
City of Dallas

Economic Opportunities

Analysis

April 2021

Prepared for: City of Dallas

Final Report

ECONorthwest

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Acknowledgments

ECONorthwest prepared this report for the City of Dallas. ECONorthwest and the City thank the many people who helped to develop the Dallas Economic Opportunities Analysis.

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Executive Summary

This report presents an economic opportunities analysis (EOA) for Dallas, consistent with the requirements of Statewide Planning Goal 9 and the Goal 9 Administrative Rule (OAR 660-009). Goal 9 describes the EOA as

“an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends” and states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

The primary goals of the EOA are to (1) project the amount of land needed to accommodate the future employment growth within Dallas between 2021 and 2041, (2) evaluate the existing employment land supply within the city to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land.

How much buildable employment land does Dallas currently have?

Dallas has 682 total acres in its commercial or industrial plan designations. Of these 682 acres, about 257 acres (38%) are unconstrained and buildable within its UGB. Of Dallas’s buildable acres, 44 (17%) are designated for commercial uses and 213 (83%) are designated for industrial uses.

How much growth is Dallas planning for?

Goal 9 requires that cities provide for an adequate supply of commercial and industrial sites consistent with plan policies. To meet this requirement, Dallas needs an estimate of the amount of commercial and industrial land that will be needed over the 2021 to 2041 planning period.

Dallas’s employment base is 6,465 employees in 2021. Dallas is forecast to have 8,905 employees by 2041. This is an increase of 2,440 jobs over the planning period.

Most new employment will require commercial and industrial lands, accounting for more than 90% of new employment growth (2,220 employees) over the 2021 and 2041 planning period. Dallas will accommodate new government employees (i.e., 220 of the 2,440 employees) in existing government buildings and areas designated for public use.

How much land will be required for employment?

The forecast for land needed to accommodate employment growth in Dallas shows that the growth of 2,220 new employees will result in demand for about 189 gross acres of commercial and industrial employment lands.

Does Dallas have enough land to accommodate employment growth?

Dallas has sufficient land to accommodate demand for industrial employment in the Dallas UGB, but it does not have sufficient land to accommodate demand for commercial employment.

Based on land demand, Dallas is forecast to have a 163-gross-acre surplus of industrial land and a 94-gross-acre deficit of commercial land. While Dallas has a substantial surplus of industrial land, the deficit of commercial land suggests that Dallas will need to carefully consider actions to accommodate the deficit within the existing UGB.

What are the conclusions of the EOA?

- **Dallas has a surplus of industrial-designated land.** Dallas has about 163 acres more of unconstrained vacant industrial land than the forecast shows will be needed over the 20-year planning period. Even if a large, exogenous development such as Mint Valley Paper occurs, Dallas will have a surplus of about 125 acres of unconstrained vacant industrial land beyond the forecasted need.¹
- **Dallas has a deficit of land planned for commercial uses that can be accommodated within the existing UGB.** Dallas has a deficit of about 94 acres of commercial land need for development over the 20-year planning period. Dallas does not need to immediately address that deficit of commercial land need. Dallas would do well to gradually address the commercial land need over time through identifying opportunities for commercial land development in areas of five to ten (or even 20) acres at a time.

The City should carefully consider whether and how to address the commercial land deficit in the context of other community policies. For example, existing Policy 1 of Chapter 2.3 describes the need for preserving prime industrial sites to provide a choice among sites for new industrial development prior to actual demand. While Dallas has a surplus of industrial land that could conceivably change to commercial, reducing the commercial deficit in part, certain industrial properties are observed to have ideal access to rail, arterial streets and utilities constructed to provide higher levels of service

¹ As of the date of this document, City of Dallas has not adopted a local wetland inventory (LWI) or conducted environmental assessment of certain properties within the UGB that are vacant and planned for industrial. The draft LWI of September 2020 indicates the potential presence of wetlands on certain properties planned for industrial. Only delineated wetlands, on record with the Department of State Lands, were removed from the buildable lands inventory (BLI). Potential presence of wetlands identified by the draft LWI were not removed from the BLI. Accordingly, the total amount of surplus industrial land (163 acres) is likely less.

capacity. Changing prime industrial sites to a commercial plan designation could impact the limited surplus shown for larger size parcels that are planned and zoned industrial.

- **Dallas’s vacant commercial and industrial land varies in size to accommodate a wide range of development opportunities, but few properties of significant size remain to accommodate targeted growth industries.** Dallas’s unconstrained vacant commercial and industrial land is in a wide range of site sizes, including six industrial sites larger than 10 acres, as well as many sites smaller than two acres. Dallas’s land base provides opportunities for a wide range of development on industrial land. As Exhibit 18 shows, Dallas has only two vacant lots between 25 and 50 acres in size. As certain target growth industries are dependent on large parcel size (25 to 50 acres), Dallas should consider preserving large acreage parcels that are planned industrial. Dallas has fewer opportunities for commercial development larger than two acres, most of which are located in the Master Plan Nodal Areas.

What are the key recommendations?

The broadest recommended action is to update Chapter 2, Volume 2 of the Comprehensive Plan, which has not been updated in more than a decade. ECONorthwest recommends that the Planning Commission and City Council review the revised policies and, after making additional necessary changes to these policies, adopt them in conjunction with the EOA document.

This document also provides recommended actions for Dallas based on the analysis and conclusions in this report.

1. Introduction

This report presents an economic opportunities analysis (EOA) for the City of Dallas. The purpose of an EOA is to develop information as a basis for policies that capitalize on Dallas's opportunities and help address the City's challenges. The EOA includes technical analysis to address a range of questions that Dallas faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth Dallas should plan for over the 2021 to 2041 period and identifies the amount and type of employment land necessary to accommodate growth in Dallas over that period. The EOA also includes an inventory of commercial and industrial land within Dallas's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of Statewide Planning Goal 9, the Goal 9 Administrative Rule (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025[1]) over the 20-year planning period. This approach could be characterized as a site-based approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries.

Background

The City of Dallas last significantly updated its Comprehensive Plan in 1998. Chapter 2, Volume 2 of the Comprehensive Plan describes the data sources and methods used in 1998 to project employment needs to the year 2020. Substantial changes have occurred in the national and regional economy since 1998 that have implications for economic growth in Dallas. The 2020 EOA accounts for recent employment trends and changes in market conditions. A new set of data sources and methods are used to project employment needs to the year 2041. Dallas wants to develop an economic opportunities analysis (EOA) to describe current conditions in the city and forecast potential future changes in economic activity in Dallas within the context of the Mid-Willamette Valley.

The purpose of the EOA was to develop a factual base to provide the City with information about current economic conditions. This factual basis provides information necessary for updating the City's economic development Comprehensive Plan policies. This report identifies opportunities to meet the City's economic development objectives and develop Comprehensive Plan policies and implementation strategies that capitalize on the City's comparative advantages and address areas of economic weakness.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City’s challenges in managing economic development. These challenges include, but are not limited to:

- Ensuring availability of large industrial parcels for developing target growth industries;
- Creating more commercial-zoned land for developing businesses that provide needed goods and services, in addition to jobs; and
- Incentivizing the development of land already planned for commercial/industrial but may be in need of local infrastructure.

The EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. The EOA also uses information from the *Regional Comprehensive Economic Development Strategy* developed by the Mid-Willamette Valley Community Development Partnership Board (June 2018).

In addition, ECONorthwest and the City of Dallas conducted a virtual open house, which included a summary of the results of the EOA and questions for open house participants about economic development in Dallas. The open house was conducted virtually (i.e., on-line) rather than in person because of the challenges of meeting in person as a result of the COVID-19 pandemic. The results of the open house are presented in Appendix C.

Framework for an Economic Opportunities Analysis

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an EOA in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county, or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.
2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the

planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types, and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.

3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures to implement policies pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage, and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies and must designate serviceable land suitable to meet identified site needs.

Organization of This Report

This report is organized as follows:

- **Chapter 2. Factors Affecting Future Economic Growth** summarizes historic economic trends that affect current and future economic conditions in Dallas, as well as Dallas's competitive advantages for economic development.
- **Chapter 3. Employment Growth and Site Needs** presents a forecast for employment growth in Dallas and describes potential growth industries and site needs for potential growth in industries.
- **Chapter 4. Buildable Lands Inventory** presents a summary of the inventory of employment lands.
- **Chapter 5. Land Sufficiency and Conclusions** compares the supply of and demand for buildable lands and presents key concluding recommendations for Dallas.

This report also includes two appendices:

- Appendix A. National, State, and Regional and Local Trends
- Appendix B. Buildable Lands Inventory Methodology
- Appendix C: Results of the Virtual Open House

2. Factors Affecting Future Economic Growth

Dallas exists as part of the economy of the Mid-Willamette Valley region, which includes Polk, Linn, Yamhill, and Marion Counties. Its proximity to Salem, the largest city in the region, provides opportunities for the city's residents and access to a larger labor pool for employers. The economic focus of Dallas consists of an industry mix of manufacturing, agricultural, and government services, as well as services for residents such as health-care and retail services. The city's location in the Willamette Valley also makes Dallas a popular destination for visitors for agritourism and wineries.

This chapter describes the factors affecting economic growth in Dallas within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in Dallas.

Factors that Affect Economic Development²

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

“Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy.”³

That definition acknowledges that a community's well-being depends in part on narrower measures of economic well-being (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.

² The information in this section is based on previous Goal 9 studies conducted by ECONorthwest, as well as “An Economic Development Toolbox: Strategies and Methods” published by the American Planning Association.

³ An Economic Development Toolbox: Strategies and Methods, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

- The evaluation of trade-offs and balancing of policies to decide whether such growth is likely to lead to overall gains in well-being (on average and across all citizens and businesses in a jurisdiction) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new small businesses are accounting for a larger share of the job growth in the United States. This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development beyond firm attraction and retention. Thus, two key questions for economic development policy are, What are the factors that influence business and job growth, and what is the relative importance of each? This document addresses these questions in depth.

What Factors Matter?

Why do firms locate where they do? There is no single answer—different firms choose their locations for different reasons. Key determinants of a location decision are a firm’s factors of production. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues: if demand for goods and services are held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm’s production function are:

- **Labor.** Labor is often the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.

- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product (either goods or services) to the market, and they rely on access to different modes of transportation to do this.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources (i.e., raw lumber) and others may need intermediate materials (i.e., dimensioned lumber).
- **Entrepreneurship.** This input to production may be thought of as good management, or more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another, even though most of their other factor inputs may be quite similar. Entrepreneurial activity, even when unsuccessful, can offer information about the local market that other entrepreneurs can use in starting a new firm. Entrepreneurs are typically willing to take on more risk in uncertain markets, and a strengthened entrepreneurial environment can help to reduce that risk and uncertainty.⁴ Entrepreneurs also tend to have more mobility than larger firms and are more likely to locate in areas with a strong entrepreneurial environment.⁵ To some degree, local governments can promote the high quality of life in an area to attract entrepreneurs, in addition to adopting regulations with minimal barriers—or at least, clear guidelines—for new small businesses.

The supply, cost, and quality of any of these factors depend on market factors: on conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain quality of life. Overly burdensome regulations, however, can be disincentives for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes.** Firms tend to seek locations where they can optimize their after-tax profits. Tax rates are not a primary location factor—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The costs of these production factors are usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions.

⁴ Tessa Conroy and Stephan Weiler. “Local and Social: Entrepreneurs, Information Network Effects, and Economic Growth” (2017). https://redi.colostate.edu/wp-content/uploads/sites/50/2017/05/gender_gia_Jun2017-2.pdf

⁵ Emil E. Malizia and Edward J. Feser. *Understanding Local Economic Development*. (1999).

- **Financial incentives.** Governments can offer firms incentives to encourage growth. Most types of financial incentives have little effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

This discussion may make it appear that a location decision is based entirely on a straightforward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.
- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High tech companies need to have access to new ideas typically associated with a university or research institute. In addition to innovations in research and development within firms or research institutions, firms may also draw on the innovative capacity of entrepreneurs in an area. These entrepreneurs may be former employees of the larger firm or businesses that relocated to an area because of the proximity to an industry cluster. Strong networks and communication between firms, research institutions, and entrepreneurs are key components to leveraging innovative capacity in an area.⁶ Local governments are well-equipped to help foster these networks through supporting economic development tools

⁶ Nancey Green Leigh and Edward Blakely. *Planning Local Economic Development: Theory and Practice*. 2013.

such as small business assistance centers or incubation centers. Government can also be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

How Important Are These Factors?

To understand how changes in public policies affect local job growth, economists have attempted to identify the importance for firms with different locational factors. They have used statistical models, surveys, and case studies to examine detailed data on the key factors that influence the business location decision.

Economic theory says that firms locate where they can reduce the costs of their factors of production (assuming demand for products and any other factors are held constant). Firms locate in regions where they have access to inputs that meet their quality standards at a relatively low cost. Because firms are different, the relative importance of different factors of production varies both across industries and, even more importantly, across firms.

No empirical analysis can completely quantify firm location factors because numerous methodological problems make any analysis difficult. For example, some would argue simplistically that firms would prefer locating to a region with a low tax rate to reduce tax expenses. However, the real issue is the value provided by the community for the taxes collected. Because taxes fund public infrastructure that firms need, such as roads, water, and sewer systems, regions with low tax rates may end up with poor infrastructure, making it less attractive to firms. When competing jurisdictions have roughly comparable public services (type, cost, and quality) and quality of life, then tax rates (and tax breaks) can make a difference.

Further complicating any analysis is the fact that many researchers have used public expenditures as a proxy for infrastructure quality. But large expenditures on roads do not necessarily equal a quality road system. It is possible that the money has been spent ineffectively and the road system is in poor condition.

An important aspect of this discussion is that the business function at a location matters more than a firm's industry. A single company may have offices spread across cities, with headquarters located in a cosmopolitan metropolitan area, with the research and development divisions located near a concentration of universities, the back office in a suburban location, and manufacturing and distribution located in areas with cheap land and good interstate access.

The location decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local governments, however, only indirectly affect the cost of these primary location factors. Local governments can most easily affect tax rates, public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local

governments have only a modest effect on the level and type of economic development in the community.

Local governments can provide support for new and existing small businesses through policies and programs that support entrepreneurship and innovation. The National League of Cities suggests strategies for local governments, including strong leadership from elected officials; better communication with entrepreneurs, especially regarding the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁷

Local governments in Oregon also play a central role in the provision of buildable land through inclusion of lands in the urban growth boundary (UGB), as well as through the determination of plan designations and zoning and the provision of public services. Obviously, businesses need buildable land to locate or expand in a community. Providing buildable land alone is not sufficient to guarantee economic development in a community — market conditions must create demand for this land, and local factors of production must be favorable for business activity. In the context of expected economic growth and the perception of a constrained land supply in Dallas, the provision of buildable land has the potential to strongly influence the level and type of economic development in the city. The provision of buildable land is one of the most direct ways that Dallas can affect the level and type of economic development in the community.

Summary of the Effect of National, State, and Regional Trends on Economic Development in Dallas

This section presents a summary and the implications of national, state, and regional economic trends on economic growth in Dallas, which are presented in Appendix A.

- **County and local employment growth.** Employment increased in Polk County since 2001, with a gain of about 4,770 employees between 2001 and 2018. The largest increases were in education and health services and leisure and hospitality. Dallas accounted for about 22% of employment in Polk County in 2018. Employment in Dallas increased between 2008 and 2018 by about 416 employees (or 10%).
- **Increases in regional economic diversity.** Within the Mid-Willamette Valley region (which includes Marion, Polk, Linn, and Yamhill Counties), the types of industries transitioned away from the traditional natural resource extraction-based economy to a more diverse economic base, which includes value-add agricultural products, metals and machinery, specialty product manufacturing, and professional and technical

⁷ National League of Cities “Supporting Entrepreneurs and Small Businesses” (2012).
<https://www.nlc.org/supporting-entrepreneurs-and-small-business>

services.⁸ The increases in regional economic development diversity provide opportunities for the development of new businesses in Dallas, as clusters of similar businesses continue to locate in the Mid-Willamette Valley region.

- **Changes in manufacturing and concentration of manufacturing in Oregon.** Dallas's location in the Willamette Valley, as well as its access to highways, proximity to Salem, and access to a skilled workforce present opportunities for growth in manufacturing businesses. In 2018, manufacturing accounted for about 11% of Dallas's total covered employment and had an average wage of \$44,617, higher than the city's average wage of \$36,962.

Between 2008 and 2018, the manufacturing sector in Dallas decreased from 527 to 480 employees, a decrease of 47 employees. Despite this decrease, over the 2008 to 2018 period, manufacturing added more than 120 jobs (as well as maintaining existing jobs) in sectors such as transportation equipment manufacturing and other types of manufacturing.

In 2018, the City of Dallas approved all necessary land use applications for a paper manufacturing business (Mint Valley Paper) to develop a large property zoned industrial. The subject property has been planned and zoned industrial for several years. While Mint Valley Paper has yet to start construction, this single business is expected to bring between 120 and 150 manufacturing jobs. Recent development interest expressed by Mint Valley indicates a potential for manufacturing growth in Dallas as part of a diverse set of industries in the city.⁹

- **Increases in automation.** Businesses in both industrial and commercial industries will continue to respond to increases in automated processes, decreasing employment in some types of manufacturing processes and slightly increasing need for workers with skills in computers and other high tech sectors. While automation has been a factor in industrial sectors for decades (e.g., manufacturing), recent increases in automation have occurred for commercial industries, such as certain functions of retail or office jobs. Oregon's overall risk of automation is similar to that of the nation with lower and middle-wage jobs at higher risk of being automated. Jobs that are considered to be at lower risk include those that provide personal services or experiences, such as food service or hospitality. Higher-wage jobs that are also considered to be at a lower risk of automation include jobs that require social intelligence, perception, creativity, or fine motor skills.

Most industrial sectors will still hire employees to complete certain tasks, though the types of skills required for these jobs may change as automation increases. Dallas's access to a skilled workforce is an advantage for businesses in Dallas, as long as the

⁸ Mid-Willamette Valley Regional Comprehensive Economic Development Strategy (CEDS). Mid-Willamette Valley Community Development Partnership Board. June 2018.

⁹ Discussion of development by Mint Valley has been public and extensive in Dallas.

educational opportunities in the region continue to align with the needs for skills in industries in Dallas.

- **Importance of small businesses in Dallas's economy.** The average business in Dallas has 10 employees, slightly lower than the state average of 11 employees. The creation of new businesses is vital to Oregon's (and Dallas's) economy as their formations generate new jobs and advance innovations into markets. Younger workers are important to the continued growth of small businesses, as more than one-third of millennials in the nation are self-employed. Dallas's access to a relatively young workforce from across the Willamette Valley presents opportunities for small businesses to grow in the city.
- **Changes in the retail sector.** The retail sector has reacted over the past two decades to changing consumer preferences for shopping at large supercenters as well as online shopping. The growth of shopping online is likely to continue, accelerated as a result of the COVID-19 pandemic. There will continue to be demand for the local purchase of retail goods. Consumers still prefer physical, brick-and-mortar stores for certain items, such as large furniture, specialty goods, and groceries. Furthermore, consumer preferences have shifted to spending at restaurants and experience-focused series (e.g., entertainment or recreation). Retail businesses that compete with online retailers may become less common in Dallas (and other cities), but businesses providing experiences or goods that cannot be purchased online may grow and expand in Dallas. This presents opportunities for Dallas's retail industry to build on the city's high quality of life, providing experiences for residents and visitors, including those in agritourism.
- **Continued increase in demand for energy.** While energy prices were comparatively low in early 2020, energy prices are forecasted to increase over the planning period. If energy prices increase over the long term, these higher prices will likely affect the mode of commuting before affecting workers' willingness to commute. For example, commuters may choose to purchase a more energy-efficient car or carpool. In Dallas, the options for modes of commuting into the city from other areas are more limited than in larger urban areas with access to transit, bike, and pedestrian infrastructure. Very large increases in energy prices may affect workers' willingness to commute, especially workers living the furthest from Dallas or workers with lower-paying jobs. In addition, very large increases in energy prices may make shipping freight long distances less economically feasible, resulting in a slowdown or reversal of offshore manufacturing, especially of large, bulky goods.
- **A tight labor market that changed abruptly.** In 2019, the unemployment rate in Polk County was 4.1%, slightly higher than Oregon's rate of 3.7% and the national rate of 3.6%. However, the sudden onset of the COVID-19 pandemic resulted in an abrupt increase in unemployment across the nation and in Oregon. In April 2020, unemployment rates increased to 12.8% in Polk County, 14.8% in Oregon, and 14.7% nationwide.¹⁰ By July 2020 the unemployment rate in Polk County decreased to 8.8% (10.4% statewide).

¹⁰ Note that these unemployment rate estimates are preliminary and may be revised as the year continues.

In Polk County, approximately 2,925 jobs were lost initially, concentrated in the accommodations and food services, health services, manufacturing, and retail trade industries.¹¹ It is unclear how many of these jobs are lost in the long term and how many will come back as the regional and statewide economies continue to reopen. The Oregon Office of Economic Analysis estimates that employment will not return to early 2020 levels until mid-2024, assuming the effects of the COVID-19 pandemic are alleviated by a vaccine or effective treatment.

- **Availability of trained and skilled labor.** Availability of labor depends, in part, on population growth and in-migration. Dallas’s population increased by 6,838 people between 2000 and 2019 at an average annual growth rate of 1.9%. Most of the population increase occurred between 2000 and 2010, with an increase of 2,124 residents. In comparison, Oregon’s population grew at an average annual growth rate of 1.1% between 2000 and 2019, with 69% of population coming from in-migration.

The current labor force participation rate is another important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. According to the 2014–2018 American Community Survey, Dallas had about 7,455 people in its labor force and Polk County had over 38,900. The labor force participation rate in Dallas (57%) was lower than Polk County (60%) and Oregon (62%) in the 2014–2018 period. Nonparticipants in the labor force (the 43% of people not participating in Dallas’s labor force) include students 16 years and older, retirees, and unemployed people not actively seeking work. A higher concentration of older residents in an area or a mismatch of the types of jobs available in an area and the types of skills of the labor force can contribute to low labor force participation rates.

