Economic Development Strategy
City of Sandy, Oregon
Fall 2011

SANDY ECONOMIC SUCCESS INDEX

ASU (Arbitrary Scale Units) vs. Year

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Like all reports on economic development, this one contains many interesting facts of questionable utility and assertions about the future that can never be proven. It is all indispensable. But if the reader wishes to get to the main course quicker, here is a guide:

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Background Information – The Sandy Economy

Population

Since 2000, Sandy's population has grown on average at 5% per year. During the same time period, Sandy added about 356 residents per year, and as of 2010 had an estimated population of 9,655. The Sandy 2040 plan projects population at 15,000 by 2017 and 32,500 by 2040. Within a 5-mile radius of Sandy, 2009 population is estimated at 21,948; within a 10-mile radius, it is estimated at 75,373.

Sources: 2009 American Community Survey, Sandy 2040 Plan, Clackamas County.
Education

About a quarter of Sandy's workforce has a college degree, but six in ten have either a degree or some college course work. Seventeen percent have a four-year degree or better.

Source: 2009 American Community Survey, U.S. Census Bureau

Income

According to a report commissioned by Clackamas County in 2000, Sandy’s median household income stood at $43,846 within a one mile radius of city center. This report also estimated household incomes to be slightly higher in the areas surrounding Sandy. In addition to some private farms operated at the minimum capacity to qualify for State tax credit program, the 10-mile radius also includes the east end of Gresham. A more recent estimate revealed that 2009 median household income for Sandy was $52,546, representing an increase of around 20% over nine years.

Sources: Clackamas County, Census Demographic Overview Report; 2009 American Community Survey, U.S. Census Bureau
Employment

When people talk about "economic development," they often think of industrial development. But industry accounts for a relatively small number of new jobs that are created. The majority of Sandy residents work in retail or office-based professions.

Myth: Industry is the primary source of family-wage jobs.

Fact: The professional and service sectors are an equally good source of family-wage jobs (examples--medical, engineering, surveying, finance, insurance, real estate, etc.)

The graph below shows employment by industry in Sandy. The education, health care and social work sector leads the way, followed by the arts, entertainment, recreation & food service sector and the retail sector. The Oregon Trail School District is Sandy’s single largest employer.

Source: 2009 American Community Survey, U.S. Census Bureau
Commuting Patterns

The Sandy 2040 project discovered that the current job to housing ratio in Sandy is surprisingly high (around 1.2 to 1). In theory, almost all Sandy residents could work in town. But instead, 81% of residents with jobs commute to work somewhere else (and most Sandy jobs are taken by an inflow of non-Sandy residents).

Source: Sandy 2040 Plan.

When they commute, most residents use single-occupant cars; however, fewer traveled this way in 2009 (76.1%) than in 2000 (84.1%). At the same time, transit use fell from 1.8% in 2000, although carpooling increased from 10.1% to 11.2%, walking to work almost doubled from 2% to 3.9%, and working at home more than tripled from 2% to 6.3% in the same period. The median commute time is 30 minutes.

Source: 2009 American Community Survey, U.S. Census Bureau
Existing City Policies – Economic Development

*Selected Policies, Sandy Comprehensive Plan (adopted 1997)*

Goal 9, Economic Development -- Selected policies relating to economic development (for the full list of policies, please see the Sandy Comprehensive Plan document).

**Commercial Development:**

The City will support projects that:
- Are consistent with the City’s planning and growth policies
- Maintain the quality of the environment
- Can be accommodated by existing or planned water, sewer and streets capacity
- Carry out specific community goals

General Commercial, east of downtown on Highway 26

This commercial area is intended to provide a unique opportunity for commercial development which supports tourism in the Sandy area. The district shall promote the concentration of commercial uses which relate to tourism. Uses shall provide pleasing views and/or other natural amenities for visitors.

**Downtown Commercial:**

Encourage a mix of office, commercial uses, residential uses, and retail shopping within buildings or development sites in the downtown core.

**Village Residential:**

The following types of uses are envisioned for the village commercial district:
- service uses oriented to the village (dry cleaners, beauty salon, etc.)
- small scale professional offices (accountant, real estate, medical/dental, etc.)
- retail uses oriented to the village (cafe, corner store, espresso shop)
- day care center
- residential above commercial storefronts

**Industrial District:**

- Encourage a range of job types and skill levels to foster growth in the local labor pool.
- Promote a diversity of small industries and businesses. Through diversification, the community will retain its economic strength through changes in the market place.
- Work with other jurisdictions and agencies such as Clackamas County, Metro, the Port of Portland, the Oregon Economic Development Department and the Oregon
Department of Transportation to identify and support expansion of existing industries and attraction of new industries to the community.

