos Bay. Main rail line to Eugene has been discontinued with needed bridge repairs; 800 coastal jobs and development of key industrial sites depend on rail.
Coos Bay waterfront development is an attraction and continues to improve.	Coos Bay’s physical image somewhat ‘depressed.’ Highway 101 in need of beautification.
Business Climate	
Assets/Opportunities	Issues/Challenges
Local job opportunities more stable than historically through Mill Casino, Bandon Dunes and economic diversification. Southwestern Oregon Community College is an important partner to area business w/ focused Career	Declining school enrollments, #s of graduates and working age population. Attracting white collar professionals and some highly skilled industrial workers noted as a challenge.

Pathways and Industry Cluster Programs.	
Multiple economic development partners and collaborative leadership in the Coos Bay region.	Limited served, developable marketable industrial sites or buildings; inventory of industrial land scarce. Environmental and parcel size constraints often limit or significantly constrain development.
Residential and visitor markets are growing. Excellent community exposure with 21,300 average daily vehicle traffic ('07) on Hwy 101 at north city limits	Relatively small population base and low anticipated rate of growth (<1.0%/yr) will limit additional commercial expansion.
Served by electric (Pacific Power, Coos-Curry Electric, Central Lincoln PUD) and natural gas (NW Natural). Excellent, leading edge fiber system. Trans Pacific Communications Cable comes ashore in Bandon	
Enterprise Zone, Urban Renewal District and Business Incubator, with the South Coast Community College in place.	59 enterprise zones exist statewide, lessening the competitive advantage they offer; additional incentives are needed
Business investment has been steady with only small layoffs recently.	Limited transportation and market access
Business Base: Commercial and Industrial	
Assets/Opportunities	Issues/Challenges
Retail leakage is estimated at \$1.8 million w/in Coos Bay study area, creating opportunities to fill niches. Identified targets include: home improvement, and garden supplies.	Slow growing population base and low incomes do not favor commercial expansion and attraction of big box. Limited sites for large scale, big box commercial.
Relatively diverse economic base—metals, wood products, forestry, with private employment comprising 75%+ of the total. Strong forest/agribusiness industry including forest products, recreational fishing; Employment base is expanding, but at a slower rate than the state overall. Tourism spending in Coos County estimated at \$193.4 million in 2007.	
Opportunity to develop industrial property on the North Spit of lower Coos Bay, outside city limits.	Limited land/building availability for industrial expansion within the City and the study area overall; large lot (10 acre +) not available.
Small-to-mid size parcels and building space (<5,000 SF) are in greatest demand. Flexible commercial/lt. industrial space (20-40k SF) under development at airport.	Missed opportunities to site or expand small-mid-size companies due to limited, served developable land and building inventory.
Retirement population is on the rise with quality medical facilities to support this market.	Attracting medical professionals is hard

Mill Casino recently expanded convention capacity to 500+ breakout room for 200; attracting 25-30 large conferences/year.	Casino recently reduced workforce by 37 due to slow economy.
Business Base: Commercial and Industrial (continued)	
Assets/Opportunities	Issues/Challenges
Tourism has grown at 6.2% annually to \$193.4 mil in visitor spending countywide 2007. Additional recreation-serving businesses and boat docks identified as visitor-related needs.	Majority of tourism jobs are lower skill and lower wage retail and service.
Good base of hospitality services with 970 hotel rooms in Coos Bay, North Bend and Charleston. Recreational tourism growth potential particularly with Bandon Dunes' expansion to 4 courses. Mill Casino just added 92 rooms.	Additional overnight lodging is needed to capture more visitors spending.
Quality of Life	
Assets/Opportunities	Issues/Challenges
Historic downtown Coos Bay has made strides in physical appearance. Recent action plan by Oregon Downtown Development Association provides suggestions.	Downtown vacancies and business mix send a negative message to business prospects. Sprawl on Highway 101 dilutes the potential for downtown's success.
Easy access to highly scenic coastal area; numerous outdoor recreational options (fishing, golfing, kayaking, biking/cycling, dunes) offers affordable price point for vacationing families.	
Relatively affordable cost of living—median home values are considerably lower than Oregon overall: \$166,132, Coos Bay vs. \$280,043.	Owner-occupied housing is very low, 55% compared to 60% for Oregon.