Commuting is common for residents and workers in Dallas. Twenty-eight percent of workers at businesses in Dallas live in Dallas. About 56% live in Polk County, with 13% living in Salem, 5% living in Monmouth, 3% living in Independence, and 2% living in each McMinnville, Albany, and Eugene. Businesses in Dallas draw employees from across Polk County as well as Marion and Yamhill Counties. In addition, 83% of residents of Dallas commute to work across the region, including 24% who work at businesses in Salem; 6% who work in Portland; 3% who work in each Corvallis and Monmouth; and 2% who work in each McMinnville, Independence, Grand Ronde, Albany, and Hillsboro.

- **Lower household income and average wages.** Dallas’s median household income is lower relative to both the county and the state. In the 2014–2018 period, Dallas’s median household income was \$56,169, lower than Polk County’s median household income of \$58,344 and Oregon’s median household income of \$59,393. The average wage at private

¹¹ Based on information from the Oregon Employment Department for Polk County as of July 2020. <https://www.qualityinfo.org/covid-19>

businesses in Dallas was about \$36,962 in 2018, which was lower than the Polk County average in 2018 of \$37,902 and the state average of \$53,000.¹²

- **Education as a determinant of wages.** Dallas's population has a larger share (39%) of residents with a high school diploma (as their highest level of education) than in Polk County (34%) and Oregon (33%). About 38% of Dallas's residents have some college or an associate degree, and about 23% have a bachelor's degree or higher.¹³ Businesses that need employees with a college degree may need to recruit employees from outside of the city. Dallas businesses have access to students from the Chemeketa Community College Polk Center (in Dallas High School) and Western Oregon University in Monmouth; Oregon State University in Corvallis; and institutions in nearby Salem, including Willamette University, Corban University, and Chemeketa Community College.
- **Aging of the population and need for replacement workers.** Dallas has a larger percentage of residents 60 years and older (27%) relative to Polk County (24%) and Oregon (24%). Dallas's median age, which was 36.3 in 2000, increased to 42.0 in the 2014–2018 period. By comparison, Polk County's median age was 37.1, and Oregon's median age was 39.2 in the 2014–2018 period.

Polk County's population is expected to continue aging, with people 60 years and older increasing from 23% of the population in 2017 to 24% of the population in 2035, consistent with statewide trends.¹⁴ As workers retire, businesses need to replace them with new workers. This need for replacement workers will continue to drive need for workers.

- **Increases in racial and ethnic diversity.** Overall, both the nation and Oregon are becoming more racially and ethnically diverse. Between 2000 and 2014–2018, the Hispanic and Latino population in Oregon increased from 8% to 13%, while it increased in Dallas from 4% to 6%. The population of people of color has increased from 13% to 16% in Oregon since 2000 and from 7% to 8% in Dallas.

¹² Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

¹³ In comparison, about 30.9% of the US population has a high school degree as their highest form of education, while about 10.8% has a bachelor's degree or higher. The Portland-Vancouver-Hillsboro Metropolitan Statistical Area follows a similar trend as the nation with 30.9% of residents having a high school degree and 11.4% of residents having a bachelor's degree or higher.

¹⁴ Portland State University, College of Urban & Public Affairs: Population Research Center, Population Forecast, 2017.

Employment Trends in Dallas and Polk County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon’s economy, including Dallas’s economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Polk County and Dallas since 2001.

Employment Trends in Polk County

Exhibit 1 shows covered employment¹⁵ in Polk County for 2001 and 2018. Employment increased by 4,767 jobs, or 30%, over this period. The sectors with the largest increases in numbers of employees were health care and social assistance (1,293 jobs), professional and business services (705 jobs), accommodation and food services (687 jobs), and natural resources (436 jobs). The average wage for employment in Polk County in 2018 was about \$37,902.

Exhibit 1. Covered Employment by Industry, Polk County, 2001–2018

Sector	2001	2018	Change 2001 to 2018		
			Difference	Percent	AAGR
Natural Resources and Mining	1,314	1,750	436	33%	1.7%
Construction	659	1,031	372	56%	2.7%
Manufacturing	2,518	2,272	-246	-10%	-0.6%
Wholesale Trade	272	322	50	18%	1.0%
Retail trade	1,410	1,714	304	22%	1.2%
Transportation, Warehousing & Utilities	234	432	198	85%	3.7%
Information	72	65	-7	-10%	-0.6%
Financial Activities	344	463	119	35%	1.8%
Professional and Business Services	527	1,232	705	134%	5.1%
Educational Services	137	161	24	18%	1.0%
Health Care and Social Assistance	1,871	3,164	1,293	69%	3.1%
Arts, Entertainment, and Recreation	171	255	84	49%	2.4%
Accommodation and Food Services	1,053	1,740	687	65%	3.0%
Other Services	450	924	474	105%	4.3%
Unclassified	(c)	11	n/a	n/a	n/a
Total All Government	4,638	4,905	267	6%	0.3%
Total	15,675	20,442	4,767	30%	1.6%

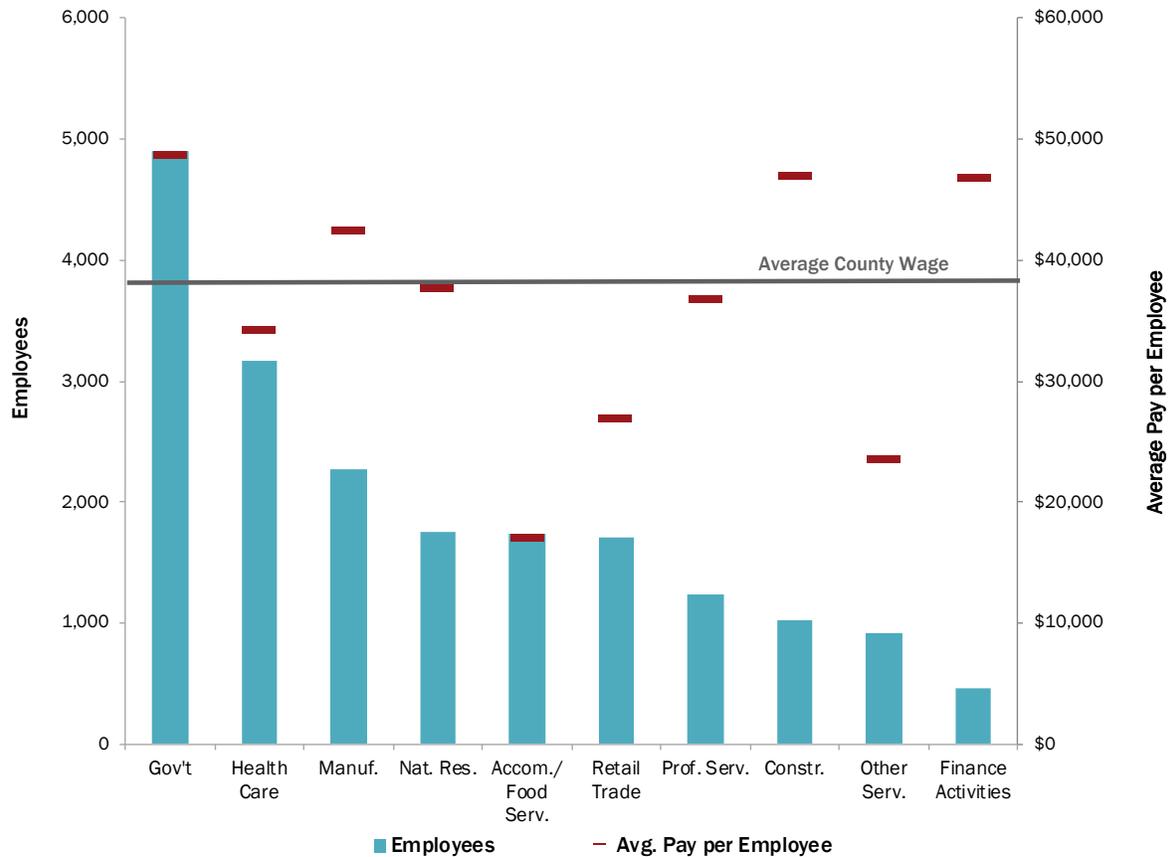
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001–2018.

Note: “(c)” stands for “Not Disclosed” and indicates that the data has been suppressed by the BLS due to confidentiality constraints. The total amount of not-disclosed employment is shown in the table.

¹⁵ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as “1099 employees”), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Exhibit 2 shows covered employment and average wage for the 10 largest industries in Polk County. Jobs in government accounted for approximately 24% of the county’s total covered employment, followed by health care and social assistance (15%) and manufacturing (11%). Of these sectors, manufacturing and government sectors pay above the county wage (\$42,414 and \$48,723, respectively). Jobs in wholesale trade; transportation, trade, and utilities; construction; financial activities; and information also paid more per year than the county average, but account for a smaller share of covered employment in the county.

Exhibit 2. Covered Employment and Average Pay by Sector, 10 Largest Sectors Polk County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

The statewide loss of employment due to the COVID-19 pandemic impacted the accommodation and food services industry the most, followed by the health-care and social assistance industry, as well as the manufacturing and retail industries.¹⁶ Other services, which include personal care services such as barber shops and beauty salons, nonveterinary pet care, and fitness instructors, also experienced acute impacts. Jobs in these industries tend to have lower wages, and the Oregon Employment Department (OED) reported that in the first nine

¹⁶ Based on information from the Oregon Employment Department for Polk County as of July 2020. <https://www.qualityinfo.org/covid-19>

weeks of the pandemic, about 68% of all initial unemployment claims came from individuals working jobs that paid less than \$20 per hour.¹⁷ Furthermore, the OED reported that the manufacturing, construction, and health-care industries had a large quantity of initial unemployment insurance claims. For the manufacturing and construction industries, the OED suggested that this is likely due to businesses' inability to put effective social distancing requirements into place.

In their June 2020 economic and revenue forecast, the Oregon Office of Economic Analysis (OEA) anticipates that over one-third of the initial job losses due to the pandemic will return by the end of 2020.¹⁸ However, the Oregon economy will be far from full recovery by then. OEA expects that after this initial economic snapback, Oregon's economy will be in a position similar to that of the early 1980s recession or the Great Recession. OEA forecasts that the economy should recover to health by mid-2024.

Employment in Dallas

Between 2008 and 2018, employment in Dallas increased by about 416 employees (10%), at about a 1.0% average annual growth rate. Employment in health care, social assistance, and private education increased by about 198 employees (25%), while manufacturing employment decreased by about 47 employees (9%) (Exhibit 3).

Exhibit 3. Change in Covered Employment, Dallas UGB, 2008–2018

Sectors highlighted in blue have wages higher than the city average.

Sector	2008 Employment	2018 Employment	Change in employment 2008-2018		
			Change (Number)	Change (Percent)	AAGR
Construction; Natural Resources	130	174	44	34%	3.0%
Manufacturing	527	480	(47)	-9%	-0.9%
Wholesale Trade	20	49	29	145%	9.4%
Retail Trade	592	629	37	6%	0.6%
Transportation and Warehousing; Utilities	62	49	(13)	-21%	-2.3%
Information	38	35	(3)	-8%	-0.8%
Finance and Insurance	85	86	1	1%	0.1%
Real Estate and Rental and Leasing	47	43	(4)	-9%	-0.9%
Professional Services; Mgmt of Comp.	188	131	(57)	-30%	-3.5%
Administrative Services	34	38	4	12%	1.1%
Health Care and Social Assistance; Private Education	786	984	198	25%	2.3%
Arts, Entertainment, and Recreation	24	28	4	17%	1.6%
Accommodation and Food Services	363	464	101	28%	2.5%
Other Services (except Public Administration)	150	274	124	83%	6.2%
Government	1,030	1,028	(2)	0%	0.0%
Total	4,076	4,492	416	10%	1.0%

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2008 and 2018.

¹⁷ Damon Runberg. "Who Are the COVID-19 Unemployed in Oregon?" Salem, OR: State of Oregon Employment Department. May 21, 2020. <https://www.qualityinfo.org/-/who-are-the-covid-19-unemployed-in-oregon->

¹⁸ Oregon Employment Department, Oregon Economic and Revenue Forecast, June 2020

Employment in Dallas accounted for about 22% of employment in Polk County in 2018. Exhibit 4 shows a summary of covered employment data for the Dallas UGB in 2018. The sectors with the greatest number of employees were government (23% of Dallas’s total covered employment), health care and social assistance (21%), retail trade (14%), and manufacturing (11%).

Exhibit 4. Covered Employment and Average Pay by Sector, Dallas UGB, 2018¹⁹

Sector	Establishments	Employees	Payroll	Avg Wage per Employee
Construction; Natural Resources	46	174	\$ 7,817,923	\$ 44,931
Manufacturing	9	480	\$ 21,416,214	\$ 44,617
Wholesale Trade	4	49	\$ 1,779,599	\$ 36,318
Retail Trade	39	629	\$ 17,008,508	\$ 27,041
Transportation and Warehousing; Utilities	8	49	\$ 2,113,103	\$ 43,125
Information	8	35	\$ 1,204,839	\$ 34,424
Finance and Insurance	25	86	\$ 3,551,691	\$ 41,299
Real Estate and Rental and Leasing	19	43	\$ 1,380,781	\$ 32,111
Professional Services; Mgmt of Comp.	22	131	\$ 4,956,070	\$ 37,833
Administrative Services	16	38	\$ 1,386,308	\$ 36,482
Private Education	5	45	\$ 1,266,399	\$ 28,142
Health Care and Social Assistance	62	939	\$ 36,834,937	\$ 39,228
Arts, Entertainment, and Recreation	6	28	\$ 298,517	\$ 10,661
Accommodation and Food Services	38	464	\$ 8,371,549	\$ 18,042
Other Services (except Public Administration)	110	274	\$ 5,588,385	\$ 20,396
Government	29	1,028	\$ 51,058,239	\$ 49,668
Total	446	4,492	\$ 166,033,062	\$ 36,962

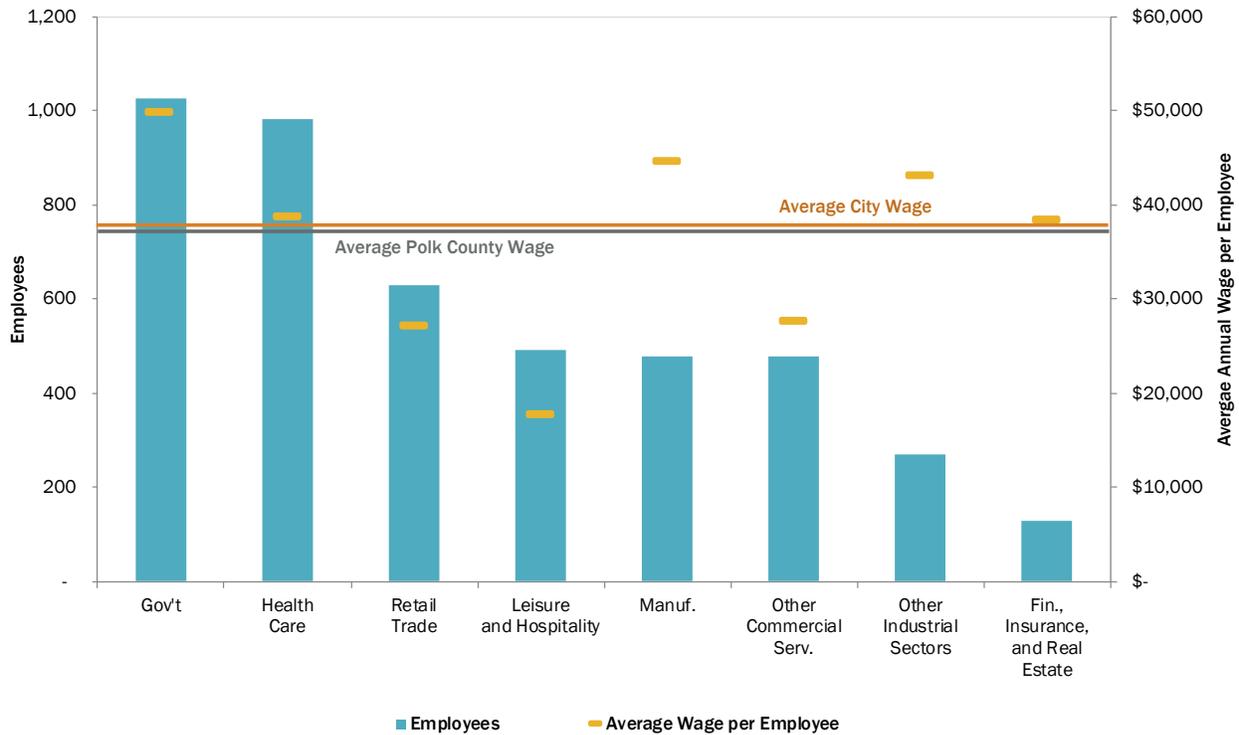
Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

The average size for a private business in Dallas was 10 employees per business, slightly lower than the state average of 11 employees. Businesses with 9 or fewer employees accounted for 37% of private employment, and businesses with 50 or fewer employees accounted for 65% of private employment.

Exhibit 5 shows the employment and average pay per employee for sectors in Dallas. Average pay for all employees (\$36,962) is shown as a yellow line across the graph, and average pay for individual sectors as short red lines. The figure shows that health care and social assistance; finance, insurance, and real estate; professional, scientific, and technical services; government; and industrial sectors had above average wages. The lowest wages were in retail trade and leisure activities, which include arts, entertainment, and recreation, as well as accommodation and food services.

¹⁹ The following sectors were combined due to confidentiality of QCEW data: utilities, transportation and warehousing; manufacturing and wholesale trade; finance and insurance, real estate and rental and leasing; health care and social assistance and private education; arts, entertainment and recreation and accommodation and food services.

Exhibit 5. Covered Employment and Average Pay by Sector, Dallas UGB, 2018²⁰



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

Though data are not readily available at the city level to inform the impacts of the COVID-19 pandemic, OED reports that Polk County had lower rates of unemployment insurance (UI) claims as a share of labor force relative to all Oregon counties.²¹ In the months following the onset of the pandemic (for data ending July 30, 2020), nearly 1,968 continued UI claims were made in Polk County. Of these claims, almost 315 were in the accommodation and food services sector (16% of the county’s total claims). Health care and social assistance had the next largest share of continued claims at about 15% of the county total, followed by manufacturing and retail trade, each accounting for about 10%. The depth of the impact on wages is not fully apparent in the data yet; however, the sharp job loss in these sectors and others is expected to decrease or at least stagnate in the short run.

Outlook for Growth in Polk County

Given the large change in the economy starting in March 2020 as a result of the COVID-19 pandemic, it is difficult to accurately understand the likely outlook for growth in Polk County. The best currently available data is as follows. Exhibit 6 shows the Oregon Employment

²⁰ “Industrial sectors” includes natural resources, construction, transportation and warehousing, utilities, and wholesale trade. “Leisure activities” includes accommodation and food services and arts, entertainment, and recreation.

²¹ Based on information from the Oregon Employment Department for Polk County as of July 2020. <https://www.qualityinfo.org/covid-19>

Department’s forecast for employment growth by industry for the Mid-Valley region (Linn, Marion, Polk, and Yamhill Counties) over the 2019 to 2029 period. Employment in the region is forecasted to grow at an average annual growth rate of 0.8%.

The sectors that will lead employment in the region for the 10-year period are private educational and health services (adding 6,700 jobs); government (3,100); trade, transportation, and utilities (2,600); professional and business services (2,400); construction (2,300); and leisure and hospitality (2,300). In sum, these sectors are expected to add 19,400 new jobs, or about 81% of employment growth in the Mid-Valley region. Polk County accounts for about 7% of employment in these four counties, and Dallas accounts for about 22% of the county’s employment.

Exhibit 6. Regional Employment Projections, 2019–2029, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

Industry Sector	2019	2029	Change 2019–2029		
			Number	Percent	AAGR
Total Private Payroll Employment	215,700	235,500	19,800	9%	0.9%
Natural Resources and Mining	18,000	19,300	1,300	7%	0.7%
Mining and Logging	1,200	1,200	0	0%	0.0%
Construction	17,400	19,700	2,300	13%	1.2%
Manufacturing	28,900	30,300	1,400	5%	0.5%
Durable Goods	17,100	18,200	1,100	6%	0.6%
Wood Product Manufacturing	4,400	4,500	100	2%	0.2%
Nondurable Goods	11,800	12,100	300	3%	0.3%
Trade, Transportation, and Utilities	43,700	46,300	2,600	6%	0.6%
Wholesale Trade	6,400	7,000	600	9%	0.9%
Retail Trade	27,900	28,500	600	2%	0.2%
Transportation, Warehousing, and Utilities	9,400	10,800	1,400	15%	1.4%
Information	2,000	2,000	0	0%	0.0%
Financial Activities	9,600	9,700	100	1%	0.1%
Professional and Business Services	20,400	22,800	2,400	12%	1.1%
Private Educational and Health Services	42,100	48,800	6,700	16%	1.5%
Health Care and Social Assistance	37,400	43,600	6,200	17%	1.5%
Health Care	29,800	34,600	4,800	16%	1.5%
Leisure and Hospitality	23,300	25,600	2,300	10%	0.9%
Accommodation and Food Services	20,700	22,800	2,100	10%	1.0%
Other Services and Private Households	10,300	11,000	700	7%	0.7%
Government	54,000	57,100	3,100	6%	0.6%
Federal Government	2,200	2,300	100	5%	0.4%
State Government	21,200	22,800	1,600	8%	0.7%
Local Government	30,600	32,000	1,400	5%	0.4%
Local Education	17,100	18,000	900	5%	0.5%
Self-Employment	15,500	16,700	1,200	8%	0.7%
Total employment	285,200	309,300	24,100	8%	0.8%

Source: Oregon Employment Department. Employment Projections by Industry 2019-2029.

Dallas's Competitive Advantage

Economic development opportunities in Dallas will be affected by local conditions as well as the national and state economic conditions addressed above. Economic conditions in Dallas relative to these conditions in other portions of the Willamette Valley region form Dallas's competitive advantage for economic development. Dallas's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

Dallas's primary competitive advantages are access to a skilled labor force, supply of industrial land, access to a regional airport in Salem, a business-friendly environment, and quality of life. These factors make Dallas attractive to residents and businesses that want a high quality of life where they live and work.

The discussion earlier in this chapter provided information about Dallas's existing base of businesses and access to labor, which are key to understanding Dallas's competitive advantages. This section summarizes these and other local factors that form Dallas's competitive advantage, with additional details in the sections following this summary.