- Promote performance standards for commercial and industrial developments that reduce demand on municipal water and wastewater service and maintain air quality standards.

- Plan for a jobs-housing balance in order to provide opportunities for Sandy residents to work locally and reduce the potential for commuting. At each periodic review, the City shall evaluate its jobs-housing balance and determine if plan map amendments are needed to maintain a balance exceeding 1.0 jobs per household.

**City Council Policies (reviewed and revised February 2011)**

**Growth:**

The City of Sandy takes a **balanced** approach toward growth:

- In general, the City is **neutral** toward growth. New growth should pay for itself.
- The City Council is receptive to new development that helps meet specific community goals, or strengthens the local economy.

**Economic Development:**

The primary mission of Sandy’s economic development program is to increase opportunities for Sandy residents to work in Sandy. The city will support projects that:

- Are consistent with city planning and growth policies; and
- Maintain the quality of the environment and the city’s livability; and
- Can be accommodated by existing or planned water, sewer, streets and Internet capacity; and that:
  - Provide higher-paying jobs for Sandy residents who already work in the city; or
  - Carry out specific council goals; or
  - Maximize use of land, as measured by payroll/acre; or
  - Meet a specific community service or resource need.

Economic development tools may include:

- Assistance in providing infrastructure, subject to funding availability and consistency with facilities plans. A benefit summary is required when city funds are used.
- Restrictions on undesirable development.
- Limited direct financial incentives or tax subsidies.
Economic Development Strategy

"Life is what happens while you're making other plans."
John Lennon

The dream of every economic development manager is to attract a business that:

- Pays all its employees high wages
- Doesn't pollute
- Locates in an attractive industrial park with a "campus-like" setting
- Enthusiastically adheres to City design standards

In practice, this rarely happens. The business may be clean, but with low wages (e.g., warehousing). The secret buyer who tempts you with a large workforce in a 90,000 square foot building may turn out to be a low-wage discount store. Integrated circuit plants--the plum of economic development efforts--generate a certain amount of toxic waste. And even when the ideal industrial business does decide to locate in your community, it isn't due to your economic development program...they would have done it anyway (due to your community's labor pool, proximity to suppliers or markets, or because the CEO wants to live near a ski area).

Sandy does have some industrial development poster children. The Maiden Foundry has a classy product (bronze sculpture) that is exported worldwide, and it employs a large workforce of well-paid artists and craftsmen. Web Steel also exports world-wide, and it has created some great local businesses (ASK-4 Engineering, LCM Construction).

The diversity of Sandy's industrial sector is also a strong point. Sandy businesses make tortillas, hearths for wood stoves, floors for semi trailers, industrial tanks, machine screws, and jet engine parts. The industrial businesses include demolition & construction recycling, paving, and general contractors.

Much of the city's economic development efforts have focused on industrial development. In 2010, the City Council designated the entire commercial/industrial area of the city as an Enterprise Zone, allowing property tax breaks for business investments that meet state criteria (primarily industrial businesses, but the list also includes destination hotels). The City of Sandy also worked with Clackamas County to designate a Strategic Investment Zone and a Rural Renewable Energy Development Zone. While the city probably can't claim the credit for the industrial success stories noted above, the city has at least been receptive to industrial development.
What's been happening while we've been making other plans…

**PROFESSIONAL JOBS**

**Medicine.** Sandy has seen strong growth in medical centers (e.g., Firwood Legacy, Adventist Medical Center), and offices for dentists, orthodontists, opticians, chiropractors and acupuncturists. Two assisted living centers offer basic nursing care, (as does Mt. Hood Hospice), and demand is high for additional care facilities.

**Finance.** In addition to five banks and a new credit union, Sandy has seen strong growth in mortgage companies and stockbrokers. Sandy businesses also offer CPA and income tax services.

**Real Estate.** The area's sustained population growth has also spurred growth in real estate offices.

**Engineering, Surveying, Planning.** Examples include Firwood Design Group and All County Surveyors.

**Computer and Internet Services.** Many of these are home-based and are hard to track, but it appears that growth in this area has been strong, if stealthy.

**Automobiles.** Don't be deceived by their negotiating skills: successful car salesmen really do make a decent living. Sandy's car dealers are strong, and they employ a healthy number of highly-trained and well-paid mechanics.

**Government.** Sandy is the headquarters to two governmental organizations that have a tremendous impact on the local economy: the Oregon Trail School District, and the Mount Hood Forest. The school district employs over 400 people, many with college or advanced degrees, and at a relatively high average salary.

