

September
2022

ASHLAND CHAMBER OF COMMERCE ECONOMIC DIVERSIFICATION STRATEGY



Prepared
for the Ashland
Chamber of Commerce

ECONorthwest
ECONOMICS • FINANCE • PLANNING



TABLE OF CONTENTS

A	Executive Summary	A
1	Introduction	1
2	Study Framework	3
3	What the Data Say	6
4	Engagement.....	31
5	Peer Cities and Industry Trends.....	40
6	SWOT Analysis	45
7	Economic Diversification Action Plan.....	61
8	Appendix A: Ashland Economic Profile	89
9	Appendix B: Additional Survey Responses	95

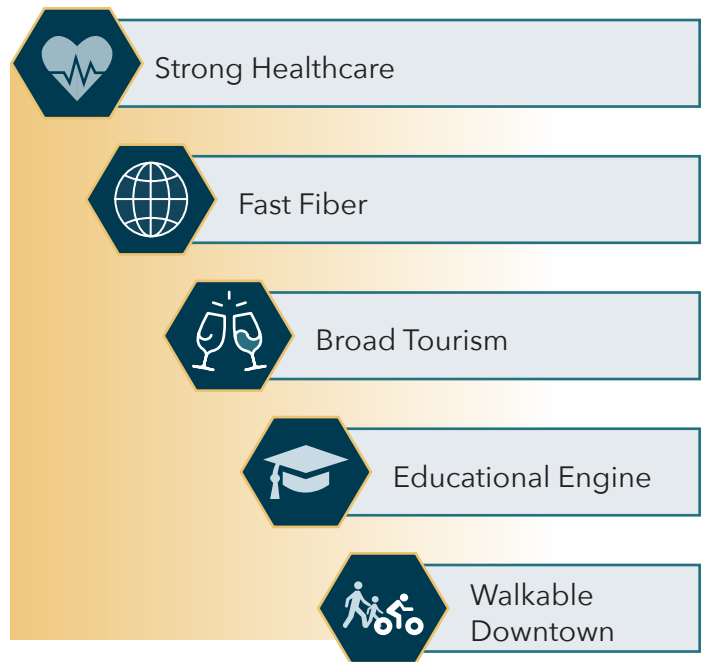
Ashland has been tested. Wildfires, a pandemic, business restrictions, school closures, heat waves and shuttered venues. It has dealt with more in the last five years than it had in five decades prior. One of the results has been a chance at deep reflection. What drives the economy? How does the city adapt to climate impacts? How can the community remain affordable to young families? For as much that has been lost, the city and Chamber have gained insight, strengthened partnerships, and demonstrated a resiliency that it will build from as it emerges into a new era.

This study explores what makes Ashland great, what it still struggles with, what could hobble its growth and what it can do to create a more balanced, equitable economy. In-depth data analysis was partnered with extensive engagement to develop a deep understanding of where Ashland currently is and where it needs to go. To find success, any actions will require partnerships and financial investments that span the public and private sectors. Certain concepts will carry risk, as the city attempts to foster growth in new corners of its economy to better manage any future disruptions.