Dallas's advantages for economic development include:

- **Location.** Dallas is located in Polk County and is part of the Willamette Valley region. It is about 13 miles west of Salem and 60 miles southwest of Portland. Employers in Dallas have access to labor in the broader Willamette Valley region, drawing employees from Salem, Monmouth, and Independence. These locational aspects allow both goods and workers to move in and out of Dallas with relative efficiency. Dallas's location can be an advantage, especially for workers who prefer to live in or near Dallas for its quality of life but still need access to urban amenities.
- **Transportation.** Dallas is the only major city located along Route 223, which runs north-south from Wren to Dallas. At the north end, the highway intersects with Route 22 leading to Salem, which eventually connects with I-5 about 20 miles outside of Dallas. As a major interstate, I-5 is a preferred route for trucking and distribution between California and Washington, as it is relatively flat. Route 223 also has a spur route that runs east through Polk County from Dallas and connects to an interchange with Route 22 and Pacific Highway West (OR 99W) in Rickreall. Dallas has less traffic congestion than observed in Salem, Portland, and other large cities.

While Dallas itself does not have an airport, its proximity to Salem provides the city with access to a municipal airport less than 20 miles away. The closest large-scale international airport is approximately 70 miles away in Portland. Dallas has rail access to Portland & Western Railroad, and several properties planned for industrial could potentially utilize the existing rail access.²²

²² The railroads noted here are not currently in use and are in need of repair.

- **Industrial land supply.** The buildable lands inventory (BLI) in Chapter 4 shows that Dallas has 213 acres of unconstrained buildable land within the UGB. Dallas has a variety of site sizes of industrial land with developable areas suitable for a variety of businesses ranging from manufacturing and other industrial uses to smaller service outfits.

Redevelopment opportunities. Dallas’s downtown has continued opportunities for redevelopment for commercial properties. In *Our Dallas 2030*, the community is envisioned as having “fully revitalized our historic Downtown, and offer a full range of housing options to accommodate our growing population’s diverse needs.” Dallas’s urban renewal district mostly includes properties in the Central Business District plan designation. The City has used urban renewal to implement programs that award grants for façade improvements.

Additionally, the mill site, located in the southern portion of Dallas’s UGB, is identified as a potential redevelopment site. Constraints on this site include a potential floodplain, wetlands, riparian corridor, raised concrete slabs, slopes greater than 15%, and potential brownfield areas of the site. Redevelopment of the mill site may require significant support by the City, in the form of financial incentives, tax abatements, and other assistance.

- **Utilities rates and telecommunication infrastructure.** Dallas has relatively low utility rates, as well as access to “gig-speed” internet through Willamette Valley Fiber. These factors may attract businesses that require heavy use of utilities. In addition, broadband and fiber internet access is an increasingly high priority for most businesses. It can also help to attract remote workers who may not work for a business in Dallas but want to live in Dallas, as well as new home-based businesses.
- **Labor market.** Dallas’s workforce is relatively older, with a larger share of residents approaching retirement than in Polk County and Oregon overall. Dallas’s labor force participation rate (57%) is slightly lower than the county average (60%).

Although the share of Dallas’s working age population with a bachelor’s degree or higher (23%) is lower relative to the county average (30%), the city has a higher share (38%) of residents with an associate degree. Employers have access to workers in the mid-to-late stages of their careers, as well as students attending the Dallas School District’s Career and Technical Education Programs (CTE) or pursuing postsecondary education at Chemeketa Community College’s Polk Center in Dallas or Oregon State University Polk County Extension. Dallas also has access to students from nearby educational institutions, such as Western Oregon University in Monmouth, as well as Chemeketa Community College and Willamette University in Salem.

- **Business-friendly environment.** Dallas has a reputation for being a business-friendly community, with the systems in place to respond to a business’s needs quickly. From utility demands to permit needs, the City can generally keep up with and accommodate requests from new and existing businesses. The City continues to prioritize relationships with business owners and has developed key partnerships with business assistance

organizations, including but not limited to the Dallas Chamber of Commerce, the Dallas Downtown Association, and the Strategic Economic Development Corporation (SEDCOR). Many business owners are active in the local community, serving on boards and committees for various organizations in Dallas.

Additionally, Dallas offers a variety of tax incentives to businesses, including some of the lowest available tax rates in the state, exemptions through the City's Enterprise Zone, and the Dallas Opportunity Zone's capital gains tax reinvestment benefits.

- **Tourism and access to outdoor recreation.** Dallas, similar to other places in the Willamette Valley region, attracts visitors for its access to outdoor recreation opportunities and wineries. In addition to the city's parks and open space, Dallas offers biking on the Rickreall Creek Trail System and access to Black Rock mountain bike trails in nearby Falls City. Wildlife viewing is also accessible near Dallas at the Baskett Slough National Wildlife Refuge. Visitors also come to Dallas to enjoy the surrounding vineyards and tasting rooms open throughout most of the year. Businesses and employees may be attracted to Dallas because of the easy access to outdoor recreation and cultural amenities. In 2019, the Mid-Willamette Valley Community Development Partnership completed walking maps for smaller communities in the region, including Dallas, to promote cultural and historic education for visitors.²³
- **Quality of life.** For many of the reasons that Dallas attracts visitors, it also attracts residents. Dallas's quality of life attracts employers and their workers to the city. In addition to its role as a cultural hub within the state, the Willamette Valley's cooler climate has enabled the region to become a major wine producer. Dallas provides residents with small-town character, while providing necessary services and amenities including a historic downtown, a strong public-school system, and West Valley Hospital. Access to recreation and comparatively affordable housing costs also contribute to Dallas's high quality of life.

Dallas's disadvantages for economic development include:

- **Location.** For companies looking to locate in the state, Dallas's location presents challenges, as it is not along an interstate. Dallas is located about 5 miles from Highway 99W and about 18 miles from I-5. Dallas's distance from these major routes may draw residents and visitors who seek a more remote location, but it can be a disadvantage for many types of businesses, especially those that need close proximity to a larger urban area, other cities, or direct access to I-5. Development of smaller scales of these businesses, however, may find Dallas's location as an advantage to serve markets in the region and the state.
- **Housing affordability.** Dallas's median home price is similar to that of Polk County (\$327,000). According to Zillow, the median home sales price in Dallas in the fourth quarter of 2019 was \$323,000, compared with \$291,000 for Salem and \$316,000 for

²³ Annual Report. Mid-Willamette Community Development Partnership. June 30, 2019.

Monmouth. Sales prices in Independence were also lower than Dallas (\$278,000). Conversely, rents in Dallas are 15% lower than Salem, 8% lower than Monmouth, and 21% lower than Independence.²⁴ While the comparatively affordable median home prices in nearby Salem, Independence, and Monmouth make it more attractive than Dallas for workers and businesses wishing to purchase a home, the more affordable rents offer an alternative for those who wish to reside in Dallas.

- **Vacancies in downtown.** Vacancies in buildings in downtown Dallas prevent the city from realizing the vision of a vibrant central business district. For some businesses, parking restrictions may be a barrier to locating in downtown.
- **Infrastructure needs.** Many of Dallas’s sites with buildable land lack immediate access to infrastructure (i.e., they are not “shovel-ready” sites). This is a barrier for both industrial and commercial land in Dallas, including areas in the master plan nodes. For example, the La Creole Master Plan area requires extension of sanitary sewer systems. Some of the identified infrastructure improvements are costly and would require a developer to build them out. Additionally, while some sites in Dallas have rail access, the rail lines would require repair to return to use.
- **Commercial land supply.** The BLI in Chapter 4 shows that Dallas has 45 acres of buildable commercial land in the UGB. Almost half (24 acres) are in the La Creole Master Plan area, which does not yet have the necessary infrastructure to build out for commercial uses.
- **Jobs-housing imbalance.** Commuting is common for Dallas workers and residents, which is a similar trend across cities in the Willamette Valley. In 2018, the ratio of covered employees to residents in Dallas was about 0.3. Although some workers would prefer to both live and work in Dallas, over two-thirds of Dallas workers commute from surrounding cities, including Monmouth, Independence, and Salem. Similarly, over three-quarters of Dallas residents commute out of Dallas for work in surrounding cities.

Public Facilities and Services

Provision and costs of public facilities and services can impact a firm’s decision regarding location within a region. One of the primary considerations about developing a site is whether it has infrastructure to or near the site, including water, wastewater, stormwater, and transportation. If infrastructure is not developed to or near the site, the consideration becomes whether infrastructure can be extended in a timely manner and at a financially feasible cost.

This section discusses Dallas’s large infrastructure systems, including the water system, wastewater system, and stormwater system. It answers the question of whether Dallas has or is planning to have sufficient capacity to support the amount and types of development proposed in the EOA.

²⁴ Zillow. (2020). Home Values. <https://www.zillow.com/home-values/>

Water

Overall, Dallas has enough water capacity to accommodate existing and future water needs for industrial and commercial uses. The city's water treatment plant has a capacity of 10.5 million gallons per day. Currently, the peak summer usage is about 5 million gallons per day and winter usage averages about 2.5 to 3 million gallons per day. Dallas's single water source is the Mercer reservoir, which is part of the Rickreall Watershed.

The primary concern for Dallas's water supply is the lack of a redundant source. While the watershed supplying the existing source has enough rainfall per year to accommodate additional demand, Dallas would need to build an additional reservoir to store it. Dallas's current water system has capacity to accommodate existing and future growth, but continued growth coupled with drought years could create tighter demand in the future. In the 20-year period, Dallas has near-term plans to continue maintenance of existing facilities, as well as long-term plans to increase raw water storage capacity.

Wastewater

The current capacity of Dallas's wastewater treatment plant is 12.5 million gallons per day. With an existing demand of 4 to 5 million gallons per day, the City could accommodate growth of industrial or commercial uses within the current system. Seasonally, Dallas's stormwater system has minor infiltration and inflow issues during storms due to cracked pipes. The City has completed some larger projects to correct issues along transition lines and has plans to continue monitoring and correcting infiltration issues.

Overall, the City expects to accommodate existing and future uses, including large industrial users. Previously, the City had larger industrial users with high demand, including at the mill site. While these users are no longer located in Dallas, the wastewater infrastructure still exists and is available for future users. The City is also in the process of designing a recycled water program that would be available for irrigation or industrial purposes.

3. Employment Growth and Site Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for Dallas is based on expected employment growth and the types of firms that are likely to locate in Dallas over the 20-year period. This chapter presents an employment forecast and analysis of potential growth industries that build from recent economic trends.

Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and nonretail commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in Dallas. This employment land demand is driven by local growth independent of broader economic opportunities, including the growth of potential growth industries.

The employment projections in this section build off Dallas's existing employment base, assuming future growth is similar to Polk County's long-term historical employment growth rates. The employment forecast does not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period. Such a major change in the community's employment would exceed the growth anticipated by the City's employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

ECONorthwest has four steps to project demand for industrial and nonretail commercial land:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in Dallas presented in Exhibit 4. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in the city.
2. **Project total employment.** The projection of total employment considers forecasts and factors that may affect employment growth in Dallas over the 20-year planning period.
3. **Allocate employment.** This step involves allocating types of employment to different land use types.
4. **Estimate land demand.** This step estimates general employment land demand based on employment growth and assumptions about future employment densities.

This analysis applies methods established by administrative rule and input received from the Dallas Technical Advisory Committee (TAC), the Dallas Planning Commission, and the Dallas City Council.

Employment Base for Projection

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in Dallas starts with a base of employment growth on which to build the forecast. Exhibit 7 shows ECONorthwest's estimate of total employment in Dallas in 2018.

To develop the figures, ECONorthwest started with estimated covered employment in the Dallas UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, Dallas had about 4,492 covered employees in 2018.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Polk County is only about 70% of *total* employment reported by the U.S. Department of Commerce.²⁵ We evaluated this ratio for each industrial sector for Polk County and used the resulting ratios to determine the number of noncovered employees. This allowed us to determine the total employment in Dallas. Exhibit 7 shows Dallas had an estimated 6,805 *total* employees within its UGB in 2018.

²⁵ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on data from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other noncovered workers.

Exhibit 7. Estimated Total Employment by Sector, Dallas UGB, 2018

Sector	Covered Employment	Estimated Total Employment	Covered % of Total
Construction; Natural Resources	174	270	64%
Manufacturing	480	544	88%
Wholesale Trade	49	72	68%
Retail Trade	629	1,034	61%
Transportation and Warehousing; Utilities	49	83	59%
Information	35	97	36%
Finance and Insurance	86	283	30%
Real Estate and Rental and Leasing	43	315	14%
Professional Services; Mgmt of Comp.	131	525	25%
Professional, Technical, Administrative Services	38	62	61%
Private Education	45	120	38%
Health Care and Social Assistance	939	1,143	82%
Arts, Entertainment, and Recreation	28	82	34%
Accommodation and Food Services	464	539	86%
Other Services (except Public Administration)	274	556	49%
Government	1,028	1,080	95%
Total	4,492	6,805	66%

Source: 2018 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Employment Projection

The employment forecast covers the 2021 to 2041 period, requiring an estimate of total employment for Dallas in 2021. The base employment starts with the estimate of 6,805 total jobs in Dallas in 2018, shown in Exhibit 7. Since 2018, however, unemployment has increased substantially in Oregon as a result of the COVID-19 pandemic. As a result, the employment forecast assumes a 5% decrease²⁶ in the number of employees in Dallas in 2021, resulting in an employment base of 6,465 total employees in Dallas (Exhibit 9).

Dallas does not have an existing employment forecast, and there is no required method for employment forecasting. OAR 660-024-0040(9)(a) sets out some optional “safe harbors” that allow a city to determine employment land need. ECONorthwest presented the TAC and City Council with options for the employment forecast rate, including the two safe harbor options.

Exhibit 8 shows the forecast rate options, which include employment growing at the rate of either the PSU population growth rate (1.61%), the OED regional employment growth rate (0.81%),²⁷ or the historic employment growth rate in Dallas between 2008 and 2018 (0.98%). The

²⁶ In July 2020, the seasonally adjusted unemployment rate for Oregon was 10.4% and 8.8% in Polk County, according to the Oregon Employment Department. This analysis assumes that Dallas’s job market will recover relatively quickly.

²⁷ During the EOA process, the OED forecast rates for the 2019–2029 were not yet available. The TAC and City Council reviewed the previous forecast for the 2017–2027 period, which had a rate of 1.13%.

PSU and OED growth rates are the safe harbor options in OAR 660-024-0040(9)(a)(A) and OAR 660-024-0040(9)(a)(B).

Exhibit 8. Forecast Rate Options for Employment Growth in Dallas UGB, 2021–2041

Jobs Grow at the Rate of...			
Year	Population Growth for the City (1.61%)	Employment Growth in the Region (0.8%)	Historic (2008-18) Employment Growth in Dallas (0.98%)
2021	6,465	6,124	6,124
2041	8,905	7,203	7,438
Change 2021 to 2041			
Employees	2,440	1,079	1,314
Percent	38%	18%	21%
AAGR	1.61%	0.81%	0.98%

Source: ECONorthwest

Based on the options presented to City Council, as well as discussion with the TAC, Council approved the use of the population rate safe harbor described in OAR 660-024-0040(9)(a)(B) at the August 3, 2020, work session. This safe harbor allows the City to assume that the current number of jobs in the Dallas UGB will grow during the 20-year planning period at a rate equal to the population growth rate provided in the most recent forecast published by Portland State University’s Oregon Population Forecast Program. The latest forecast shows that the population in Dallas will grow at an average annual growth rate of 1.6%.²⁸

Exhibit 9 shows employment growth in Dallas between 2021 and 2041, based on the assumption that the city will grow at an average annual growth rate of 1.6%. Dallas will have 8,905 employees within the UGB by 2041, which is an increase of 2,440 employees (38%) between 2021 and 2041.

Exhibit 9. Employment Growth in Dallas UGB, 2021–2041

Year	Total Employment
2021	6,465
2041	8,905
Change in Employees (2021 to 2041)	
Employees	2,440
Percent	38%
AAGR	1.61%

Source: ECONorthwest

²⁸ Final Population Forecasts prepared by Population Research Center, Portland State University, June 30th, 2018.

Allocate Employment to Different Land Use Types

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in Dallas will look for a variety of site characteristics, depending on the industry and specific circumstances. We grouped employment into four broad categories of land use based on the North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, and government.

Exhibit 10 shows the expected share of employment by land use type in 2021 and the forecast of employment growth by land use type in 2041 in the Dallas UGB. For each land use type, we assumed that the number of jobs will increase, except for government. Exhibit 10 assumes that the share of employment in retail commercial will decrease from 15% to 13% of all employment, consistent with national trends in declines in local retail. It also assumes that government employment will decrease from 16% to 14% of overall employment, based on the assumption that school, county, and local employment will grow slower than other types of employment. Exhibit 10 shows industrial and office and commercial services increasing share of employment by 2% each.

These assumptions for the future share of employment were reviewed with the TAC and approved by the City Council at the August 3, 2020, work session.

Exhibit 10. Forecast of Employment Growth by Land Use Type, Dallas UGB, 2021–2041

*Number of Employees

Land Use Type	2021		2041		Change 2021 to 2041
	Employment*	% of Total	Employment*	% of Total	
Industrial	921	14%	1,425	16%	504
Retail Commercial	982	15%	1,158	13%	176
Office & Commercial Services	3,536	55%	5,076	57%	1,540
Government	1,026	16%	1,246	14%	220
Total	6,465	100%	8,905	100%	2,440

Source: ECONorthwest

Note: The shaded percentages denote an assumption about the future change in the share of employment (as a percent of total) by land use type.

Estimate of Demand for Commercial and Industrial Land

This section shows demand for vacant (including partially vacant) land in Dallas over the 20-year period. The assumptions used in this analysis are:

- **Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. An empirical analysis of Dallas's existing employment conducted by ECONorthwest showed that industrial sites have an average of 12 employees per acre, retail commercial sites have an average of 17 employees per acre, and office commercial sites have an average of 16 employees per acre.

Exhibit 11 assumes the following numbers of net employees per acre: industrial will have an average of 12 employees per acre and commercial (retail and office) commercial

will have an average of 16 employees per acre. These employment densities are consistent with Oregon cities similar in size to Dallas. Some types of employment will have higher employment densities (e.g., a multistory office building), and some will have lower employment densities (e.g., a convenience store with a large parking lot).

- **Conversion from net-to-gross acres.** The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.²⁹ A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of Dallas’s existing net-to-gross ratios in areas designated for and developed with industrial and commercial uses, ECONorthwest uses a net-to-gross conversion factor of 17% for industrial and 22% for commercial.

Using these assumptions, the forecasted growth of 2,220 new employees will result in the following demand for vacant (and partially vacant) employment land: 50 gross acres of industrial land, 14 acres of retail commercial land, and 124 gross acres of office commercial land.

Exhibit 11. Demand for Vacant Land to Accommodate Employment Growth, Dallas UGB, 2021–2041

Land Use Type	New Emp. on Vacant Land	Employees per Acre (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
Industrial	504	12	42	50
Retail Commercial	176	16	11	14
Office & Commercial Services	1,540	16	96	124
Total	2,220	-	149	189

Source: ECONorthwest

²⁹ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Target Industries

The characteristics of Dallas will affect the types of businesses most likely to locate in the city. Attributes that may attract firms are Dallas’s access to industrial land, labor market, and quality of life.

Dallas’s existing businesses are concentrated in the industries defined in Exhibit 12. The industries in **green highlight** are industries with a high location quotient (i.e., highly specialized compared to national employment in the industry), high employment (i.e., have more than 50 employees in Dallas), and higher than average city wages. These industries have the highest potential for growth, given existing businesses and the higher concentration of employment.

Dallas also has opportunities for employment growth in industries without a concentration of employment or a high location quotient.

Exhibit 12. Concentration of Industries and Employment, Dallas, 2018

	High Employment (more than 50 employees)	Low Employment (at least 10 employees)
High Location Quotient	<ul style="list-style-type: none"> ▪ Transportation Equipment Manufacturing ▪ Motor Vehicle and Parts Dealers ▪ Food and Beverage Stores ▪ Nursing and Residential Care Facilities ▪ Social Assistance ▪ Food Services and Drinking Places ▪ Religious, Grantmaking, Civic, Professional, and Similar Organizations ▪ Private Households 	<ul style="list-style-type: none"> ▪ Building Material and Garden Equipment and Supplies Dealers ▪ Waste Management and Remediation Services
Low Location Quotient	<ul style="list-style-type: none"> ▪ Specialty Trade Contractors ▪ Professional, Scientific, and Technical Services ▪ Ambulatory Health-Care Services 	<ul style="list-style-type: none"> ▪ Construction of Buildings ▪ Heavy and Civil Engineering Construction ▪ Health and Personal Care Stores ▪ Gasoline Stations ▪ Truck Transportation ▪ Publishing Industries (except Internet) ▪ Credit Intermediation and Related Activities ▪ Insurance Carriers and Related Activities ▪ Real Estate ▪ Administrative and Support Services ▪ Educational Services ▪ Amusement, Gambling, and Recreation Industries ▪ Repair and Maintenance ▪ Personal and Laundry Services

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

Note: Green highlighting indicates higher than Dallas’s average wage.

Potential Growth Industries

An analysis of growth industries in Dallas should address two main questions: (1) Which industries are most likely to be attracted to Dallas? and (2) Which industries best meet Dallas's economic development goals? The selection of potential growth industries is based on Dallas's goals for economic development, economic conditions in Dallas and Polk County, and the City's competitive advantages.

Given the current employment base, which is composed of small-sized businesses, it is reasonable to assume that much of the city's business growth will come from small-sized businesses. This growth will either come from businesses already in Dallas or new businesses that start or relocate to Dallas from within the Mid-Willamette Valley region or from outside of the region.

The industries identified as having potential for growth in Dallas are:

- **Manufacturing.** As automation continues to change manufacturing industries, Dallas's target manufacturing industries will also evolve. Based on existing businesses in Dallas, these industries may include:
 - Transportation equipment manufacturing
 - Metals manufacturing
 - Paper manufacturing and other wood products manufacturing
- **Local warehousing.** Businesses in Dallas will need warehouse distribution facilities for products manufactured in Dallas or products distributed from Dallas.
- **Services for visitors.** Dallas is located in close proximity to wineries and vineyards in the Willamette Valley. Natural areas near Dallas also provide access to a range of outdoor recreation activities. Visitors that stop in Dallas creating future demand for services such as hotels, restaurants, retail, and experiences available in or near Dallas.
- **Services for residents.** As Dallas's population or the population of the outlying areas in Polk and Marion Counties grow, demand for services for residents will grow. These services include retail, restaurants, personal services (like hairdressers), financial services, medical services, and other services. These types of services present opportunities for entrepreneurship and small business development in Dallas.