The Supervisors Office for the Mt. Hood National Forest (US Forest Service) has been downsized over the years through federal budget cuts, but it still employs many highly-educated scientists and other professionals.

**Office Professional.** Sandy isn't known as an office center, but how many Sandy residents are aware of AEC (Avionics Engineering and Consulting), located in the Heritage Building? Sandy's high quality of life, combined with lower office lease rates (at least compared to Portland or Beaverton) could make the city an attractive location for graphics, marketing, communications, consulting, accounting, and similar firms.

With its attractive natural setting and outstanding city-provided Internet service, Sandy could be a good location for telecommunications-based office centers.
THE ARTS

Sandy and its surrounding area is home to hundreds of artists--potters, sculptors, painters, actors and musicians. The center piece of the Sandy Mountain Festival is the sale of art. The Wy'East Artisans Guild is thriving. The Sandy Actors Theatre is a great amateur theater company, and the Sandy High drama department has a regional reputation for the quality of its productions. Sandy is featured in the book, The 100 Best Small Towns for the Arts in America.

Craft stores provide a major draw to Sandy's downtown. Maiden Foundry has added a show room that is a major attraction for tourists and local residents alike.

Artists are attracted to the Sandy area for its natural beauty, the "small town feel," and--compared to the Portland west side--its slower-paced life style. Not all artists may achieve the commercial success of the Maiden Foundry, but a thriving arts community adds to our quality of life in ways that can't be measured by economics alone.

SPORTS AND RECREATION

When Peter Calthorpe looked at Sandy for the first draft of the 2040 plan, he noted that Sandy is a natural draw for recreation-oriented businesses. As the "gateway" to the Mt. Hood Recreation Area, Sandy is a base for skiing, fishing, boating, hiking, kayaking, mountain biking, paint ball, mushroom-gathering, and camping. A growing number of retail stores cater to this market.

For a small town, Sandy is blessed with some great recreational resources. They include the aquatic center, the Sandy High nature trail/cross country track, and Sandy River access via the Sandy Fish Hatchery. The Bureau of Land Management is developing miles of mountain bike “flow” trails; its Sandy Ridge mountain bike park was featured in the Wall Street Journal. Sandy was the lead agency in a multi-organizational effort to designate and promote the Sandy River “Water Trail” (partners included the National Park Service, Oregon Parks & Recreation, American Whitewater, and the Sandy Area Chamber of Commerce).

Other recreation-related businesses include fishing guides, ski shops, rafting, a health club, and recreational vehicle sales and service. Future opportunities include an indoor sports facility, such as a tennis/racquet club, and indoor soccer.
TOURISM

In addition to the arts and recreation-related businesses, a number of other businesses rely on tourism for a good share of their revenue. These include the Best Western Sandy Inn, restaurants, gas stations, grocery stores, and tire and auto repair businesses. Sandy is on the Mt. Hood Loop, a popular travel route for visitors to Oregon, and it is on the Barlow Road segment of the Oregon Trail. In the past decade, the state and national governments have designated a Mt. Hood Scenic Byway that passes the city’s Jonsrud Viewpoint (ranked by AAA’s VIA magazine as one of the top eight vistas in the western United States) and Sandy’s downtown. The Sandy Mountain Festival also draws thousands of visitors each year.

HOME OCCUPATIONS

Although it’s hard to get a handle on, every indication is that home occupations in Sandy are multiplying like rabbits. Home occupations in Sandy now include dance instruction, industrial refrigeration consulting, book publishing, web page design, desktop publishing, roofing, payroll processing, sewing and embroidery, silk screening, massage, arts of all kinds, piano lessons, and home schooling, among many others.

Home occupations serve as business incubators, since the entrepreneur can reduce overhead costs. Apple, Dell, and Yahoo are famous examples of businesses that grew out of a home.

Home businesses can also be healthy for a neighborhood. With so many two-wage families, the home occupation brings adults back into the neighborhood during the daytime. This helps with formal or informal block watch programs, and makes the neighborhood feel like a place where people actually live.

Home occupations reduce the congestion and pollution associated with commuting. They also strengthen residents’ ties to their city--for many commuters, Sandy is just the blur in their windshield in the morning and evening. People who live and work in their community are more likely to feel like they’re a part of their city. Encouraging home occupations is the most direct way to encourage Sandy residents to work in Sandy.