A SMALL CITY WITH BIG AMENITIES

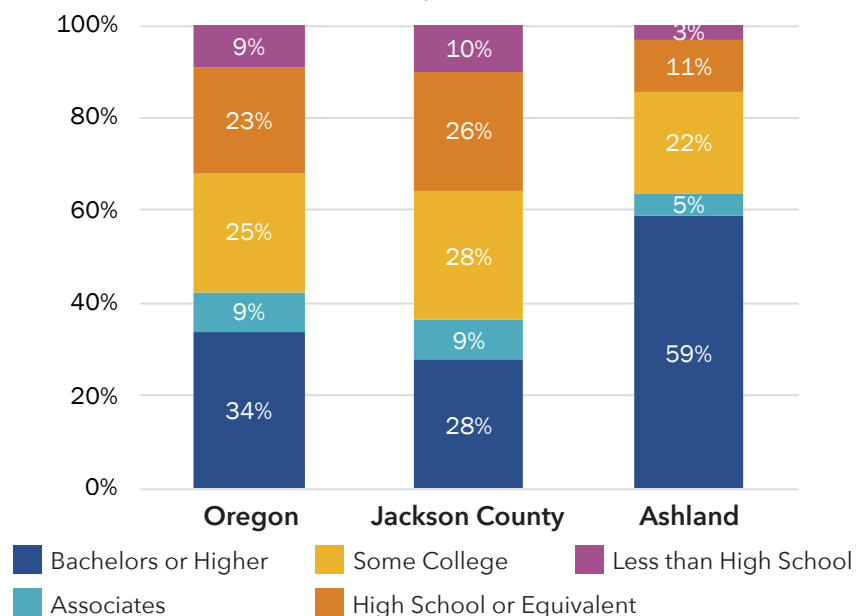
For a city of 21,000 people, Ashland has foundational strengths that many other cities its size aspire to have. A growing population of highly educated residents, an excellent school district, employers in growing sectors like health care and solar, a wide variety of local amenities and a welcoming attitude that attracts visitors, residents, and employers.

From our work we found the following **STRENGTHS** to be the most relevant to economic diversification:



Educational Attainment For Population 25 Years Plus, Ashland, Jackson County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B15003.





HIGH HOUSING COSTS IMPACT LABOR

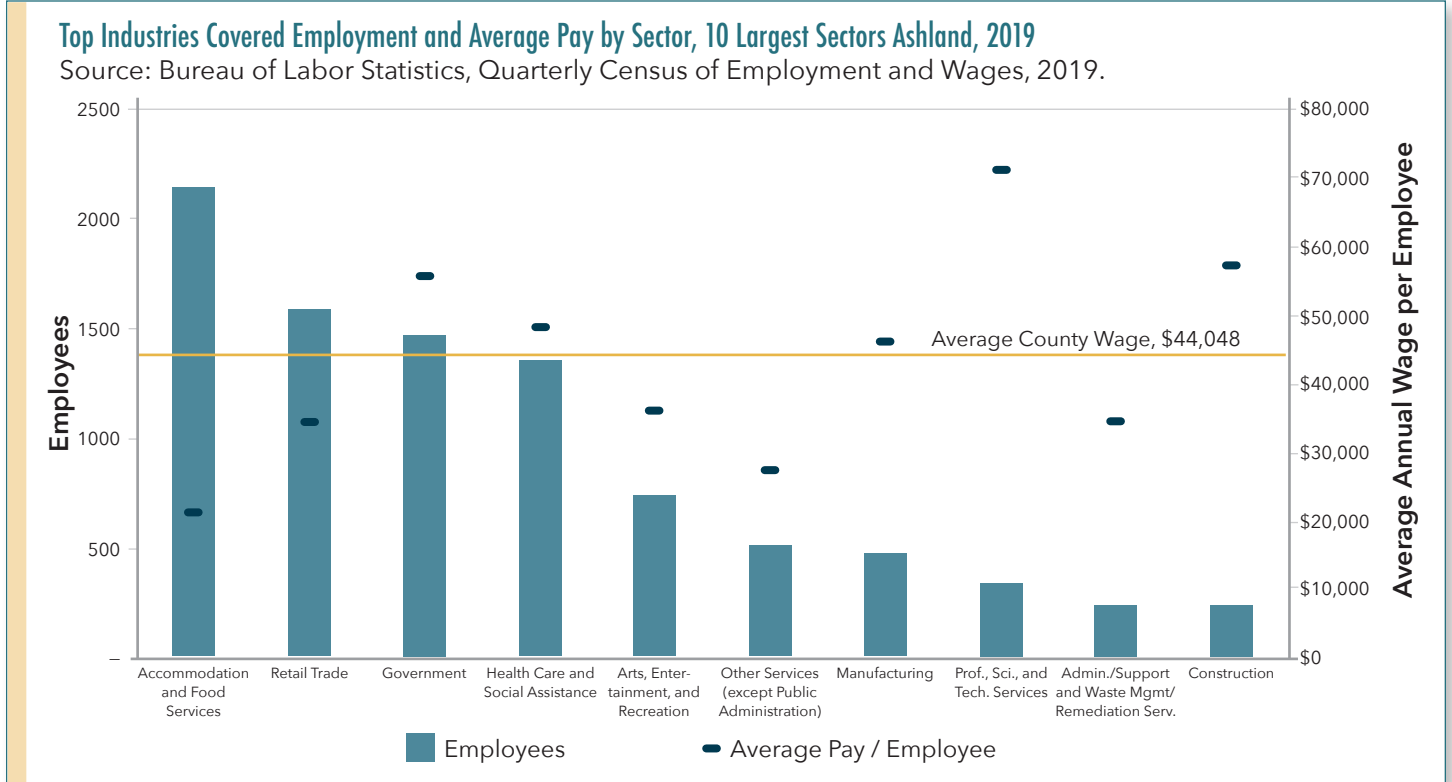
Attractive places to live often struggle to stay accessible as they grow. Housing production in Ashland has not kept pace with demand, and many of those that exist have shifted to short-term rental units. As such, the increase in housing prices have made it difficult for many of the people who work in Ashland to afford to live there. This is part of a larger regional issue, as many people have gradually begun to live elsewhere in the Rogue Valley for more