Site Needs for Potential Growth Industries

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

OAR 660-009-0015(2) does state that “industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the City “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by (1) plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, Dallas groups its future employment uses into categories based on their need for land with a particular plan designation (i.e., industrial or commercial) and by their need for sites of a particular size.

The potential growth industries described in the prior section are a mixture of business sizes, from small to medium-sized businesses. For the most part, Dallas’s potential growth industries need flat sites smaller than two acres and up to 25 acres. Industrial businesses need access to arterial and highways with no freight movement through neighborhoods. These business may also need greater access to water and wastewater. Exhibit 13 shows the typical site needs for manufacturing businesses in Oregon.

Exhibit 13. Industrial Development Competitiveness Matrix, Business Oregon

Industry Sector	Site size (Acres)	Site Topography (Slope)	Trip Generation (ADT/Acre)	Site Access		Telecommunications (major communications dependency)
				Max distance in miles to interstate or major arterial	Railroad or Port Access	
Regionally to Nationally Scaled Clean-Tech Manufacturer	5-100+	0-5%	40 - 60	10	Preferred	Required
Heavy Industrial/ Manufacturing	10-100+	0-5%	40 - 60	10	Preferred	Preferred
General Manufacturing	5-15+	0-5%	40 - 50	20	Preferred	Required
Food Processing	5-25+	0-5%	50 - 60	30	Preferred	Preferred
Regional (multistate) Distribution Center	20-100+	0-5%	40 - 80	5 Only Interstate highway or equivalent	Preferred	Preferred
Warehouse/Distribution (local)	10-25	0-5%	40 - 80	5 Only Interstate highway or equivalent	Preferred	Preferred
Call Center / Business Services	5-15	0 to 12%	170 - 180	Not applicable	Preferred	Required
Advanced Manufacturing & Assembly	5-25+	0-7%	40 - 60	15	Not Required	Required
Business Park and R&D Campus	20 - 100+	0-7%	60 to 150	N/A	Preferred	Required
UVA Manufacturing / Research	10-25+	0-7%	40 - 80	N/A	Not Required	Required
Data Center	10-25+	0-7%	20 - 30	30	Avoid / Not Required	Required
Rural Industrial	5-25+	0-5%	40 - 50	N/A	N/A	Preferred

Source: Business Oregon, Infrastructure Finance Authority, “Industrial Development Competitiveness Matrix.”

Note: Items identified as “preferred” are those that increase the feasibility of the subject property and its future reuse. Items identified as “required” are factors seen as mandatory in the vast majority of cases and have become industry standards.

For the most part, the size of sites needed by most potential growth industries will range from space in an existing building to flat sites of one acre or less to sites of 25 acres for manufacturing businesses. In a few instances, such as in industrial or business parks, sites larger than 25 acres (and up to 100 acres or larger) may be necessary to meet the needs of businesses or developments to support businesses. Manufacturing and other industrial businesses likely to locate in Dallas will have a range of space needs:

- **Small-scale manufacturing space.** Businesses would be located in an industrial building with many other users. These businesses will need direct access to arterial and highways.
- **Space in an existing building.** The majority of businesses that work with Business Oregon on site selection request space in existing buildings, either in vacant buildings or in buildings with other manufacturers.
- **Midsized manufacturing.** Some midsized manufacturers may prefer to locate in a building with one or two other businesses. Other manufacturers may prefer to locate in newly developed buildings on sites from five to 15 acres in size. These businesses will need direct access to arterial and highways and may need greater access to water and wastewater.
- **Large manufacturing space.** Some larger manufacturers may prefer newly developed buildings on sites larger than 15 acres, often in purpose-build buildings. These businesses will need direct access to arterial and highways and may need greater access to water and wastewater. For example, the property where Mint Valley Paper Company has proposed construction of a new manufacturing facility is about 53 acres in size, of which about 37 acres is buildable when you exclude the areas with floodplains and wetlands.

Commercial businesses, including service and hospitality, require high-visibility locations near other businesses and neighborhoods. Professional and commercial service businesses have a variety of space needs, ranging from:

- **Space in an existing building.** Businesses would be located as one of several or many firms within the building.
- **Space in a building dominated by one firm.** This could potentially be with manufacturing or other industrial space in the building.
- **Land for construction of a building designed for the firm.** However, in the case where the business needs to build a building, they are typically seeking existing space rather than land to build a new facility.

Some commercial businesses may locate in Dallas's nodal development areas when infrastructure (e.g., sanitary sewer services) are available and when surrounding neighborhoods have developed.

4. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Dallas UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the Dallas UGB. The results are based on analyses of City of Dallas, Polk County, and State of Oregon GIS data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the buildable lands inventory.

The general steps in the buildable lands inventory are:

1. Generate UGB “land base”
2. Classify lands by buildable area status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

The next section provides a summary of the results of the commercial and industrial buildable lands inventory for the Dallas UGB in both tabular and map formats. **Appendix B presents more details on the methodology for developing the inventory.**

Land Base

Exhibit 14 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the Dallas UGB. ECONorthwest used this land base in the buildable lands analysis for Dallas. According to 2019 data, within Dallas’s UGB there are about 682 total employment land acres in 600 tax lots in total.

Exhibit 14. Commercial and Industrial Acres, Dallas UGB, 2020

Plan Designation - Zone	Number of Lots	Percent of Total	Acres	Percent of Total
Industrial	199	33%	482	71%
Commercial - outside Master Plan Nodal Areas	349	58%	144	21%
Central Buisness District	187	31%	45	7%
Commercial	162	27%	98	14%
Commercial - inside Master Plan Nodal Areas	52	9%	57	8%
Barberry Node	10	2%	13	2%
<i>Commercial Neighborhood</i>	10	2%	13	2%
La Creole Node	41	7%	39	6%
<i>Commercial General</i>	17	3%	23	3%
<i>Mixed Use</i>	24	4%	16	2%
Wyatt Node	1	0%	4	1%
<i>Commercial Neighborhood</i>	1	0%	4	1%
Total	600	100%	682	100%

Source: ECONorthwest analysis of data from City of Dallas and Polk County.

Buildable Area Status

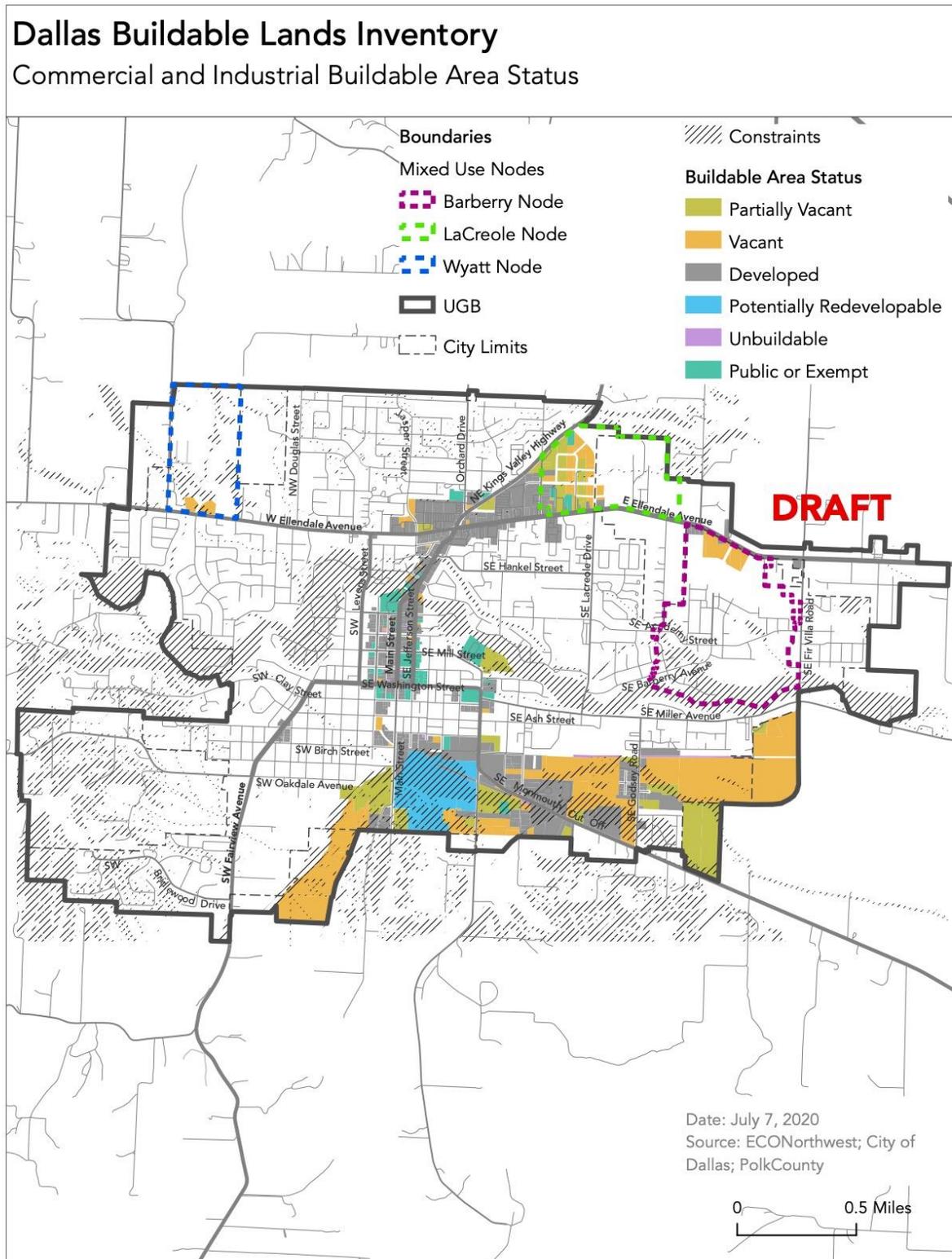
Exhibit 15 shows commercial, industrial, and agricultural land in Dallas by buildable area status. Of the 682 commercial and industrial acres in the Dallas UGB, about 307 acres (45 %) are in classifications with no development capacity (or “committed acres”). Of the remaining 375 acres, 116 acres (17%) are constrained and 257 acres (38%) are buildable land with development capacity.

Exhibit 15. Employment Acres by Classification and Plan Designation, Dallas UGB, 2020

Plan Designation - Zone	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Industrial	482	155	113	213
Commercial - outside Master Plan Nodal Areas	144	135	2	7
Central Buisness District	45	44	0	1
Commercial	98	91	2	6
Commercial - inside Master Plan Nodal Areas	57	17	1	38
Barberry Node	13	2	-	11
<i>Commercial Neighborhood</i>	13	2	-	11
La Creole Node	39	15	0	24
<i>Commercial General</i>	23	5	0	18
<i>Mixed Use</i>	16	11	0	5
Wyatt Node	4	-	1	3
<i>Commercial Neighborhood</i>	4	-	1	3
Total	682	307	116	257

Source: ECONorthwest analysis of data from City of Dallas and Polk County.

Exhibit 16. Employment Land by Classification with Development Constraints, Dallas UGB, 2020



Vacant Buildable Land

The next step in the commercial and industrial buildable lands inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of partially vacant tax lots, (2) areas with service constraints, and (3) areas with physical constraints (areas with wetlands, floodways, riparian setback areas, and steep slopes).³⁰

Exhibit 17 shows unconstrained buildable acres for vacant and partially vacant land by plan designation. The results show that Dallas has about 213 net buildable acres of industrial land and 44 acres of commercial land. Of the commercial acres, about 38 acres (84%) are inside the Master Plan Nodal Areas.

Exhibit 17. Employment Land with Unconstrained Development Capacity (Vacant and Partially Vacant) by Plan Designation, Dallas UGB, 2020

Plan Designation - Zone	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Industrial	213	174	40
Subtotal (Industrial)	213	174	40
Commercial - outside Master Plan Nodal Areas			
Central Business District	1	1	
Commercial	6	3	2
Commercial - inside Master Plan Nodal Areas			
Barberry Node			
Commercial Neighborhood	11	11	
La Creole Node			
Commercial General	18	11	7
Mixed Use	5	3	3
Wyatt Node			
Commercial Neighborhood	3	3	
Subtotal (Commercial)	44	32	12
Total	257	205	52

Source: ECONorthwest analysis of data from City of Dallas and Polk County.

Exhibit 18 shows the size of lots by plan designations for buildable employment land. Dallas has 32 lots that are smaller than 0.5 acres (with 7 acres of land); 42 lots between 0.5 and 2 acres (44 acres of land); 8 lots between 2 and 5 acres in size (24 acres of land); 7 lots between 5 and 10

³⁰ As of the date of this document, City of Dallas has not adopted a local wetland inventory (LWI) or conducted environmental assessment of certain properties within the UGB that are vacant and planned for industrial. The draft LWI of September 2020 indicates the potential presence of wetlands on certain properties planned for industrial. Only delineated wetlands, on record with the Department of State Lands, were removed from the buildable lands inventory (BLI). Potential presence of wetlands identified by the draft LWI were not removed from the BLI. Accordingly, the total amount of surplus industrial land (163 acres) is likely less.

acres in size (50 acres of land); 4 lots between 10 and 25 acres in size (54 acres of land); and 2 lots between 25 and 50 acres in size (79 acres of land).

Exhibit 18. Lot Size by Plan Designation, Buildable Acres, Dallas UGB, 2019

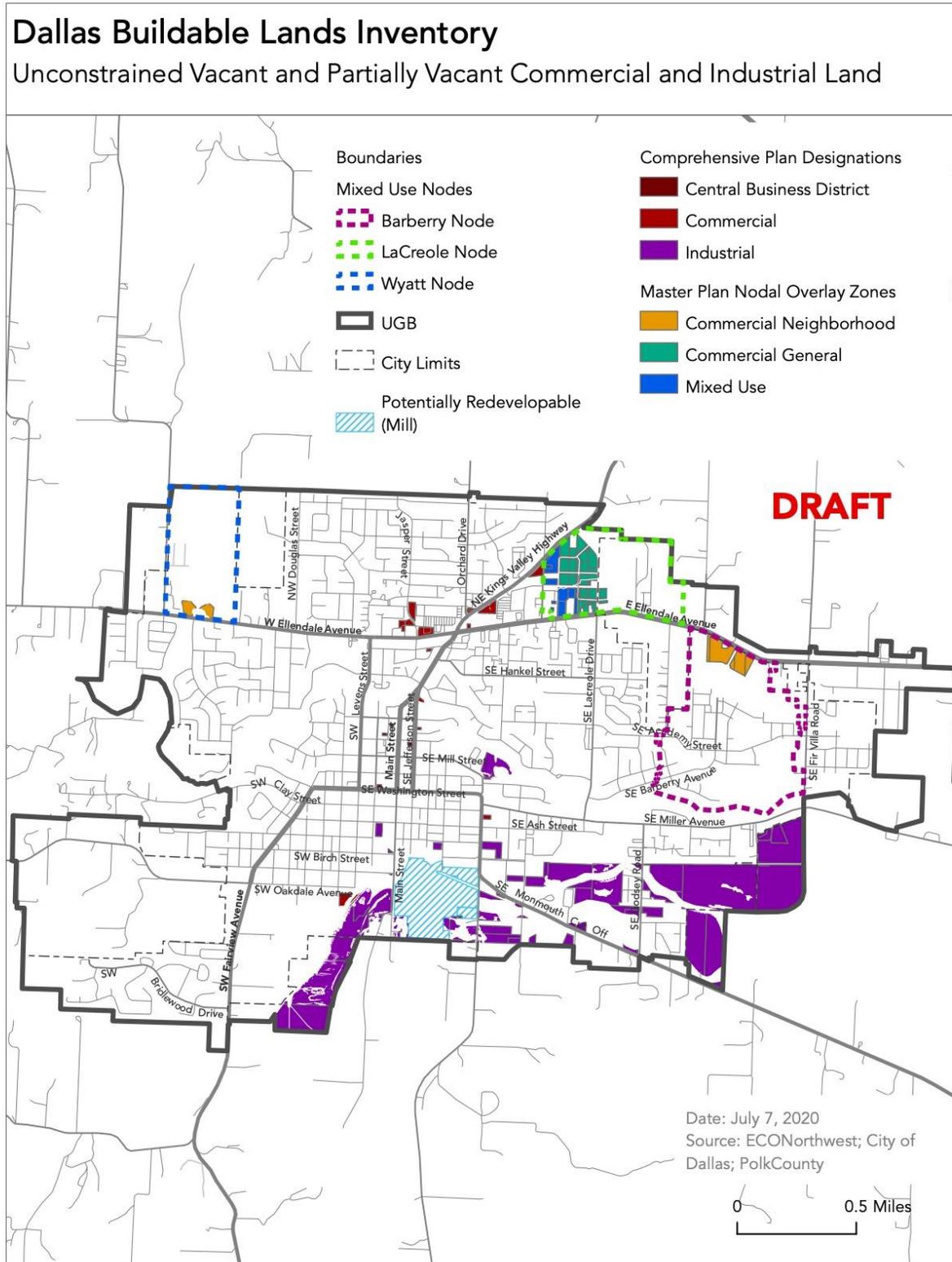
Plan Designation - Zone	Buildable Site Size							Total
	0 - 0.5 acres	0.5 - 1 acres	1 - 2 acres	2 - 5 acres	5 - 10 acres	10 - 20 acres	20 - 50 acres	
Industrial	3	8	14	11	44	54	79	213
Commercial - outside Master Plan Nodal Areas	3	2	1	-	-	-	-	7
Central Buisness District	1							1
Commercial	2	2	1					6
Commercial - inside Master Plan Nodal Areas	1	6	11	13	6	-	-	37
Barberry Node		1	1	3	6			11
LaCreole Node	1	5	10	7				23
Wyatt Node				3				3
Total Acres	7	17	27	24	50	54	79	257
Industrial	13	11	11	4	6	4	2	51
Commercial - outside Master Plan Nodal Areas	14	3	1	-	-	-	-	18
Central Buisness District	5							5
Commercial	9	3	1					13
Commercial - inside Master Plan Nodal Areas	5	8	8	4	1	-	-	26
Barberry Node		1	1	1	1			4
La Creole Node	5	7	7	2				21
Wyatt Node				1				1
Total Lots	32	22	20	8	7	4	2	95

Source: ECONorthwest analysis of data from City of Dallas and Polk County.

The analysis also considered development potential of the former Mill Site, which is shown as Potentially Redevelopable on the map in Exhibit 19. The Mill Site is about 58 total acres in size. It has substantial constraints that will make redevelopment challenging, including: areas in the floodplain, wetland areas, a portion of the Mill Site is in the riparian corridor, the southern portion of the site has slopes over 15%, a portion is identified as a brownfield, and there are existing raised concrete slabs that will likely need to be removed to allow development. In addition, redevelopment will require removal of structures that were associated with Mill Site operation.

The EOA does not assess the magnitude of these constraints or determine the amount of land within the Mill Site considered unconstrained. For the purpose of land supply analysis, the EOA concludes that the combined potential presence of these development constraints are significant enough to warrant not including the Mill site from the BLI as a site with clear redevelopment potential. The designation of Potentially Redevelopable to the Mill Site means this area is worthy of future study for redevelopment potential, and is consistent with OAR 66-009-005(1).

Exhibit 19. Buildable Employment Land by Plan Designation with Development Constraints, Dallas UGB, 2020



Short-Term Supply of Land

This section evaluates the short-term supply of employment land in Dallas. It begins with an overview of the policy context for this analysis, and then it evaluates the short-term land supply.

Policy Context

The Goal 9 Administrative Rule (OAR 660-009) includes provisions that require certain cities to ensure an adequate short-term supply of industrial and other employment lands. Dallas is not currently subject to this requirement, as the City is not currently within a metropolitan planning organization (MPO). Considering a short-term supply of land is useful to a city like Dallas, as it helps the City understand where there are infrastructure deficiencies that may be preventing development. OAR 660-009-005(10) defines short-term supply as

suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

In summary, the rule provides guidance for cities like Dallas on assessing the short-term supply of employment land based on the criteria that land can be ready for construction within one year. The determination is based on "engineering feasibility."

Analysis of Short-Term Supply of Land

ECONorthwest worked with the City of Dallas staff to identify commercial and industrial land that meet the definition of short-term supply of land, using the results of the buildable lands inventory as a basis. Exhibit 17 shows that Dallas has 257 acres of unconstrained buildable land on vacant and partially vacant tax lots in commercial and industrial plan designations. On these lands, we considered access to water and sanitary sewer.

The results show that 72% of all unconstrained buildable commercial and industrial land (186 acres) in Dallas is in the short-term supply.

5. Land Sufficiency and Conclusions

This chapter presents conclusions about Dallas’s employment land sufficiency for the 2021–2041 period. The chapter then concludes with a discussion about Dallas’s land base and its ability to accommodate growth over the next 20 years, as well as recommendations for the City to consider, ensuring it meets its economic growth needs throughout the planning period.

Land Sufficiency

Exhibit 20 shows commercial and industrial land sufficiency within the Dallas UGB. It shows:

- **Vacant unconstrained land** from Exhibit 17 within the UGB. Exhibit 20 shows that Dallas has 213 gross acres of industrial land and 45 gross acres of commercial land.
 - The inventory of unconstrained vacant land is shown in Exhibit 17, which was reviewed and approved by the TAC at the July 21, 2020, meeting and City Council at the August 3, 2020, work session.
- **Demand for commercial and industrial land** from Exhibit 11. Exhibit 20 shows Dallas will need a total of 50 gross acres for industrial uses and 138 gross acres for commercial uses over the 2021–2041 period.
 - The demand for commercial and industrial land is based on the forecast of employment growth at 1.61% in Exhibit 9 and the mix of employment in Exhibit 10. These assumptions were reviewed and approved by the TAC at the July 21, 2020, meeting and City Council at the August 3, 2020, work session.
 - The conversion of employment to acres of land demand is based on the analysis in Exhibit 11.