Increased telecommunications, including high-speed data lines and video phones, will only accelerate the trend toward home-based businesses. SandyNet’s Fiber-to-the-Home pilot project, if successful, could be a tremendous boost for home-based businesses.
**DOWNTOWN DEVELOPMENT**

In September 2008, the City of Sandy was selected to participate in the Clackamas County Main Street Program, in conjunction with the Oregon Main Street Program. Since that time the community-driven program has been committed to the revitalization of Sandy’s downtown core by providing training, technical services and resources to help preserve the city’s central business district. By organizing the business community, enhancing the attractiveness of downtown and promoting downtown with various community events, the Main Street program hopes to sharpen the competitiveness of local merchants and promote economic development.

Sandy’s building façade improvement grant program has been particularly successful by offering business and property owners a chance to receive matching funds to help rehabilitate their buildings with exterior improvements. So far, grant projects have included ChariTeas, Cool Printing, Bull Run Chiropractic, Barlow Trail Veterinary Clinic, Joe Six Pac convenience store and two adjacent buildings, Ristorante Sapori, Pride and Groom, Otto’s Ski Shop, Sandy Chamber of Commerce, Sandy River Brewery and Sandy Lumber among others.

In the city’s continued effort to restore the character of downtown, a streetscape projects has also been undertaken using funding from the Urban Renewal District. Under this project overhead utility lines and poles along Pioneer and Proctor Blvd have been removed and relocated underground to enhance the look and feel of Downtown Sandy. Improvements also include new street lights, benches, planters and sidewalks that encourage residents and visitors to park along highway 26 and patronize local merchants.

Sandy has also taken an active role to ensure downtown parking remains adequate in the central business district. In addition to conducting a parking survey to assess public perception of existing parking, Sandy is currently exploring strategic initiatives to meet increasing demand.
Economic Development Strategies

- Where the City can give a small push to market forces, it should only do so consistent with the City Council policy on economic development (briefly, better jobs for Sandy residents, not more jobs for more jobs' sake).
  - **Objective:** Establish official City policy that preferred economic growth is that which produces jobs at the median City wage or above.
  - **Performance Measure:** Policy statement – Council will evaluate.

- Focus on promoting long-term economic growth from within Sandy.
  - **Objective:** Implement an economic gardening program that helps residents create and grow local businesses.
  - **Action item:** Develop a base of literature on economic gardening concept
  - **Action item:** Consult with other metro area cities with regard to their economic gardening efforts – What works? What doesn’t work?
  - **Performance measure:** Evaluation of progress by city manager.

- Empower residents to be more involved and take ownership in Sandy’s economic development.
  - **Objective:** Increase citizen involvement in economic development
  - **Action item:** Create a new citizen advisory board or committee to guide economic development strategy.
  - **Action item:** Where possible, create opportunities for public forums where businesses and residents can voice opinions on city initiatives and projects.
  - **Action item:** Create e-mail list to communicate with local businesses about city activities that are relevant to their operations.
  - **Performance measure:** Hold one economic development forum annually, and check in with attendees to see if the City is performing satisfactorily.

- Support zoning and annexations that will maintain a supply of available industrial (particularly light industrial), office, and retail property.
  - **Objective:** Increase available industrial and commercial property
  - **Action item:** Amend the zoning code to allow more flexibility in non-residential uses to better respond to market demand.
  - **Action item:** Enact “business-friendly” zoning to give local businesses more flexibility regarding the use of their property.
  - **Performance measure:** Policy statement/code change – Council will evaluate.

- Expedite approval process for variances and conditional uses to improve business climate.
Objective: Set goal for processing of variances and conditional uses to no more than 30 days.

Performance measure: 80% of conditional uses and variances processed in 30 days or less

Encourage home occupations by reducing or eliminating city permit requirements and fees. Prohibit only those home occupations that significantly detract from the livability of neighborhoods. Allow reasonable signage for home occupations.

Objective: Increase number of home businesses

Action item: Consider creating “Home business license” for those businesses that conduct 100% of operations out of a residence – lower fee due to lower usage of city infrastructure

Action item: Explore altering city code to allow reasonable signage for home-based businesses – consult with Planning Dept., Sign Committee & SACC [see SMC 17.74.80]

Performance Measure: Begin tracking number of home occupation businesses through newly designated “home business license”

Advertise and promote Sandy as a center for outdoor recreation-related occupations and businesses. Support civic arts and entertainment programs such as the Sandy Summer Sounds & Starlight Cinema, Brewgrass Festival, Shakespeare in the Park, and the Sandy Mountain Festival.

Objective: Develop Sandy into an outdoor entertainment and recreation “Mecca”

Action item: Support development of private or non-profit outdoor recreation facilities.