affordable housing options. Now, other cities in the Rogue Valley are addressing the issue with significant plans for expanding housing.




The performing arts and its strong impact on the local economy has helped drive employment in the retail, services and lodging sectors for decades. Its large role as a driver of the local economy was shown by the impact of performance disruptions in 2020 and 2021.

Top Industries Covered Employment and Average Pay by Sector, 10 Largest Sectors Ashland, 2019

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2019.





We found the WEAKNESSES that deserve attention to be:

-  Cost of Workforce Housing
-  Reliance on Performing Arts
-  Public Sector Collaboration

THE REGION'S CLIMATE CAN'T BE IGNORED

The city also faces larger, existential threats that clearly impact the resiliency of the local economy. Climate change and its impact on heat and precipitation in the region has already caused severe impacts on Ashland. It is a threat to the future of the city and region that is unparalleled by other concerns over the long term. Confronting climate change directly is challenging, but methods can be taken to focus local resources on adapting to a range of possible scenarios. In addition, **we found the following THREATS to have the potential of undermining the local economy:**

-  Housing Affordability
-  Demographic Shifts



OPPORTUNITIES ARE ALREADY EMERGING

There are silver linings to the disruptions Ashland has endured. Many businesses diversified their income streams by developing ecommerce capacity, regional tourists filled some of the gap that was left by out-of-state visitors, remote work advanced dramatically and creates its own resiliency from local shocks.

There is an abundance of opportunities for the city to pursue to expand its economy, those that we consider pillars to economic diversification are the following: diversifying tourism, rejuvenating downtown, fostering business growth and expanding the talent pool.