Exhibit 20 shows that Dallas has:

- A 163-acre surplus of industrial land.
- A 94-acre deficit of commercial land.

Exhibit 20. Comparison of the Capacity of Unconstrained Vacant Land with Employment Land Demand by Land Use Type, Dallas UGB, 2021–2041

Comprehensive Plan Designation	Land Supply (Suitable Gross Acres)	Land Demand (Gross Acres)	Land Sufficiency (Deficit, Gross Acres)
Industrial	213	50	163
Commercial (incl. Central Business District)	44	138	(94)

Source: ECONorthwest

A consideration of site needs and the supply of buildable land by site sizes (Exhibit 18) suggests that Dallas has sufficient sites to accommodate the forecast of growth for industrial land. Dallas does not have enough commercial land to accommodate employment growth, but it can accommodate the deficit within the existing UGB through the following actions:

- Plan or zone changes to industrial or residential land;
- accommodate complementary commercial employment in industrial areas;
- and redevelop existing commercial land to allow more employment.

Conclusions

The conclusions about commercial and industrial land sufficiency are:

- **Dallas has a surplus of industrial-designated land.** Dallas has about 163 acres more of unconstrained vacant industrial land than the forecast shows will be needed over the 20-year planning period. Even if a large, exogenous development such as Mint Valley Paper occurs, Dallas will have a surplus of about 125 acres of unconstrained vacant industrial land beyond the forecasted need.³¹
- **Dallas has a deficit of land planned for commercial uses that can be accommodated within the existing UGB.** Dallas has a deficit of about 94 acres of commercial land need for development over the 20-year planning period. Dallas does not need to immediately address that deficit of commercial land need. Dallas would do well to gradually address the commercial land need over time through identifying opportunities for commercial land development in areas of five to ten (or even 20) acres at a time.

The City should carefully consider whether and how to address the commercial land deficit in the context of other community policies. For example, existing Policy 1 of Chapter 2.3 describes the need for preserving prime industrial sites to provide a choice among sites for new industrial development prior to actual demand. While Dallas has a surplus of industrial land that could conceivably change to commercial, reducing the commercial deficit in part, certain industrial properties are observed to have ideal access to rail, arterial streets, and utilities constructed to provide higher levels of service capacity. Changing prime industrial sites to a commercial plan designation could impact the limited surplus shown for larger size parcels that are planned and zoned industrial.

- **Dallas's vacant commercial and industrial land varies in size to accommodate a wide range of development opportunities, but few properties of significant size remain to**

³¹ As of the date of this document, City of Dallas has not adopted a local wetland inventory (LWI) or conducted environmental assessment of certain properties within the UGB that are vacant and planned for industrial. The draft LWI of September 2020 indicates the potential presence of wetlands on certain properties planned for industrial. Only delineated wetlands, on record with the Department of State Lands, were removed from the buildable lands inventory (BLI). Potential presence of wetlands identified by the draft LWI were not removed from the BLI. Accordingly, the total amount of surplus industrial land (163 acres) is likely less.

accommodate targeted growth industries. Dallas’s unconstrained vacant commercial and industrial land is in a wide range of site sizes, including six industrial sites larger than 10 acres, as well as many sites smaller than two acres. Dallas’s land base provides opportunities for a wide range of development on industrial land. As Exhibit 18 shows, Dallas has only two vacant lots between 25 and 50 acres in size. As certain target growth industries are dependent on large parcel size (25 to 50 acres) Dallas should consider preserving large acreage parcels that are planned industrial. Dallas has fewer opportunities for commercial development larger than two acres, most of which are located in the Master Plan Nodal Areas.

- **Dallas will need to address key infrastructure needs, especially in the Master Plan Nodal Areas.** About 37 acres of the unconstrained buildable commercial land in Dallas is in the Master Plan Nodal Areas—the Barberry, La Creole, and Wyatt Nodes. Some of these areas, such as the La Creole Node, are currently zoned for low-density residential uses. These areas are planned for higher density residential and mixed uses, including commercial, and the City will need to align the infrastructure needs for these uses for future development. The primary need for infrastructure development in the La Creole Node is the extension of sanitary sewer.
- **Dallas’s wages are lower than the regional average.** Dallas’s average wage of \$36,962 is lower than the average of \$37,902 for Polk County. Dallas’s potential growth industries generally have above average wages, except for certain types of services for residents and visitors, such as retail.

Recommended Actions

Following are ECONorthwest’s recommendations for actions for Dallas based on the analysis and conclusions in this report. The broadest recommended action is to update **the Economy Element of the Comprehensive Plan**. The broadest of these recommended actions calls for updating policies identified in Chapter 2, Volume 1 of the Dallas Comprehensive Plan. Existing policies identified in Chapter 2 of Volume 1 were updated, as part of the EOA project, and were initially reviewed by the Dallas EOA Technical Advisory Committee for input. Dallas City Council also carefully considered these policies in concert with EOA preparation. These policies were also subject to final consideration by the Dallas City Council prior to taking final action on the EOA of 2020.

The recommended actions that are presented in this section should not be confused with policies identified in Chapter 2, Volume 1 of the Comprehensive Plan. The actions in this section intended as a means for implementing policies and are not considered applicable in review of Quasi-Judicial land use decisions.

Industrial Development

ECONorthwest recommends that the City consider the following actions to implement the industrial development policies in the revised Economic Element of the Dallas Comprehensive

Plan. Potential actions for zoning code changes to implement industrial development policies include:

- **Zoning code changes** that include evaluating making changes to:
 - Ensure that the target industries identified in the EOA are shown as permitted outright in the industrial zone of the Dallas Development Code.
 - Ensure development standards and site design standards of Dallas Development Code specific to the industrial zone are clear, objective, and reasonable for businesses, such as those in target industries, to fulfill in concert with a process that allows for faster and easier administrative review and approval.
 - Review the site layout and design standards of the industrial zone as described in the Development Code, in particular standards that pertain to development compatibility. Consider clarifying what constitutes an adverse impact, to ensure standards are clear and objective.
- Encourage property owners to get sites certified as development ready through Business Oregon’s Certified Shovel Ready program, to demonstrate that utilities are available to serve sites at volume and capacity able to accommodate target industries.
- Assist and encourage landowners with brownfields or suspected brownfields on their properties to access state and federal funds for brownfield identification and clean up, where appropriate. This may be done as part of certification through Business Oregon’s Certified Shovel Ready program.

Commercial Development

ECONorthwest recommends that the City consider the following actions to implement the commercial development policies in the revised Economic Element of the Dallas Comprehensive Plan. Potential actions to identify and plan for new commercial areas include:

- Evaluate the amount of land planned for commercial within the three Master Plan Nodes to determine if area is sufficient and suitable for providing a variety of commercial services as needed in these developing areas and “a small shopping center” as identified for the Barberry and Wyatt Node commercial areas (Chapter 2.6 of the Dallas Development Code).
- Support development and business activity in the Central Business District through:
 - Continue implementation of urban renewal grants for façade improvement and redevelopment of buildings.
 - Develop a downtown parking plan, which may include creating a local improvement district (LID) or an economic improvement district (EID) to support development of parking.

- Identify opportunities for infill and other development in the Central Business District and use tools such as Urban Renewal, an LID or EID, or other tools to support development of the infrastructure or lower or remove development barriers.
- Identify opportunities to work with property owners to reduce vacancies in downtown and encourage businesses to locate in downtown. The City maintains a digital inventory of buildings with vacancies in downtown, which can be shared with real estate professionals. In addition the City could consider implement assistance or programs to help make downtown buildings more attractive for development, such as grants or loans for building improvements.
- Support and sponsor events that occur within the downtown.
- Evaluate unmet need for retail and services (such as potential need for an additional grocery store) in Dallas, through development of a market analysis that includes a retail leakage analysis. This analysis will help the City understand unmet needs for retail and services and Dallas.
- The following are actions to support development of the mixed use nodes.
 - Rezone land in the La Creole Node for consistency with the Comprehensive Plan Map designations in concert with forming a Local Improvement District to extend essential facilities through public-private partnerships.
- Outside the Nodes, explore the potential to expand the existing Commercial Neighborhood zone that surrounds West Valley Hospital on SE Washington Street and SE Uglow Avenue. A larger area may provide more opportunities to expand existing medical services offered in this area.
- Outside the Nodes, explore the potential for a new Commercial Neighborhood zone in the southwest portion of the city, possibly at the intersection of SW Oakdale Avenue and SW Fairview Avenue. To the south of SW Oakdale Avenue are several large parcels planned residential that could be subdivided in the future. West of SW Fairview Avenue, along SW Oakdale Avenue, are several large parcels planned residential in the Dallas UGB that could be subdivided after annexation. As essential services become available, construction of new residential in this area is expected to create new demands for local services, and the nearest commercial zone (SW Fairview Avenue and SW Maple Street) is currently developed with a small convenience market.
- Evaluate the need for zoning code amendments to allow for future development or expansion of the West Valley Hospital. The code amendment(s) could include adding “medical centers” as an allowed use in commercial districts.

Economic Development

ECONorthwest recommends that the City consider the following actions to implement economic development policies in the revised Economic Element of the Dallas Comprehensive Plan:

- The following actions are about coordination and collaboration on economic development efforts.
 - Coordinate economic development efforts with cities in the region and local and regional economic development organizations, including but not limited to SEDCOR, Polk County, the Dallas Chamber of Commerce, Business Oregon, the Regional Solutions team, and the Dallas Downtown Association. In addition, coordinate economic development with regional private utilities, such as Pacific Power and Northwest Natural Gas, Spectrum, and Willamette Valley Fiber.
 - Coordinate economic development efforts with other cities and counties in the Mid-Willamette Valley region, through participation in SEDCOR.
 - City staff should work with Dallas Chamber of Commerce, reach out to businesses in Dallas, and identify problems and barriers to economic development.
 - The City could develop a code audit to identify opportunities for changes to industrial and commercial development standards that could increase industrial or commercial development in Dallas. Through this process, the City could act as a convener to bring economic development partners' perspective into the code audit.
 - Work with SEDCOR and other partners on recruitment efforts to attract and retain businesses, including identifying barriers to business growth and propose solutions to lower or remove the barriers.
- The following action focuses on workforce training:
 - Act as a convener to support discussions about workforce training needs between businesses and regional partners involved in workforce development, such as the Dallas School District, Willamette Workforce Partnership, Western Oregon University, and Chemeketa Community College. Through these discussions, connect companies with training resources to support workforce development.
- Promote and support diversification of Dallas's economic base through the following actions:
 - Develop a 5-year Economic Development Strategy using data on local and regional economic trends gathered through the Economic Opportunity Analysis, from goals established in the Comprehensive Plan and from interviews with local citizens, business owners, schools, and professionals. The Economic Development Strategy should have a broader focus than land use, considering issues such as workforce development and collaborating with businesses to support business growth.
 - The City should work with economic development stakeholders (such as those identified above) and regional partners to market commercial and industrial sites in Dallas to encourage economic growth.
 - Support development of businesses that require skilled staff, such as high tech businesses, engineering, design businesses, and medical services.

- Identify opportunities to support growth of businesses that provide jobs at or above the county average wage.
- Work with regional and local partners to support small business growth and entrepreneurship to grow and retain businesses in Dallas. This may include future development of coworker office space or a business incubator in Dallas.
- Evaluate the potential use of incentives to attract businesses to Dallas, such as:
 - Continue to use the enterprise zone tax abatement to attract and expand businesses to Dallas. Continue to offer incentives to businesses that have been authorized to receive enterprise zone benefits, such as \$5,000 credit per employee for system development charge payments and building permit payment associated with building activities.
 - Continue to offer the Strategic Investment Program to attract businesses who will make large capital investments in Dallas. This program grants a 15-year property tax exemption on a large portion of capital investments to enable large, capital-intensive facilities
 - Promote the use of the opportunity zone in Dallas to support economic development. The opportunity zone includes parts of northeast Dallas. The City could act as a convener to connect property owners within the opportunity zone with opportunity zone investors and developers.
 - Evaluate opportunities to mitigate wetlands constraints in Dallas, such as participating in or establishing a wetland mitigation bank.

Land Monitoring and Infrastructure Development

ECONorthwest recommends that the City consider the following actions to implement the land monitoring and infrastructure development policies in the revised Economic Element of the Dallas Comprehensive Plan. Potential actions for land monitoring and infrastructure development include:

- The following actions are related to monitoring and replenishing the supply of land as it develops.
 - Develop and implement a **system to monitor the supply** of commercial and industrial lands. This includes monitoring commercial and industrial development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands).
 - **Periodically update the Economic Opportunities Analysis** in coordination with other infrastructure master plans, to evaluate development of Dallas’s target industries and buildable lands inventory to track employment growth and changes in Dallas, improvements to infrastructure, and changes in the regional economy occur.

- Provide for an **adequate short-term supply** of suitable commercial and industrial land to respond to economic development opportunities as they arise. “Short-term supply” means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension. As commercial and industrial sites develop, especially sites larger than five acres, the City should plan for replenishment of land in the short-term supply through the capital improvement planning process.
- Evaluate whether changes are needed to Dallas’s urban growth management agreement with Polk County.
 - Review circumstances identified in this agreement that allow interim urban utility services without annexing to the city.
- Coordinate capital improvement planning to ensure infrastructure availability on industrial land and continue to pursue funding for needed infrastructure to support economic development activities.
 - Develop plans that ensure that infrastructure is available to support development in commercial and industrial areas. This is especially important for the La Creole Node, as a large barrier to development in the node is lack of sanitary sewer infrastructure.
 - Work with partners such as Business Oregon to advocate for state funding to support infrastructure development.
 - Coordinate with developers and private utility providers (such as power companies or natural gas companies) to ensure that need for private utilities is understood and can be accommodated.

Appendix A. National, State, and Regional and Local Trends

The economic trends discussed in this appendix are based on long-term trends that are generally expected to continue on national, state, and regional scales. During the development of this document, the effects of the global COVID-19 pandemic began to emerge. However, the availability of data and the potential change in long-term effects remain unknown. Where available, this appendix provides data and discussion about the short-term economic effects of the pandemic.

National Trends

Economic development in Dallas over the next 20 years will occur in the context of long-run national trends. The most important of these trends are as follows:

- **Economic growth was forecasted to continue at a slow pace over the course of the next decade, but the effects of the COVID-19 pandemic have ended the nation's longest period of economic expansion.** The Congressional Budget Office (CBO) previously predicted that real GDP would grow by 2.2% in 2020, followed by stagnation in later years as growth in private investment and consumer spending lessened. From 2021 to 2030, CBO forecasted that output would increase at an average annual rate of 1.7 percent.³² However, in March 2020, business closures related to the novel coronavirus forced the nation into a recession. According to CBO's preliminary estimates, unemployment is expected to surpass 10% during the second quarter of 2020 due to sharp increases in unemployment claims. Additionally, GDP will likely decline by more than 7% during the second quarter, leading to a fall in the annualized growth rate of at least 28%.³³ The fiscal stimulus, as well as the federal government's efforts to maintain operations for essential businesses, will likely mitigate the fallout of the virus. An estimated 70% of GDP is derived from businesses exempt from stay-at-home orders and half of non-exempt businesses are able to continue their operations remotely.³⁴ Importantly, long-term projections are highly variable as the economic impact of the COVID-19 pandemic unfolds.
- **The aging of the baby boomer generation accompanied by increases in life expectancy.** As the baby boomer generation continues to retire, the number of Social

³² Congressional Budget Office. *The Budget and Economic Outlook: 2020 to 2030*. January 2020. <https://www.cbo.gov/publication/56020>.

³³ Swagel, P. (2020, April 2). Updating CBO's Economic Forecast to Account for the Pandemic. Congressional Budget Office. <https://www.cbo.gov/publication/56314>.

³⁴ Caldwell, P., and Andersen, K. (2020). Coronavirus Update: Long-Term Economic Impact Forecast to Be Less Than 2008 Recession. Morningstar, Inc. <https://www.morningstar.com/articles/976107/coronavirus-update-long-term-economic-impact-forecast-to-be-less-than-2008-recession>

Security recipients is expected to increase from almost 65 million in 2020 to over 88 million in 2045, a 36.5% increase. But due to lower birth-rate replacement generations, the number of covered workers is only expected to increase 10.3% over the same time period, from over 178 million to almost 197 million in 2045. In 2020, there are 36 Social Security beneficiaries per 100 covered workers, but by 2045, there will be 45 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.³⁵

Baby boomers are expecting to work longer than previous generations. An increasing proportion of workers 55 and older expect to work after age 65.³⁶ This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2018, this share increased to 5.6%, or a 94% increase over the 2000 to 2018 period. Over the same eighteen-year period, workers 45 to 64 years decreased by about 2%.³⁷

- **Need for replacement workers.** The need for workers to replace retiring baby boomers will outpace job growth. Between 2018 and 2028, the Bureau of Labor Statistics (BLS) estimates that total employment in the United States will grow by about 8.4 million jobs. Over this same period, BLS forecasts an annual average of 19.7 million occupational openings, indicating that the number of job openings per year exceeds expected employment growth. About 78% of annual job openings are in occupations that do not require postsecondary education.³⁸
- **The importance of education as a determinant of wages and household income.** According to BLS, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require a degree. The fastest growing occupations requiring an academic degree will be occupational therapy assistants, information security analysts, physician assistants, statisticians, nurse practitioners, and speech language pathologists. Of the top 10 fastest-growing occupations, the top four do not require an academic degree. From 2018 to 2028, the fastest-growing occupations are solar photovoltaic installers, wind turbine service technicians, home health aides, and personal care aides. However, these nondegree-requiring occupations yield lower incomes than the other six occupations.

Five sectors are projected to decline from 2018 to 2028. These include manufacturing, federal government, utilities, wholesale trade, and retail trade. The BLS estimates that

³⁵ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2015, The 2018 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, June 5, 2018. <https://www.ssa.gov/oact/tr/2018/tr2018.pdf>.

³⁶ The Employee Benefit Research Institute. Retirement Confidence Survey, 2016 RCS Fact Sheet #4. https://www.ebri.org/docs/default-source/rcs/4_rcs_16-fs-4_age.pdf?sfvrsn=56e8302f_2.

³⁷ Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2018 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

³⁸ Bureau of Labor Statistics. (2019). Occupational Employment Projections to 2018-2028. <https://www.bls.gov/news.release/pdf/ecopro.pdf>.

retail trade will decrease by 153,700 positions, possibly due to the rise of e-commerce. Conversely, this shift in shopper preference is increasing occupations in transportation and warehousing.³⁹ Retail positions typically have lower pay than occupations requiring an academic degree.

The national median income for people over the age of 25 in 2019 was about \$48,464. Workers without a high school diploma earned \$19,708 less than the median income, while those with a high school diploma earned \$10,504 less than the median income. Workers with some college earned \$6,760 less than median income, and workers with a bachelor's degree earned \$13,832 more than median. Workers in Oregon experience the same patterns as the nation, but pay is generally lower in Oregon than the national average.⁴⁰

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010. Industries with the fastest productivity growth were information technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.⁴¹

Since the end of the recession (or 2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.⁴²

- **The importance of entrepreneurship and growth in small businesses.** According to the 2019 Small Business Profile from the U.S. Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their

³⁹ Bureau of Labor Statistics. (2019). Occupational Employment Projections to 2018-2028. <https://www.bls.gov/news.release/pdf/ecopro.pdf>.

⁴⁰ Bureau of Labor Statistics. (2019). Occupational Employment Projections to 2018-2028. <https://www.bls.gov/news.release/pdf/ecopro.pdf>.

⁴¹ Brill, M.R., & Rowe, S.T. (March 2013). Industry Labor Productivity Trends from 2000 to 2010. Bureau of Labor Statistics, *Spotlight on Statistics*.

⁴² Brill, M., Chanksy, B., & Kim, J. (July 2018). Multifactor productivity slowdown in US manufacturing. *Monthly Labor Review*, U.S. Bureau of Labor Statistics. <https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm>.

employees account for nearly 47% of American workers.⁴³ The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses, including strong leadership from elected officials; better communication with entrepreneurs, especially regarding the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁴⁴

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) are broadening. Lower-paying jobs are more likely to be automated, with the potential for automation of more than 80% of jobs paying less than \$20 per hour over the next 20 years. About 30% of jobs paying \$20 to \$40 per hour, and 4% of jobs paying \$40 or more, are at risk of being automated over the next 20 years.⁴⁵

Low to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future, as will occupations in technologically lagging sectors (e.g., production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).⁴⁶ This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) health-care social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers.

Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.^{47,48,49} This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch

⁴³ U.S. Small Business Office of Advocacy. (2019). 2019 Small Business Profile. <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142719/2019-Small-Business-Profiles-US.pdf>

⁴⁴ National League of Cities. (2012). Supporting Entrepreneurs and Small Businesses. <https://www.nlc.org/supporting-entrepreneurs-and-small-business>

⁴⁵ Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

⁴⁶ Autor, D.H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives*, 29(3), 3–30.

⁴⁷ Frey, C.B. & Osborne, M.A. (2013). The Future of Employment: How Susceptible Are Jobs to Computerisation? Oxford Martin School, University of Oxford.

⁴⁸ Otekhile, C.A., & Zeleny, M. (2016). Self Service Technologies: A Cause of Unemployment. *International Journal of Entrepreneurial Knowledge*, 4(1). DOI: 10.1515/ijek-2016-0005.

⁴⁹ PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation. https://www.pwc.com/hu/hu/kiadvanyok/assets/pdf/impact_of_automation_on_jobs.pdf.

repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.⁵⁰

- **Continued transformation of retail.**⁵¹ In the last two decades, retail sales by e-commerce and warehouse clubs/supercenters (a lower-cost model to the traditional department store) have increased steadily, pulling the industry in two different directions. On one hand, the trend toward warehouse/supercenters is increasing the average scale of retail operations, increasing market concentrations, reducing business dynamism, and shifting retail activity toward more populated areas. On the other hand, the trend toward e-commerce generates “smaller [retailers], less market concentration, more geographical dispersion, and higher productivity.”⁵² Since 2000, e-commerce sales grew from 0.9% of total retail sales to 9.7% (2018). Over this same period, e-commerce retail sales have grown at a rate of 18% per year.⁵³ It is reasonable to expect this trend to continue and will be accelerated by requirements to stay at home during the COVID-19 pandemic.