Action item: Develop an all-encompassing “Guide to Outdoor Recreation in the Greater Sandy Area” detailing all of the outdoor recreation opportunities in the local area – for use as a marketing tool to encourage outdoor sports enthusiasts to come here to recreate.

Action item: Support outdoor arts & entertainment events through sponsorship, use of City facilities, etc

Action item: Work with USFS, BLM, etc. to develop outdoor recreation ideas

Action item: Work to attract more outdoor-sports oriented businesses, particularly those that don’t currently exist here.

Action item: Explore possibility of small city-sponsored grants or other financial assistance to people who would like to develop recreation facilities that do not already exist in town.

Action item: Consider promotion via signage to services & recreation areas
• **Action item:** Explore creation of kiosk or information booth with local outdoor recreation info, Forest Passes, Sno-Park passes, city map to recreation-related businesses, etc.

• **Performance measure:** Develop a core of long-standing downtown businesses whose primary customers are outdoor recreation-related (i.e. Otto’s, Sandy Bicycle, Meadowlark Ski & Snowboard, etc.), and create index to track performance

• **Work aggressively to improve and expand data infrastructure and facilities in the greater Sandy area through SandyNet. Use Sandy’s tech infrastructure to promote its livability and “business friendliness”**

  • **Objective:** Improve public awareness of the availability of SandyNet fiber in Sandy.
  
  • **Action item:** Contact business owners in fields that would benefit from fiber connectivity regarding SandyNet fiber (i.e. medical imaging, financial, software development, architectural, etc.)
  
  • **Action item:** Market future “fiber-to-the-home” service to home business owners and potential telecommuters who might not be aware that the service exists here in Sandy
  
  • **Action item:** Take advantage of grants or demonstration projects to increase funding for data infrastructure to businesses
  
  • **Action item:** The “wow!” factor - use the City’s tech infrastructure (SandyNet business fiber, future FTTP installations, state-of-the-art high-tech high school & library) to develop the advertisement of Sandy as a high-tech magnet community.
  
  • **Action item:** Set goal of 100% of homes and businesses having the capacity to connect to SandyNet’s fiber network by 2020.

  • **Performance Measure:** Survey of new homeowners/renters in Sandy that indicates internet infrastructure as one factor in making decision to move here
  
  • **Performance Measure:** Number of homes with capacity to access SandyNet fiber annually.

• **Be persistent in improving the appearance and effectiveness of downtown Sandy. For most outsiders, Sandy's downtown core is the City of Sandy.**

  • **Objective:** Increase property values and occupancy rates of downtown buildings.
  
  • **Action item:** Continue to operate, publicize and promote the Sandy Facade program.
  
  • **Action item:** Conduct an annual survey of downtown core shoppers/business owners/employees regarding satisfaction of downtown experience
- **Performance Measure:** Survey scores should rate experience as satisfactory or better, improve annually.

- **Recognize that having a livable community is one of the best attractions for economic development, and the City should concentrate on its "core" services of parks, recreation, senior services, library, police, streets and utilities.**
  - **Objective:** Emphasize high quality core services
  - **Action item:** Survey local residents about their experience with Sandy “core” services.
  - **Performance Measure:** Residents should rate “core” services as satisfactory or better on average – compare to other area cities.

- **Develop additional methods to encourage the 30,000+ cars that travel through Sandy every day to stop here.**
  - **Objective:** Increase the number of vehicle stops in the downtown core.
  - **Action item:** Improve downtown signage through wayfinding program.
  - **Action item:** Improve the visibility and convenience of parking in the downtown core.
  - **Action item:** Consider creating a more “formal” entrance (a “gateway”, if you will) on both ends of downtown
  - **Action item:** Consider developing an easy access public parking lot with accommodations for large vehicles (RVs, campers, mountain shuttle vehicles) on the east end of downtown
  - **Performance Measure:** Parking turnover counts showing x% increase over a set period of time – AND/OR - develop a core of long-standing downtown businesses whose primary customers are pass-through stops, and create index to track performance

- **Develop ways to improve the marketing of Sandy as a community through the retention of a publicist/marketing specialist**
  - **Objective:** Improve the image of Sandy as a community outside the city limits
  - **Action item:** Hire an economic development specialist to act as a direct contact for the business community
  - **Action item:** See the “Wow!” factor (above – pg. 15)
  - **Action item:** Consider developing a survey measuring non-residents’ perception of downtown Sandy as a place to shop.
  - **Performance Measure:** Survey results showing improvement in perception of the City by non-Sandy residents