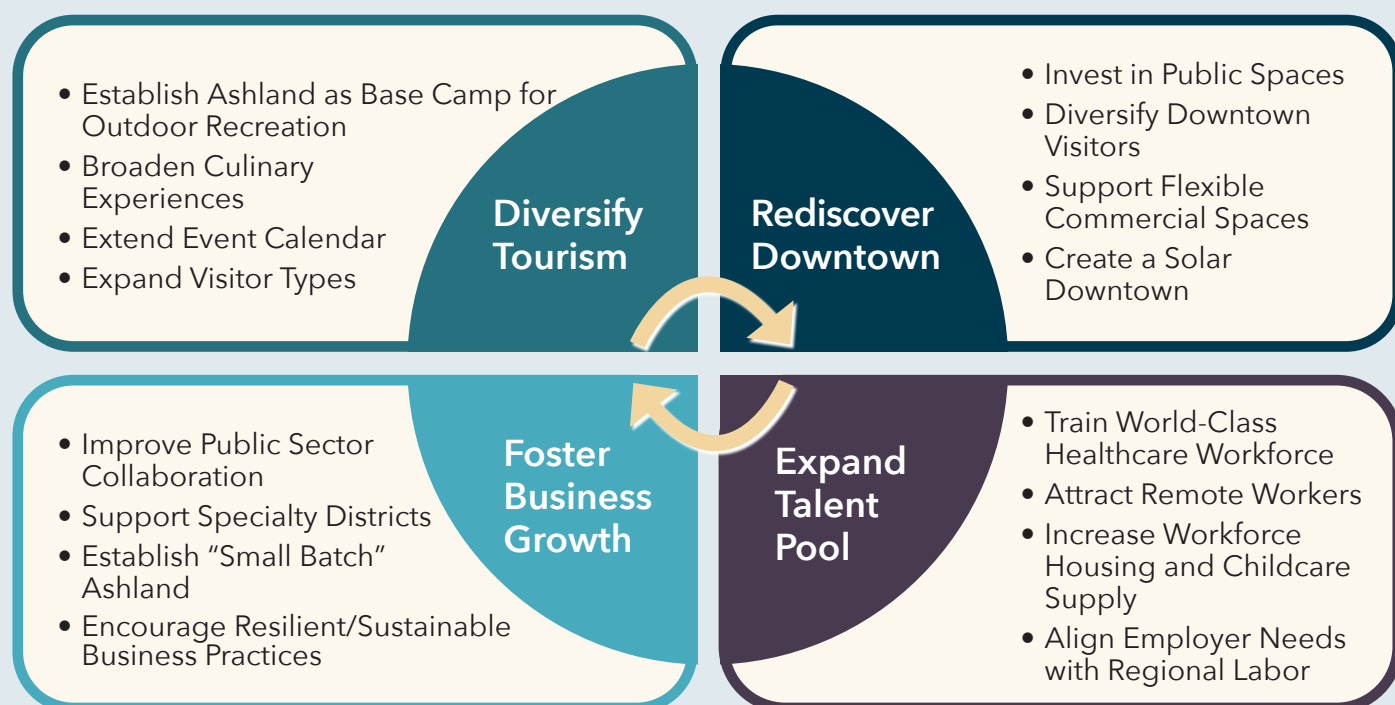
STEM Occupational Employment Projections for Rogue Valley (Jackson and Josephine Counties), 2020-2030, Top Five Occupations

Source: QualityInfo, Oregon Employment Department

OCCUPATION TITLES	Employment 2020	Project Employment 2030	Percent Change	Employment Change	Replacement Openings	Total Openings
Registered Nurses	2,828	3,238	14.5%	410	1,453	1,863
Farmers, Ranchers, and Other Agricultural Managers	1,610	1,761	9.4%	151	1,592	1,743
Carpenters	1,330	1,440	8.3%	110	1,212	1,322
Project Management Specialists and Business Operations Specialists, All Other	770	859	11.6%	89	697	786
Accountants and Auditors	645	737	14.3%	92	563	655
TOTAL, ALL OCCUPATIONS	23,870	27,278	14.3%	3,408	18,705	22,113

FOUR PILLARS FOR DIVERSIFICATION

Each of these areas have specific strategies that can be pursued to accomplish these goals. These have been developed based on what has emerged as most urgent, but also what local actors have control over to implement. Some of these are already underway by Travel Ashland together with tourism industry partners.