Ultimately, the growth in online shopping and the increasing dominance of large supercenters has made it difficult for small and medium-sized retail firms (offering a narrower selection of goods) to compete. Declining net profits and increased competitive pressures have led many well-known retailers (e.g., J.C. Penney, Macy’s, Sears) to declare bankruptcy or to scale back their operations.

In the future, the importance of e-commerce will likely continue to grow, and despite the highly publicized closures of brick-and-mortar stores, physical retail is likely to remain an important part of the retail sector. In fact, retail sales at brick-and-mortar stores accounted for almost 90% of all retail sales in the Q3 of 2019.⁵⁴

Modern consumers are increasingly price sensitive, less brand loyal, and (since the advent of internet) able to substitute between retailers easily. To compete, retailers must be nimble, adept in recognizing the changing needs of their consumers, and quick to differentiate themselves from their competitors.

- **Opportunities for local retail and service.** The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the

⁵⁰ Frey, C.B., & Osborne, M.A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

⁵¹ Ali Hortaçsu and Chad Syverson. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. *Journal of Economic Perspectives*, 29(4), 89–112.

⁵² Ali Hortaçsu and Chad Syverson. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. *Journal of Economic Perspectives*, 29(4), 89–112, p. 109.

⁵³ U.S. Census Bureau, *Monthly Retail Trade, Latest Quarterly E-Commerce Report*. Retrieved from: <https://www.census.gov/retail/index.html#ecommerce>

⁵⁴ Per data from the U.S. Census Bureau, cited in Deloitte’s 2020 Retail Industry Outlook.

convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.⁵⁵

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some states, especially in the western United States. Increases in the population and in household incomes, plus changes in tastes and preferences, have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.⁵⁶
- **Continued increase in demand for energy.** While energy prices were unusually low in early 2020, energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with the rising population (0.2%). Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2%). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

Energy consumption by type of fuel is expected to change over the planning period. By 2050, the United States will continue to shift from crude oil toward natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that overall energy consumption in the United States will average a 0.2% annual growth rate, while consumption of renewable sources grows at 1.6% per year. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the United States will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase (0.2%) from 2018 to 2050 as the population grows and economic activity increases.⁵⁷

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while

⁵⁵ Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. <https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/>

⁵⁶ For a more thorough discussion of relevant research, see, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

⁵⁷ Energy Information Administration, 2019, Annual Energy Outlook 2019 with Projections to 2050, U.S. Department of Energy, January 2019. <https://www.eia.gov/outlooks/aeo/pdf/aeo2019.pdf>. Note, the cited growth rates are shown in the interactive tables and can be viewed here: <https://www.eia.gov/outlooks/aeo/data/browser/>.

consuming less energy.⁵⁸ Over 2019 to 2035, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption as a result of increasing fuel economy more than offsets the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.

- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.⁵⁹ Extensive research shows that Oregon and other western states have already experienced noticeable changes in climate and that more change will occur in the future.⁶⁰

In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, (5) increase sea level, (6) increase wildfire frequency, and (7) increase forest vulnerability to tree disease.⁶¹ These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.⁶²

The Oregon Climate Change Research Institute (OCCRI) evaluated potential scenarios for “Climate Change Influence on Natural Hazards in Oregon Counties” in 2018. OCCRI specifically focused on Counties in the Gorge and Eastern Oregon and evaluated the potential increased or decreased risk for natural hazards such as heat waves, cold waves, heavy rains, river flooding, drought, wildfire, poor air quality, windstorms, dust storms, increased invasive species, and loss of wetland ecosystems. Across the eight counties evaluated, the hazards most likely to increase with the effects of climate change are heat waves, heavy rains, river flooding, wildfires, increased invasive species, and loss of wetland ecosystems.⁶³

⁵⁸ Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

⁵⁹ U.S. Global Change Research Program. *National Climate Assessment*. 2018. <https://nca2018.globalchange.gov/>

⁶⁰ Oregon Global Warming Commission. *2018 Biennial Report to the Legislature*. 2018. <https://www.keeporegoncool.org/reports/>

⁶¹ U.S. Global Change Research Program. *National Climate Assessment*. “Chapter 24: Northwest.” 2018. <https://nca2018.globalchange.gov/chapter/24/>

⁶² Mote, P., Salathe, E., Duliere, V., & Jump, E. (2008). *Scenarios of Future Climate for the Pacific Northwest*. Climate Impacts Group, University of Washington. March. <http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf>; Littell, J.S., McGuire Elsner, M., Whitely Binder, L.C., and Snover, A.K. (eds). (2009). “The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary.” *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T., & Figdor, E. (2007). *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States*. Environment America Research & Policy Center and Frontier Group.; Mote, P.W. (2006). Climate-driven variability and trends in mountain snowpack in western North America. *Journal of Climate*, 19(23), 6209-6220.

⁶³ Mote, P.W., Abatzoglou, J., Dello, K.D., Hegewisch, K., & Rupp, D.E. (2019). Fourth Oregon Climate Assessment Report. Oregon Climate Change Research Institute. ocri.net/ocar4/; Oregon Climate Change Research Institute. *Climate Change Influence on Natural Hazards in Eight Oregon Counties*. August 2018. https://www.oregon.gov/lcd/CL/Documents/OCCRI_PDM16_AllCountyOverview2018.pdf

These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, the Pacific Northwest will experience potential economic impacts:⁶⁴

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.⁶⁵ Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in diseases and pests that damage trees.⁶⁶
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snowpack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,⁶⁷ (3) negative impacts on availability of summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the recession following the global COVID-19 pandemic. Despite efforts to mitigate the economic fallout from the virus by lowering interest rates and implementing federal stimulus packages, unemployment rates have risen 10.3 percentage points to 14.7% as of April 2020.⁶⁸ While job losses have occurred in all major sectors, the sharpest declines have been in the airline, leisure and hospitality, casinos and gambling, automotive parts and equipment, and oil and gas drilling industries.⁶⁹ As

⁶⁴ The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

⁶⁵ Resource Innovations & Institute for a Sustainable Environment. (2005). *The Economic Impacts of Climate Change in Oregon: A Preliminary Assessment*.

https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/2299/Consensus_report.pdf?sequence=1

⁶⁶ Climate Leadership Initiative & Institute for Sustainable Environment. (2007). *Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis*.

⁶⁷ Resource Innovations & Institute for a Sustainable Environment. (2005). *The Economic Impacts of Climate Change in Oregon: A Preliminary Assessment*.

https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/2299/Consensus_report.pdf?sequence=1

⁶⁸ This is the highest unemployment rate and largest over-the-month increase in the history of the series with seasonally adjusted data reported since 1948. Bureau of Labor Statistics. (2020, May 8). *The Employment Situation – April 2020*. News Release, Bureau of Labor Statistics. Retrieved from:

<https://www.bls.gov/news.release/pdf/empsit.pdf>.

⁶⁹ Kumar, N., and Haydon, D. (2020, April 7). *Industries Most and Least Impacted by COVID 19 from a Probability of Default Perspective March 2020 Update*. *S&P Global*.

these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy is in a recession due to the COVID-19 pandemic and the resulting statewide shutdowns.⁷⁰ Although OEA's June 2020 *Oregon Economic and Revenue Forecast* stated that the current recession would be shorter than the Great Recession, the severity would be the deepest on record since 1939. As the economy begins to reopen in phases through 2020, the agency expects the economy to return to near prerecession levels by the middle of the 2020 decade.⁷¹

Preliminary unemployment estimates in March and April 2020 indicate that approximately 267,000 jobs were lost statewide due to the pandemic.⁷² This resulted in an unemployment rate increase from 3.8% in both January and February 2020 to 14.8% in April 2020, a difference of 11 percentage points.⁷³ As of May 2020, job losses were highest among workers with lower pay and lower for highly paid workers.

The OEA forecasts that there will be strong growth in the latter half of 2020, and though the agency anticipates a sizable rebound in economic activity, it expects a full recovery will take much longer, with jobs returning to early 2020 levels by mid-2024. To illustrate the impact of this rebound, OEA reported that it may take Oregon to depression levels similar to those seen in the state's early 1980s depression or the Great Recession.⁷⁴

In 2019, Oregon's average wage was at its highest point since the 1980s. Though the OEA forecasts an annual average wage increase of 4.5% in 2020, the agency estimates wages will contract by 0.1% in 2021 before growing by 3.0% in 2022, 4.2% in 2023, and 4.4% in 2024.⁷⁵

By the end of 2020, the OEA forecasts 225,100 jobs in Oregon's economy will be lost. This is an approximate 11.6% annual decrease in total nonfarm employment relative to 2019 levels.⁷⁶

⁷⁰ Office of Economic Analysis. (2020). Oregon Economic and Revenue Forecast, June 2020. Vol. XL, No. 2, p. 1. <https://www.oregon.gov/das/OEA/Documents/forecast0620.pdf>.

⁷¹ Ibid, p. 1.

⁷² Ibid, p. 3.

⁷³ Oregon Employment Department, Local Area Unemployment Statistics (LAUS), Unemployment Rate estimates for the State of Oregon. Data retrieved on May 28, 2020.

⁷⁴ Oregon Economic and Revenue Forecast, June 2020. Vol. XL, No. 2, p. 4.

⁷⁵ Ibid, p. 32.

⁷⁶ Ibid, p. 32.

Every employment sector, with the exception of government, is forecasted to decrease. The impacts on the leisure and hospitality sector are forecasted to be the most severe with a 29.7% contraction, or approximately 81,500 jobs lost. Construction and manufacturing are forecasted to lose 16,700 (15.3% decrease) and 30,900 (15.6% decrease) jobs, respectively. Furthermore, retail trade is forecasted to lose nearly 13,600 jobs in 2020 (or decrease by 13.6%).⁷⁷

Oregon's household formation rate will be weaker over the medium term due to income loss, economic uncertainty, and in-migration reduction.⁷⁸ Housing starts in 2019 reached approximately 21,000 units. Through the end of 2020, however, the OEA forecasts a 21.7% contraction in housing starts for a total of about 16,200 units. In the years following the recession, they anticipate a partial recovery of housing starts in 2021 (3.0% increase), with growth increasing in velocity in 2022 (13.3% increase) and 2023 (13.1% increase) before settling to about 2.3% in 2024.⁷⁹

Oregon's economic health is dependent on the export market, which are also affected by the COVID-19 pandemic. The value of Oregon exports in 2017 was \$22.3 billion. In 2019, the countries that Oregon exported the most to were China (31% of total Oregon exports), Canada (14%), Japan (7%), South Korea (6%), Malaysia (6%), and Vietnam (5%).⁸⁰ Any strains on the relationship between the United States and China could impact Oregon's economy.⁸¹ Additionally, China's public debt burden poses a threat not only to the state and region but also to the global economy.⁸²

Long-Term Trends

State, regional, and local trends will also affect economic development in Dallas over the next 20 years. The most important of these trends includes continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington, though to a lesser degree given the recession. From 1990 to 2017, Oregon's population increased by over 1.3 million, 66% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was about 33,128. During the

⁷⁷ *Ibid*, p. 32.

⁷⁸ *Ibid*, p. 10.

⁷⁹ *Ibid*, p. 32.

⁸⁰ United States Census Bureau. State Exports from Oregon, 2015-2019. <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁸¹ Office of Economic Analysis. Oregon Economic and Revenue Forecast, December 2019. Vol. XXXIX, No. 4, p. 3. <https://www.oregon.gov/das/OEA/Documents/forecast1219.pdf>.

⁸² *Ibid*, p. 14.

early to mid-1990s, Oregon's net migration was highest, reaching over 60,000 in 1991, with another smaller peak of almost 42,100 in 2006. In 2019, net migration reached just over 47,500 persons.

- **Increasing ethnic diversity.** Oregon's population has continued to get more ethnically and racially diverse, with the Latino population growing from 8% of the population in 2000 to 12% of the population in 2014–2018. The population of people of color grew from 13% of the population to 15% of the population over the same period. The share of Latino and people of color populations increased in Dallas since 2000 as well.
- **Forecast of job growth.** Total nonfarm employment was forecasted to increase from about 1.94 million in 2019 to just over 2 million in 2023, but the OEA's June 2020 economic and revenue forecast revises the 2023 employment estimate down to nearly 1.90 million, or by about 7%. Of private industry, the OEA forecasts job losses across the board in 2020 with an expectation of growth in the years following as economic activity and consumer confidence increases.⁸³
- **Manufacturing is an important part of Oregon's economy.** The manufacturing sector has long been a crucial component of Oregon's economy. In the last decade, growth in Oregon's manufacturing sector has outpaced that of the nation, growing by 23% compared to the nation's 12%.⁸⁴ The manufacturing sector also makes up a larger share of Oregon's economy than it does in the nation with 10.2% of Oregon's payroll employment in manufacturing compared to 8.5% for the nation in 2018.⁸⁵

Manufacturing remains an important piece of Oregon's economy and the sector is evolving. Only a few decades ago, Oregon's manufacturing economy was predominantly dependent on forestry and wood products. But between 1990 and 2018, annual average employment in wood product manufacturing dropped by 22,600 jobs or 46%.⁸⁶

Growth in Oregon's electronic component manufacturing, however, has filled the gap left by the decline in wood manufacturing. In 2018, there were a total of 37,900 jobs in Oregon's electronic component manufacturing (i.e., manufacturing of computer chips, computers and related equipment, and communications equipment), making it Oregon's largest manufacturing industry. Employment in this industry is over six times more concentrated in Oregon than it is nationally and is driving much of the growth in Oregon manufacturing.⁸⁷

Continued growth, spurred by electronic component manufacturing, is expected in the future for Oregon's manufacturing sector. Although Oregon's economy is shifting, the state's roots in forestry and wood product manufacturing remain important, particularly

⁸³ Oregon Employment Department, Oregon Economic and Revenue Forecast, June 2020. Vol. XL, No. 2, p. 32.

⁸⁴ Oregon Employment Department, Quarterly Census of Employment and Wages, 2018, qualityinfo.org.

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*

⁸⁷ *Ibid.*

for rural areas. Douglas County, for example, had 8.3% of its total employment and 10.7% of its total payroll in wood product manufacturing in 2018.⁸⁸

- **Advancements in technology and increases in automation of jobs.**⁸⁹ In decades past, automation was focused on manufacturing. In the coming decades, jobs at risk for automation will tend to be those without “computerization bottlenecks” or jobs that do not require social intelligence, perception, creativity, or fine motor skills. Jobs in industries lacking customer service component, such as those in transportation and material moving, are also at greater risk. Most researchers agree that “less-educated workers in low-skill, lower-wage jobs featuring routine tasks are those most likely to be displaced by automation.”⁹⁰ Oregon’s overall risk of automation is similar to the nation’s, with lower and middle-wage jobs at higher risk.

In 2017, 144,200 jobs in Oregon were found to be at risk of automation and 93% of jobs in food preparation and serving were found to be at risk.⁹¹ However, automation risk does not imply automation certainty. For example, consumer preferences for personalized and genuine experiences/interactions will likely slow job automation, particularly in the food services and hospitality sectors. In addition, there is a notable difference between task automation and full automation of jobs. One research study speculates that only 5% of jobs are fully automated, and that the “activities most susceptible to automation involve physical activities in highly structured and predictable environments, as well as the collection and processing of data.”⁹²

- **Income and wages continue to increase.** Despite Oregon’s income and wages falling below the average among states, Oregon wages are at their highest point relative to other states since the recession in the early 1980s, mainly due to the wage growth over the last two to three years. In 2018, the average annual wage in Oregon was \$53,053, and the median household income was \$60,212 (compared to national average wages of \$57,266 in 2018 and national household income of \$60,336).⁹³ Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from \$214.3 billion in 2019 to \$312.4 billion in 2027.⁹⁴ Per

⁸⁸ *Ibid.*

⁸⁹ Portland Business Alliance. (2017). Automation and the Future of Work. <https://portlandalliance.com/assets/pdfs/2017-VOJ-Automation-summary.pdf>

⁹⁰ Marcus Casey and Sarah Nzau. (2019). Searching for clarity: How much will automation impact the middle class? Brookings.

⁹¹ Portland Business Alliance. (2017). Automation and the Future of Work. <https://portlandalliance.com/assets/pdfs/2017-VOJ-Automation-summary.pdf>

⁹² McKinsey & Company. (2017). A Future that Works: Automation, Employment, and Productivity.

⁹³ Average annual wages are for “total, all industries,” which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: <https://www.qualityinfo.org>; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

⁹⁴ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 39.

capita income is expected to increase by 16% over the same time period, from \$50,200 in 2018 to \$64,400 in 2027 (in nominal dollars).⁹⁵ The economic fallout from the COVID-19 pandemic is likely to slow, or possibly eliminate, income growth at least through the resulting recession.

- **Small businesses continue to account for a large share of employment in Oregon.**

While small firms played a large part in Oregon’s expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

In 2017 small businesses (those with 100 or fewer employees) accounted for 95% of all businesses and 66% of all private-sector employment in Oregon. Said differently, most businesses in Oregon are small (in fact, 78% of all businesses have fewer than 10 employees), but the largest share of Oregon’s employers work for large businesses (those with more than 100 employees).⁹⁶ The average annualized payroll per employee for small businesses was \$39,099 in 2017, which is considerably less than that for large businesses (\$56,466) and the statewide average for all businesses (\$49,548).⁹⁷

Younger workers are important for the continued growth of small businesses across the nation. More than one-third of millennials (those born between 1980 and 1999) are self-employed, with approximately one-half to two-thirds interested in becoming an entrepreneur. According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of start-ups nationwide were still active after one year. On average, start-ups nationwide created approximately 5.2 jobs in their first year (when normalized by population).⁹⁸ It is typically the case that start-ups are important for job creation on a longer-time horizon, well beyond their first year, as “fewer than half of all start-ups in America are still in business after five years.”⁹⁹

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon’s economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. According to the Kauffman Index, Oregon ranked 25th in the country in 2018 for its start-up activity, a measurement comprised of four statistics: rate of new entrepreneurs, opportunity share of new entrepreneurs, start-up density, and start-up early survival rate.¹⁰⁰ This ranking is lower than its 2017 rank of 13. Oregon’s rate of new entrepreneurs (the percent of adults that became an entrepreneur in a given

⁹⁵ *Ibid*, page 39.

⁹⁶ U.S Census Bureau, 2017 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States. <https://www.census.gov/data/tables/2017/econ/susb/2017-susb-annual.html>.

⁹⁷ *Ibid*.

⁹⁸ Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019. <https://indicators.kauffman.org/data-table>

⁹⁹ Nish Acharya. “Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations.” *Forbes*, May 5, 2019. <https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d>

¹⁰⁰ Kauffman Foundation. The Kauffman Index, Oregon. <https://indicators.kauffman.org/data-table>

month) was in steady decline post-recession, but since 2013, has gradually recovered until 2018 where it dropped to 0.27. This rate is below 2017's rate of 0.32% and well below Oregon's prerecession peak of 0.43% in 2000.

Moreover, in 2018, the Oregon Office of Economic Analysis reported new business applications in Oregon were increasing. They did, however, simultaneously note start-up businesses were "a smaller share of all firms than in the past."¹⁰¹ Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, Dallas is compared to Polk County and the State of Oregon. These comparisons are to provide context for changes in Dallas's socioeconomic characteristics.

Availability of Labor

The availability of trained workers in Dallas will impact the development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in Dallas over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Population Change

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from 2.8 million people in 1990 to 4.2 million people in 2019, an increase of almost 1,400,000 people or 1.4% each year. In the most recent decade (i.e., 2010 to 2019), the state's average annual growth rate fell slightly from 1.4% to 1.1%.

Between 1990 and 2019, Dallas's population increased by 6,838 residents at an average annual rate of 1.9%, exceeding both Polk County and Oregon's growth rates during the same time period (1.8% and 1.4%, respectively).

Exhibit 21. Population Growth, Dallas, Polk County, and Oregon, 1990–2019

Geography	1990	2000	2010	2019	Change, 1990 - 2019		
					Number	Percent	AAGR
Dallas	9,422	12,459	14,583	16,260	6,838	73%	1.9%
Polk County	49,541	62,380	75,403	82,940	33,399	67%	1.8%
Oregon	2,842,321	3,421,399	3,831,074	4,236,400	1,394,079	49%	1.4%

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2019.

¹⁰¹ Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: <https://oregoneconomicanalysis.com/2018/08/27/start-ups-rd-and-productivity/>.

Age Distribution

By 2060, the population of people 65 years and older in the United States is projected to nearly double from 52 million in 2018 to 95 million.¹⁰² The economic effects of this demographic change include a slowing of the growth of the labor force, the need for workers to replace retirees, the aging of the workforce for seniors that continue working after age 65, an increase in the demand for health-care services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.¹⁰³

Exhibit 22 through Exhibit 25 show the following trends:

- Dallas’s population is aging quicker than the populations in Polk County and the state overall, per their respective median ages. During the 2014–2018 period, 27% of Dallas residents were 60 years and older (Exhibit 24). This, coupled with the increase in median age between 2000 and 2014–2018, suggests that Dallas is attracting people in their later adult lives.
- Polk County’s population is expected to continue aging, with people 60 years and older increasing slightly from 23% of the population in 2017 to 24% in 2035. This is consistent with statewide trends. Polk County may continue to attract those in their late adult years (i.e., 70 years and older) over the planning period. While the share of retirees in these respective areas may increase over the next 20 years, the share of youth (i.e., under 20 years old) or people in their early adult lives (i.e., 20 to 39 years old) is likely to decrease. As the working population continues to exit the labor force later in life, those approaching retirement provide a valuable source of skilled labor and experience to younger generations entering the workforce.

¹⁰² Mather, M., Scommegna, P., & Kilduff, L. (2019). Fact Sheet: Aging in the United States. <https://www.prb.org/aging-unitedstates-fact-sheet/>

¹⁰³ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, July 13, 2017. The Budget and Economic Outlook: Fiscal Years 2018 to 2028, April 2018.

Dallas's median age has increased by about 5.7 years since 2000, a change much larger than Polk County's change of 0.6 years and Oregon's change of 2.9 years.

This increase suggests Dallas is attracting more workers in their later adult lives.

Exhibit 22. Median Age, Dallas, Polk County, and Oregon, 2000 to 2014-2018

Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2014-2018 5-Year Estimates, Table B01002.

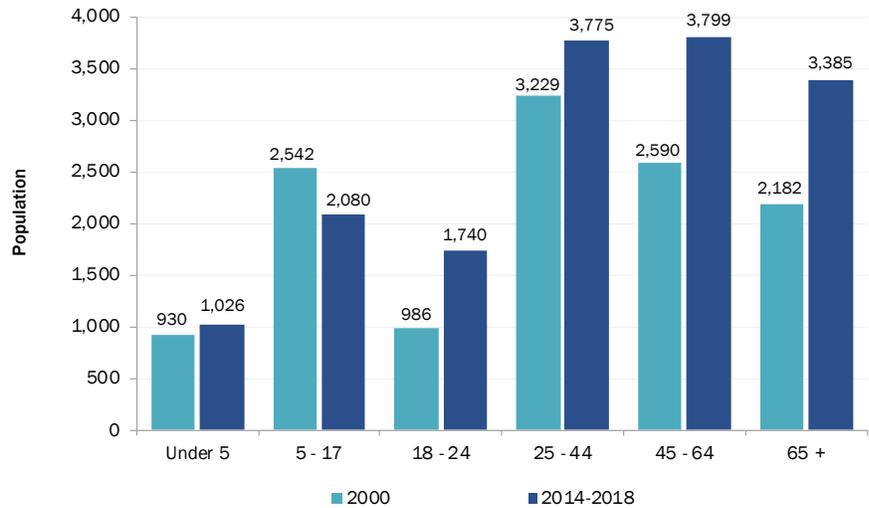
2000	36.3 Dallas	36.5 Polk County	36.3 Oregon
2014-18	42.0 Dallas	37.1 Polk County	39.2 Oregon

Over 2000 to 2014-2018, Dallas's largest population increases were for those aged 45-64 and 65 years and older.

This is consistent with statewide trends.

Exhibit 23. Dallas Population Change by Age Group, 2000 to 2014-2018

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2014-2018 5-Year Estimates, Table B01001.



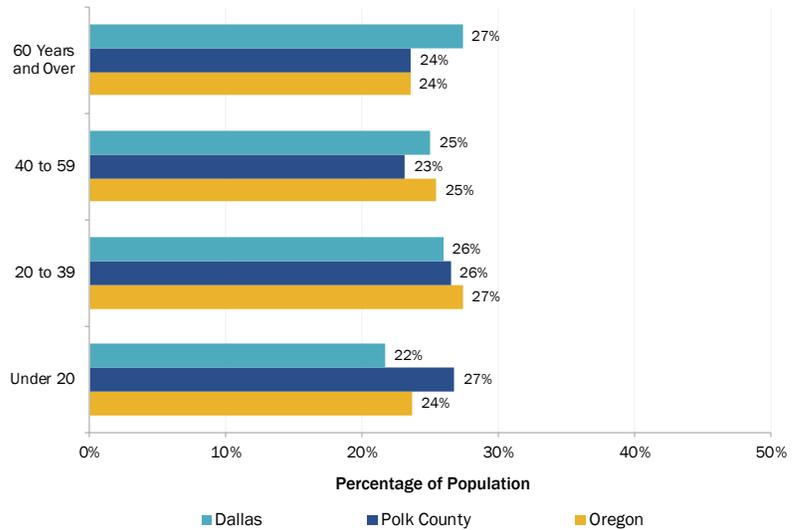
During the 2014–2018 period, 27% of Dallas residents were over 60 years of age.

The proportion of Dallas’s older residents was higher than that of both the state and Polk County.

Conversely, the proportion of Dallas residents 39 years of age and younger was lower relative to Polk County and Oregon.

Exhibit 24. Population Distribution by Age, Dallas, Polk County, and Oregon, 2014–2018

Source: U.S. Census Bureau, American Community Survey, 2014–2018 5-Year Estimates, Table B01001.

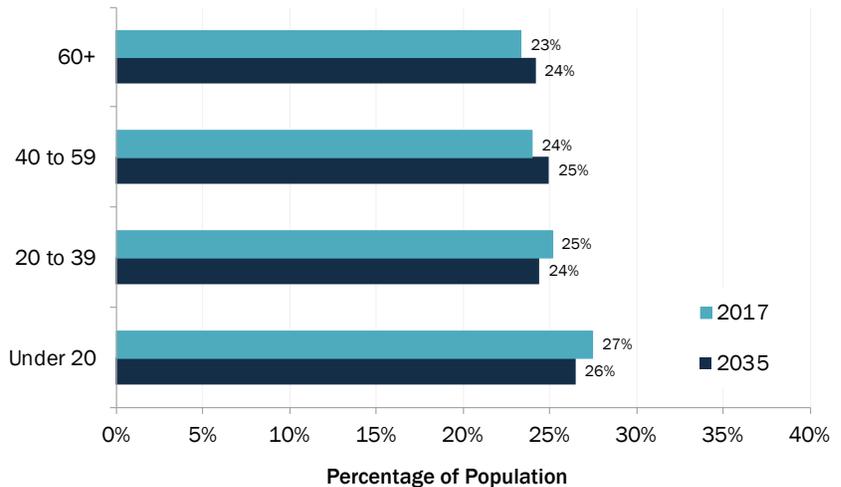


By 2035, Polk County will have a larger share of residents 40 years and older than it does today.

The share of residents 60 years and older will account for 24% of Polk County’s population, compared to 23% in 2017. Similarly, the share of residents between the ages of 40 and 59 will increase from 24% to 25%.

Exhibit 25. Population Growth by Age Group, Polk County, 2017–2035

Source: Portland State University, College of Urban & Public Affairs: Population Research Center, Population Forecast, 2017.



Race and Ethnicity

Dallas, like Oregon overall, is becoming more racially and ethnically diverse. Both the Hispanic and Latino and people of color populations increased in Dallas between 2000 and 2014–2018. The Hispanic and Latino population increased from 4% to 6%, while the population of people of color increased from 7% to 8%. Similar to the city, Polk County’s population of people of color increased slightly from 11% to 12%, and the Hispanic and Latino population grew from 9% to 14% during the same time period. Dallas is less ethnically diverse than the state, and providing culturally specific services to Spanish-speaking community members can help improve their participation in the workforce and economy.

The population of people of color is defined as the share of the population that identifies as another race other than “white alone” according to Census definitions. The small population in Dallas results in small sample sizes, and thus the margin of error is considerable for the estimate of these populations.

Exhibit 26 and Exhibit 27 show the change in the share of Hispanic and Latino and people of color populations in Dallas, compared to Polk County and Oregon, between 2000 and 2014–2018. The groups with the largest share of the population of people of color in 2014–2018 include those that identify as “some other race alone” or two or more races, each representing 3% Dallas’s total population.¹⁰⁴

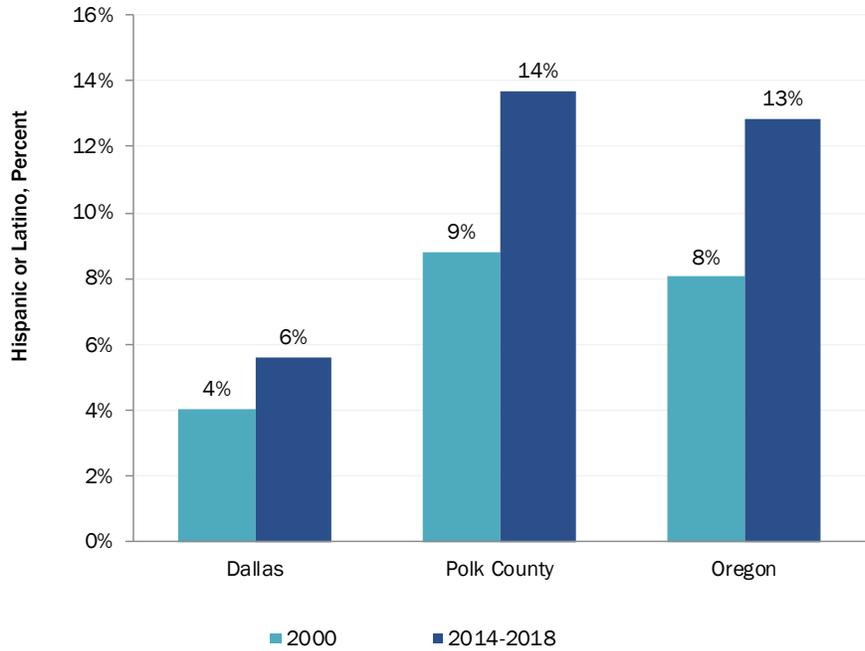
¹⁰⁴ “Some other race alone” also includes individuals who identify as American Indian or Alaska Native or Native Hawaiian and other Pacific Islander.

Dallas’s Hispanic/Latino population increased between 2000 and 2014–2018 from 4% to 6%.

Dallas is less ethnically diverse than the state and Polk County.

Exhibit 26. Hispanic or Latino Population as a Percentage of the Total Population, Dallas, Polk County, and Oregon, 2000, 2014–2018

Source: U.S. Census Bureau, 2000 Decennial Census, Table P008; 2014–2018 American Community Survey, 2014–2018 5-Year Estimates, Table B03002.



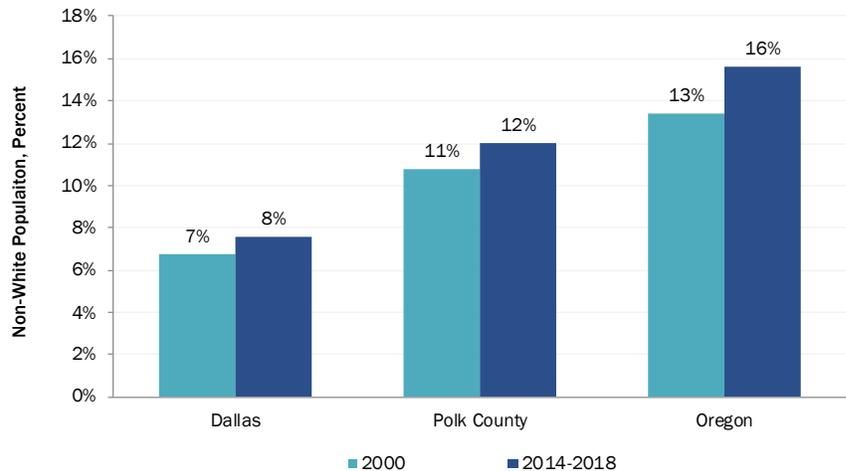
The population of people of color in Dallas increased between 2000 and 2014–2018.

Dallas and Polk County are less racially diverse than the state. In 2014–2018, the share of people of color in both Dallas and Polk County was 8% and 12%, respectively, compared to 16% statewide.

During this same time period, the groups with the largest share of the population of people of color were “some other race alone” and two or more races, each representing 3% of Dallas’s residents.

Exhibit 27. Population of People of Color as a Percentage of the Total Population, Dallas, Polk County, and Oregon, 2000, 2014–2018

Source: U.S. Census Bureau, 2000 Decennial Census Table P007; 2014–2018 American Community Survey, 2014–2018 5-Year Estimates, Table B02001.



Income

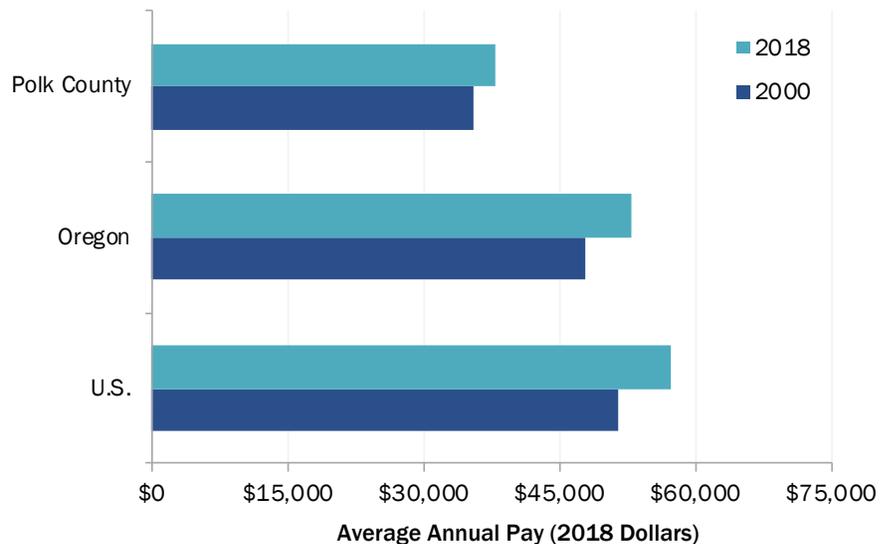
Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. Dallas’s median household income (\$56,169) was below the county median (\$58,344). In 2018, average wages at private businesses in Dallas (\$36,962) were also below the county average (\$37,902).

Between 2000 and 2018, Polk County’s average wages increased as did average wages across the state and the nation. When adjusted for inflation, average annual wages grew by 7% in Polk County and 11% in both Oregon and across the nation.

From 2000 to 2018, average annual wages rose in Polk County, Oregon, and the nation.

In 2018, average annual wages were \$37,902 in Polk County, \$53,053 in Oregon, and \$57,266 across the nation.

Exhibit 28. Average Annual Wage, Covered Employment, Polk County, Oregon, and the U.S., 2000 to 2018, Inflation-Adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages; State of Oregon Employment Department, Employment and Wages by Industry (QCEW).



Over the 2014–2018 period, the median household income in Dallas was 4% below Polk County’s median household income and 6% below Oregon’s.

Exhibit 29. Median Household Income (MHI),¹⁰⁵ 2014–2018
Source: U.S. Census Bureau, American Community Survey 2014–2018 5-Year Estimates, Table B19013.

\$56,169 Dallas	\$58,344 Polk County	\$59,393 Oregon
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¹⁰⁵ The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

Dallas’s median family income during the 2014–2018 period, similar to median household income, was below the median family income of both Polk County and Oregon by 8% and 9%, respectively.

Exhibit 30. Median Family Income,¹⁰⁶ 2014–2018

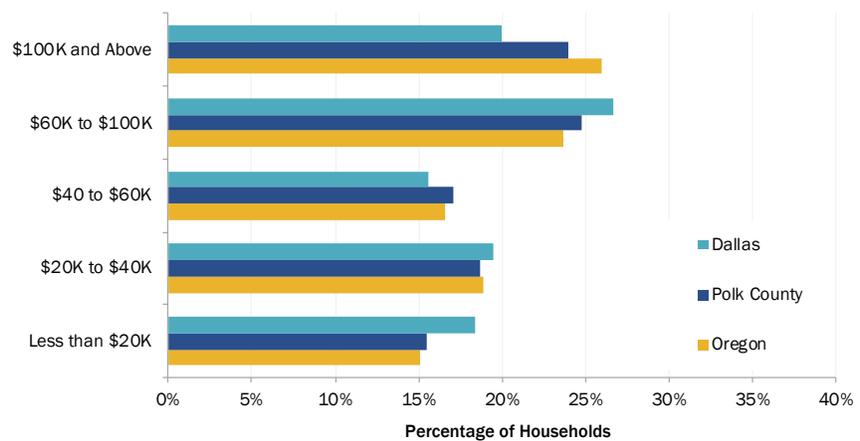
Source: U.S. Census Bureau, American Community Survey 2012–2016 5-Year Estimates, Table B19113.

\$66,734 Dallas	\$72,243 Polk County	\$72,823 Oregon
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During the 2014–2018 period, 38% of Dallas households earned less than \$40,000 annually, compared to 34% of Polk County and Oregon households.

Exhibit 31. Household Income by Income Group, Dallas, Polk County, and Oregon, 2014–2018, Inflation-Adjusted 2018 Dollars

Source: U.S. Census Bureau, American Community Survey 2014–2018 5-Year Estimates, Table B19001.



Over the same period, 16% of Dallas households earned between \$40,000 and \$59,999, a proportion smaller than both Polk County residents (17%) and residents statewide (17%).

¹⁰⁶ The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

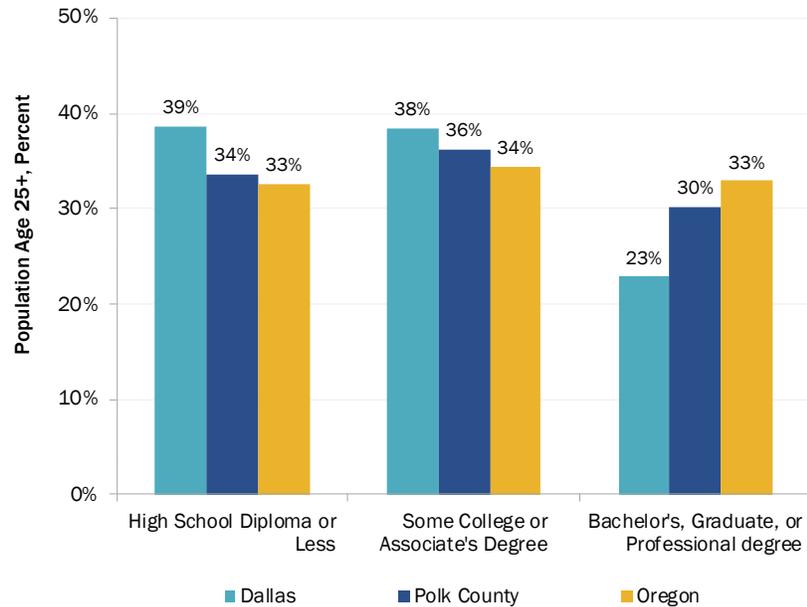
Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

A larger share of Dallas residents have some college education or an associate degree than Polk County and the state. Conversely, the proportion of Dallas residents who have a bachelor's degree or a professional degree falls below both the state and Polk County.

Exhibit 32. Educational Attainment for the Population 25 Years and Over, Dallas, Polk County, and Oregon, 2014–2018

Source: U.S. Census Bureau, American Community Survey 2014–2018 5-Year Estimates, Table B15003.



Labor Force Participation and Unemployment

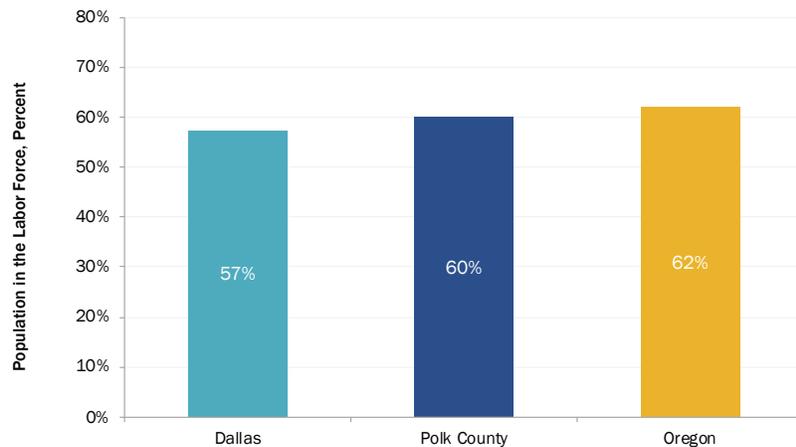
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2014–2018 American Community Survey, Polk County had 38,902 people in its labor force during that period and Dallas had 7,455 people in its labor force.

In 2019, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (29% of employers' difficulties), unfavorable working conditions (23%), a lack of qualified candidates (16%), a lack of soft skills (8%), a lack of work experience (7%), and low wages (7%).¹⁰⁷ These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

Dallas has a lower labor force participation rate relative to both Polk County and Oregon.

Exhibit 33. Labor Force Participation Rate, Dallas, Polk County, and Oregon, 2014–2018

Source: U.S. Census Bureau, American Community Survey 2012–2016 5-Year Estimates, Table B23001.



¹⁰⁷ Oregon's Current Workforce Gaps: Hiring Challenges for Unfilled Job Vacancies, May 2019. Employer-Provided Reasons for Difficulty Filling Vacancies in Oregon, 2018. p. 20.

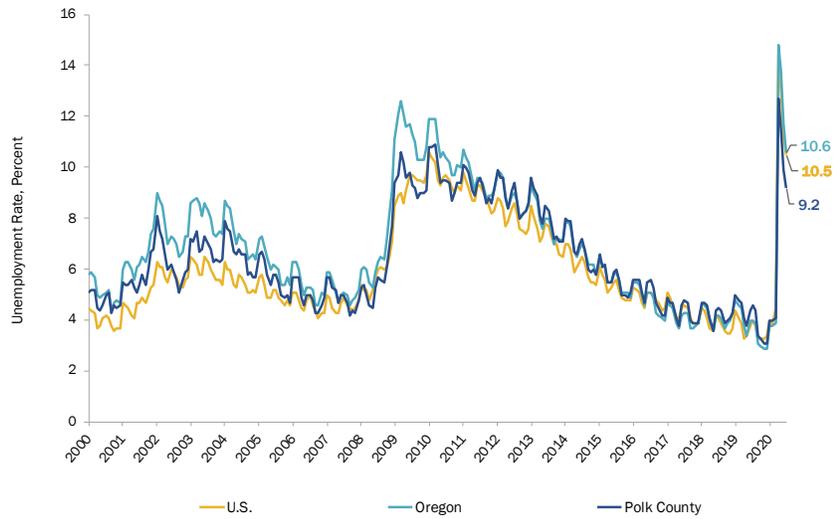
<https://www.qualityinfo.org/documents/10182/13336/Oregon%27s+Current+Workforce+Gaps>.

The unemployment rates in Dallas, Polk County, Oregon, and the nation have declined since the Great Recession. However, following the pandemic, unemployment rates for the month of May 2020 exceeded the peak rate experienced during the Great Recession.

The unemployment rate for July 2020 in Polk County (9.2%) was lower than that of the state (10.6%) and nation (10.5%).

Exhibit 34. Unemployment Rate, Polk County, Oregon, and the U.S., 2000–July 2020

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics. Not seasonally adjusted.



Commuting Patterns

Commuting plays an important role in Dallas’s economy because employers in the area are able to access workers from cities across Polk County and Willamette Valley region.

Exhibit 36 shows that 24% of people who live in Dallas commute to Salem while 17% remain in Dallas and 6% commute to Portland. The remaining workers commute from other cities located across the region.

Dallas is part of an interconnected regional economy.

Fewer people both live and work in Dallas than commute into or out of the city for work. This is similar to the commuting patterns of Polk County workers, in that most Dallas residents commute outside of the county for work.