Of the 16 identified strategies, we consider these five to be priorities:

1. Be Base Camp for Outdoor Recreation
2. Improve Public Sector Collaboration
3. Train the Future of Healthcare
4. Establish Small Batch Ashland
5. Launch Solar Downtown

1



Be Base Camp for Outdoor Recreation

The region has seen a steady increase in interest in outdoor activities, from mountain biking and trail running to water recreation. The city needs to establish itself as the place in the region a visitor wants to start their day's adventure while showcasing Ashland's proximity to Crater Lake National Park, the mountain lakes and day trips in Southern Oregon. Ashland should be where they want to relax in the evening. Leverage the amenities that distinguish the city: The quality lodging, the amazing restaurants, the walkable downtown, even the popular Coop deli. At the same time, encourage investment in the gaps: bike storage, trail expansion, dog-friendly amenities, downtown signage, etc.



2



Improve Public Sector Collaboration

Business owners, elected officials and Ashland residents all share the desire to preserve the qualities that make the city a great place to live and work. How the City effectively maintains those ideals while supporting the city's natural growth is an ongoing challenge. The development community in particular seeks clarity and consistency in the review process. The larger business community wants a partner to make the investments that the community is looking for, even if some residents have concerns about the pace of change. It is difficult to predict which entrepreneur will grow the next great company in the Rogue Valley, but that company can't grow it in Ashland if there is not space for them to establish it.





3



Train the Future of Healthcare

In terms of pathways to a middle-class lifestyle, healthcare careers have proven to be one of the most effective paths in the 21st century. Since 2009 healthcare has added more jobs in Jackson County than any other sector. And these jobs on average pay more than many of the service sector jobs that are prevalent in Ashland. Given the aging demographics of the city, there will be a strong demand for everything from registered nurses to pharmacists over the next decades. Between SOU and RCC, there are various programs in the area to grow this pipeline. These workers can afford to live in Ashland, will be tied to local employers, and may have the kids to ensure the local school district does not see further enrollment decline.



4



Establish Small Batch Ashland

Ashland has a unique blend of assets when it comes to producing and selling food products. There is both local demand and tens of thousands of customers with a strong desire for “authentic” goods. The city has a brand that projects quality and wholesomeness. It has a level of culinary expertise that is very sophisticated for its size. It has a handful of manufacturing assets that it could adapt to these needs if the right company were to scale. Perhaps all that is missing is a dedicated space with some of the equipment (bottling, sealing, labeling, etc.) and some wraparound technical assistance that reduce the barriers for local entrepreneurs to test the market and scale quickly. This concept also hinges on the success of the previous Improving Public Sector Collaboration strategy: flexible regulations and openness to new business ideas are critical precursors to this type of innovation.



5



Launch Solar Downtown

Ashland can't hide from the climate impacts that have gradually impacted its seasons. One way to channel the frustration is to choose a distinct goal to demonstrate to the world how a city can embrace the challenge of decarbonization. Work with downtown property owners and tenants to set a goal of renewable energy generation and let visitors learn how small cities can take action. The city has a growing cluster of solar companies and this type of effort would support a local industry as it looks to establish its foothold in the region.





Moving Forward

The challenge to economic diversification will be building momentum. Travel has picked back up and tourists will return to flood downtown during the summer. SOU students will migrate in the fall. Holiday events will return. There will be a sense that things are back to normal. The reality is that there is no returning to a pre-pandemic economic landscape. Foundational items have changed in the economy: workers are less geographically tied to their employers, the shortage of workforce housing and childcare providers has become an urgent matter, some of the older tourists will not be returning, and how people work and shop has changed. Many business owners have made adjustments to pivot during the previous

years: performing arts venues have looked to the shoulder season for more shows, the wine industry has more direct sales via ecommerce as part of its revenue stream, rafting companies have simplified their operations to manage disruptions, the coop has invested in a high-capacity HVAC system that allows it to function during any smoke events. For the city to better recalibrate for its future, choices will have to be made about specific actions that partners can rally behind to move forward. Ashland has a base of strong leaders throughout the community, and a wave of new directors and presidents in major institutions, aligning that with the City leadership would unlock the potential for a more vibrant, resilient city.