Exhibit 35. Commuting Flows, Dallas, 2017

Source: U.S. Census Bureau, Census On the Map.



About 28% of all people who work in Dallas also live in Dallas.

About 17% of residents who live in Dallas also work in Dallas.

24% of Dallas residents commute to Salem for work.

Exhibit 36. Places Where Dallas Workers Lived,¹⁰⁸ 2017

Source: U.S. Census Bureau, Census On the Map.



Exhibit 37. Places Where Dallas Residents Were Employed,¹⁰⁹ 2017

Source: U.S. Census Bureau, Census On the Map.



¹⁰⁸ In 2017, 4,295 people worked at businesses in Dallas, with 28% (1,207) of workers both living and working in Dallas.

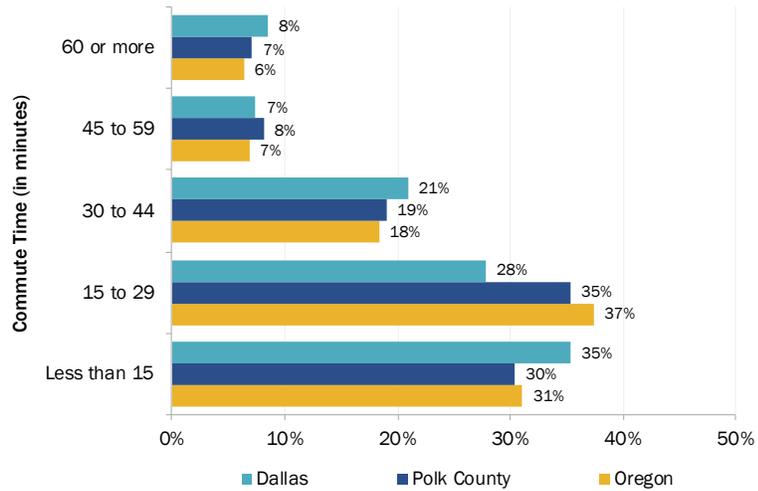
¹⁰⁹ In 2017, 6,977 residents in Dallas worked, with 17% of Dallas residents (1,207) both living and working in Dallas.

During the 2014–2018 period, about 35% of Dallas residents had a commute of less than 15 minutes, compared to 30% of Polk County’s residents and 31% of Oregon residents.

The majority of Dallas residents (65%) have a commute time over 15 minutes. This is consistent with Polk County, where 70% of residents have a commute time of this length.

Exhibit 38. Commute Time by Place of Residence, Dallas, Polk County, and Oregon, 2014–2018

Source: U.S. Census Bureau, American Community Survey 2014–2018 5-Year Estimates, Table B08303.



Tourism in Willamette Valley and Polk County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International’s 2017 Regional Visitor Report for the Willamette Valley region, which is comprised of Benton, Clackamas (South), Lane (East), Linn, Marion, and Polk Counties.¹¹⁰ Broadly, travelers to the Willamette Valley accounted for:¹¹¹

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market areas for travelers over 2016 and 2017 were Oregon, Washington, and California: 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 75% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 20% stayed 3–6 nights, and 5% stayed 7 or more nights. The average nights spent in the Willamette Valley region was 2.3.
- The average per-person expenditures on overnight trips in 2017 ranged from \$13 on transportation at destination to \$41 per night on lodging.
- About 75% of visits to the Willamette Valley region over 2016 and 2017 were via personally owned automobiles, 18% were by rental car, and 13% were via an online taxi service (e.g., Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-aged adults, with the average age being about 48.7. The majority of overnight visitors were 65 and older (23%), followed by those between the ages of 55 and 64 (19%) and individuals between the ages of 35 and 44 (19%). About 56% of visitors graduated college or completed a postgraduate education. Additionally, 44% of visitor earned less than \$50,000 in household income, 37% earned between \$50,000 and \$99,999, and 19% earned more than \$100,000. The average household income for the Willamette Valley region visitors was about \$64,560.

Polk County’s direct travel spending increased 69% from 2000 to 2018.

The Willamette Valley region’s direct travel spending increased by 49% over the same period.

Exhibit 39. Direct Travel Spending (\$ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991–2018, and Dean Runyan Associates, Oregon Travel Impacts, 1992–2018.

2000	\$1,019.9	\$104.7
	Willamette Valley Region	Polk County
2018	\$1,984.4	\$177.2
	Willamette Valley Region	Polk County

¹¹⁰ Travel Oregon. “Oregon 2017 Regional Visitor Report Willamette Valley Region,” Longwoods International, October 2018. Retrieved from: <https://industry.traveloregon.com/resources/research/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/>.

¹¹¹ Longwoods International issues caution in interpreting these tourism estimates in Central Oregon, as the sample size for this region is low.

Polk County’s largest visitor spending for purchased commodities is arts, entertainment, and recreation.

Exhibit 40. Largest Visitor Spending Categories (\$ millions), Polk County, 2019

Source: Dean Runyan Associates, Oregon Travel Impacts.

\$95.8	\$38.4	\$14.0
Arts, Entertainment, and Recreation	Food Service	Food Stores

Polk County’s largest employment generated by travel spending is in the accommodations and food services industry.

Exhibit 41. Largest Industry Employment Generated by Travel Spending (thousands), Polk County, 2019

Source: Dean Runyan Associates, Oregon Travel Impacts.

1.2 jobs	1.1 jobs	0.1 jobs
Accommodations & Food Services	Arts, Entertainment, and Recreation	Retail

The number of overnight visitors to Polk County has increased from 1,101,000 in 2016 to 1,168,000 in 2018, an increase of 63,000 overnight stays (or 6%).

Appendix B. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Dallas UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This appendix presents methods and definitions used to develop the commercial and industrial buildable lands inventory for the Dallas UGB. The results (shown in Chapter 4) are based on analyses of City of Dallas, Polk County, and State of Oregon GIS data by ECONorthwest and reviewed by City staff. The remainder of this appendix summarizes key findings of the buildable lands inventory.

Methods and Definitions

The BLI for Dallas includes all land that allows commercial and industrial uses within the UGB. From a practical perspective, land was included in the BLI if it met all of the following criteria: 1) it is inside the Dallas UGB, 2) it is inside a tax lot (as defined by Polk County), and 3) if its current zoning/comprehensive plan designation allows employment uses. Note that tax lots do not generally include road or railroad rights-of-way or water. The inventory then builds from the tax lot-level database to estimate buildable land by plan designation.

Inventory Steps

The steps in the BLI are:

1. Generate UGB “land base”
2. Classify lands by buildable area status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB “Land Base”

The commercial and industrial inventory used all of the tax lots in the Dallas UGB with the appropriate comprehensive plan designations: central business district, commercial, and industrial. Additionally, we included the following zones in the Master Plan Nodal Overlays (Barberry, La Creole, and Wyatt Nodes): commercial neighborhood, commercial general, and mixed use. Exhibit 44 shows a map of the specific designations that were used in the BLI.

Step 2: Classify Lands

In this step, ECONorthwest classified each tax lot with an employment plan designation (based on definition above) into one of five mutually exclusive categories based on buildable area status:

- Developed land
- Vacant land
- Partially vacant land
- Unbuildable land
- Public or exempt land
- Potentially redevelopable land

ECONorthwest identified buildable land and classified buildable area status using a rule-based methodology. The rules are described below in Exhibit 42.

Exhibit 42. Rules for Buildable Area Status Classification

Buildable Area Status	Definition	Statutory Authority
Vacant Land	<p>A tax lot:</p> <p>(a) Equal to or larger than one-half acre not currently containing permanent buildings or improvements; or</p> <p>(b) Equal to or larger than five acres where less than one-half acre is occupied by permanent buildings or improvements.</p> <p>For the purpose of criteria (a) above, lands with improvement values of \$0 are considered vacant.</p>	OAR 660-009-005(14)
Partially Vacant Land	Partially vacant tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination was based on a visual assessment and City staff verification.	No statutory definition
Undevelopable Land	Vacant tax lots less than 3,000 square feet in size are considered undevelopable.	No statutory definition
Public or Exempt Land	Lands in public or semipublic ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semipublic organizations. Public lands will be identified using the Polk County Assessment property tax exemption codes.	No statutory definition
Developed Land	OAR 660-009-005(1) defines developed land as “Non-vacant land that is likely to be redeveloped during the planning period.”	OAR 660-009-005(1)

	Lands not classified as vacant, partially vacant, undevelopable, or public or exempt are considered developed.	
Potentially Redevelopable	The EOA identified one site with existing development that is likely to be redeveloped over the 20-year planning period, the former Mill Site. There are special considerations for future development constraints, discussed in the EOA.	OAR 660-009-005(1)

Step 3: Identify Constraints

As shown in Exhibit 43, the BLI included development constraints consistent with guidance in OAR 660-009-0005(2).

Exhibit 43. Constraints to Be Included in BLI

Constraint	Statutory Authority	Threshold
Goal 5 Natural Resource Constraints		
Regulated Wetlands	OAR 660-009-0005(2)	Within National Wetlands Inventory
Natural Hazard Constraints		
Riparian Corridors	OAR 660-009-0005(2)	Within riparian corridors
Floodplain and Floodway	OAR 660-009-0005(2)	Within FEMA-defined floodplain
Steep Slopes	OAR 660-009-0005(2)	Slopes greater than 15%

These areas were evaluated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or partially vacant.

Step 4: Verify Inventory Results

ECONorthwest used a multistep verification process. The first verification step involved a “visual assessment” of land classifications using GIS and recent aerial photos. The visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the visual assessment methodology. The second round of verification involved City staff verifying the visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of staff’s comments. The final verification is reviewed by stakeholders, most especially by members of the Technical Advisory Committee.

Step 5: Tabulate and Map Results

The results of the commercial BLI are presented in tabular and map format in the remainder of this appendix. This includes a zoning/comprehensive plan map, the land base by classification,

vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.

Exhibit 44. Comprehensive Plan Designations and Zones Included in the Commercial and Industrial
BLI, Dallas UGB, 2020

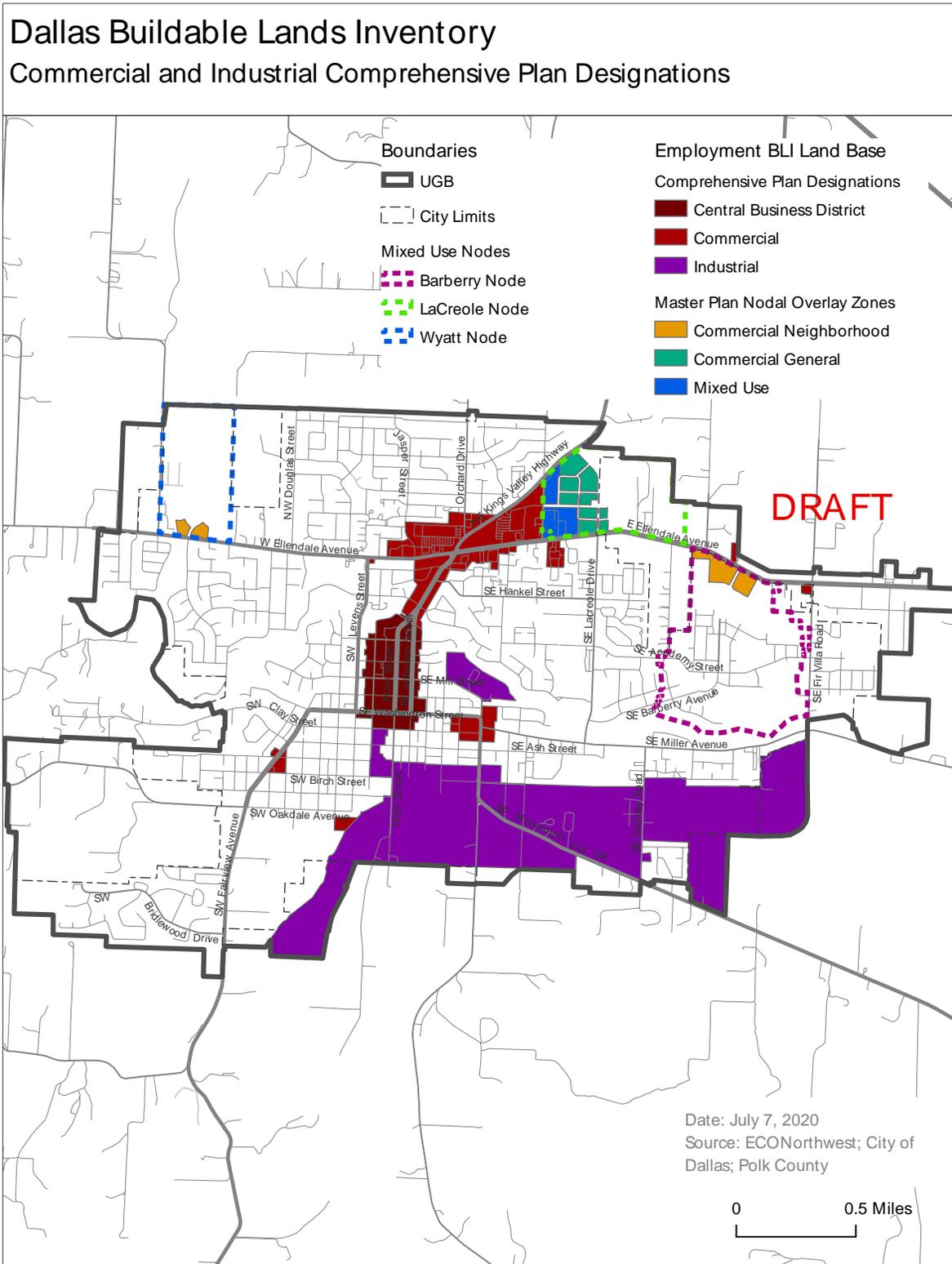
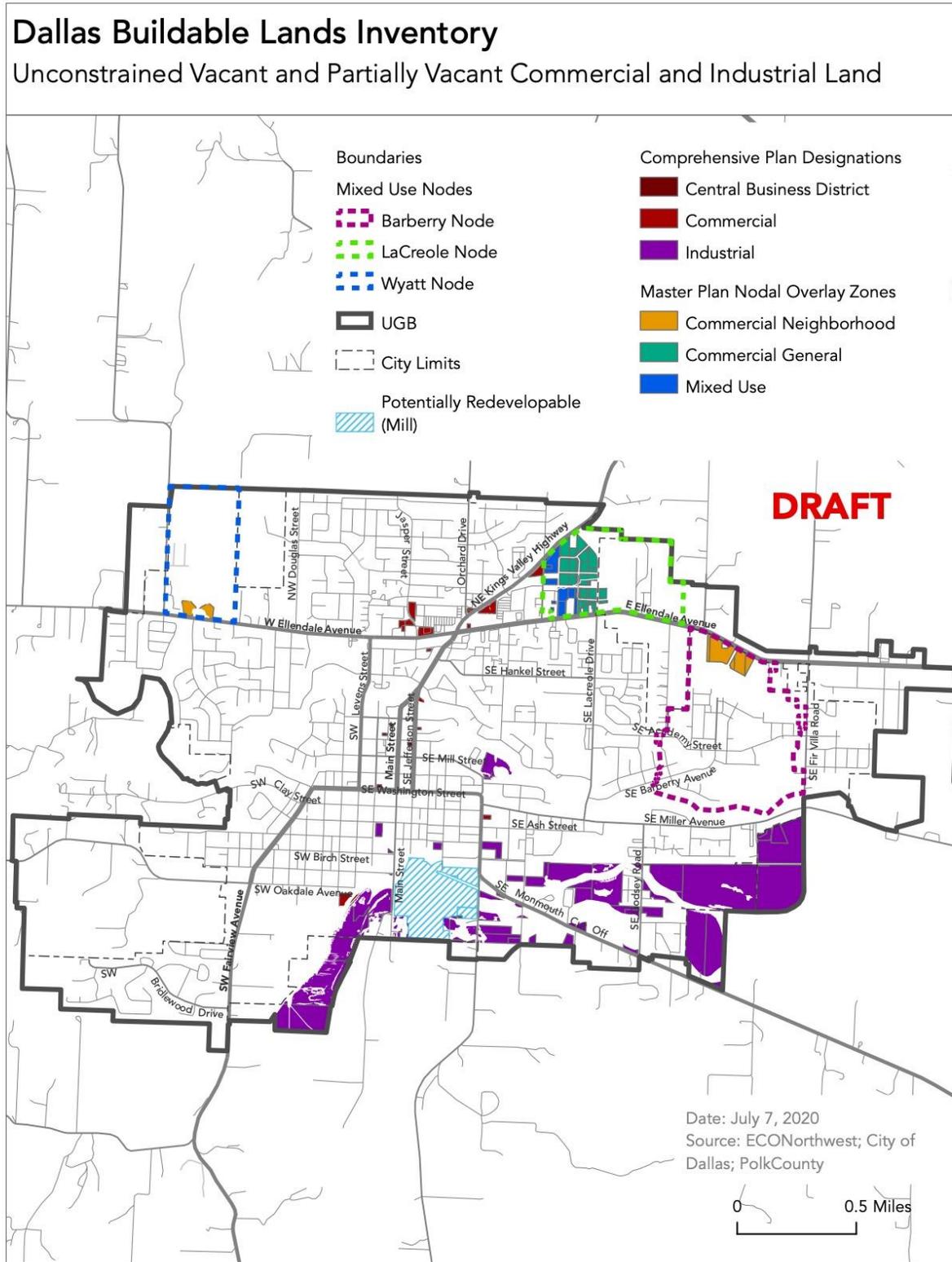


Exhibit 46. Buildable Employment Land by Plan Designation with Development Constraints, Dallas UGB, 2020



Appendix C. Results of the Virtual Open House

The City of Dallas is conducting an Economic Opportunities Analysis (EOA) to estimate the needs for commercial and industrial land to accommodate employment growth between 2021 and 2041. As part of the process, ECONorthwest and City staff have held meetings with the Technical Advisory Committee, Planning Commission, and City Council to gather feedback on assumptions and findings. The timing of the COVID-19 pandemic within the process of developing the EOA did not allow for typical in-person public engagement. In place of an in-person open house, ECONorthwest developed a virtual open house for the City of Dallas to distribute to residents and business owners.

The open house included background information on Dallas's economic trends and summarized Dallas's employment land supply and employment forecast for the 20-year period. The open house also included a series of survey questions about living, working, and running a business in Dallas. The responses are summarized in this memorandum.

The virtual open house was available through an online presentation website with survey questions available in an online form. The website was available for the community to review and answer the survey questions for about 8 weeks, starting in early November and running through late December of 2020.

Nearly 40 community members participated in the open house, with responses to survey questions ranging between about 17 and 35 responses. Of the survey respondents, nearly two-thirds (65%) lived in Dallas while 19 % worked in the city and 15% own a business in Dallas.

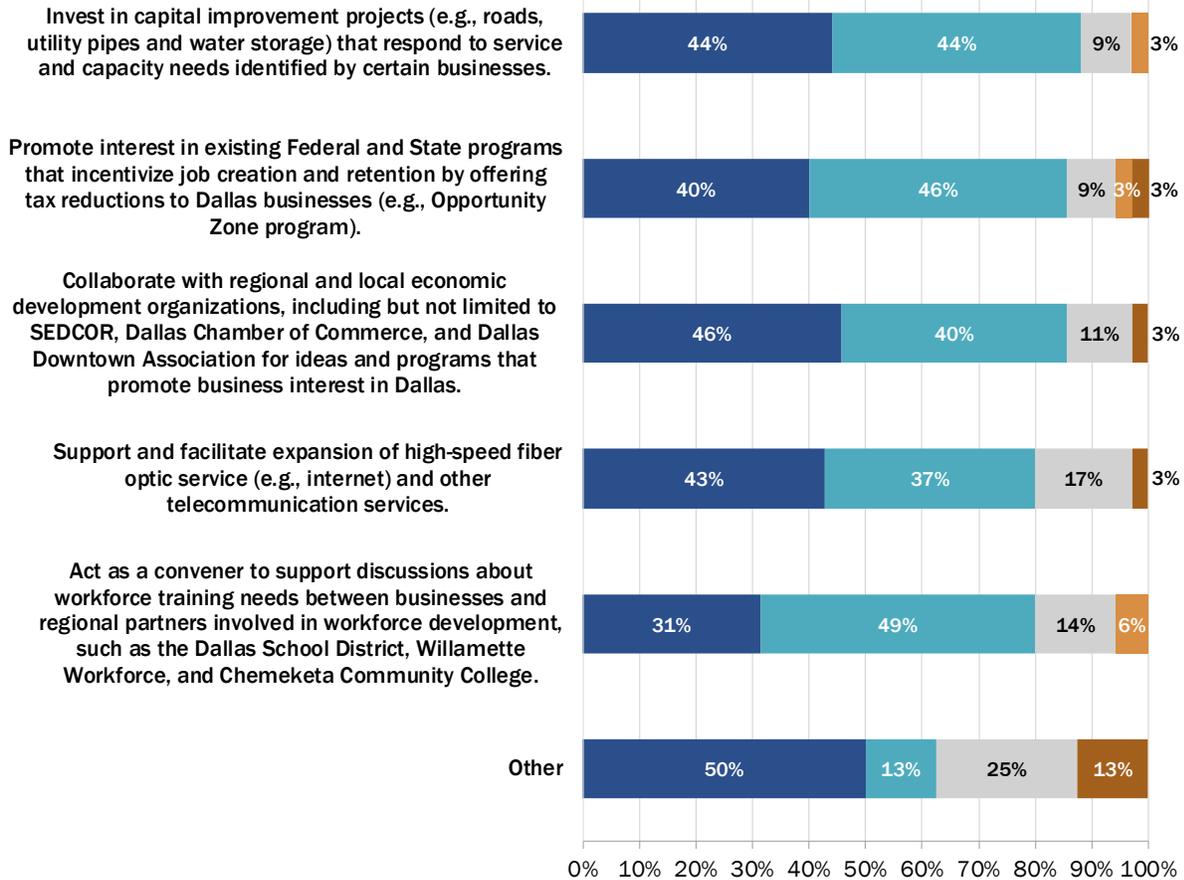
The purpose of the virtual open house was to provide an opportunity for residents and business owners to be involved with the planning process. Goal 1 of Oregon's Statewide Planning Goals and Guidelines directs local governments to develop a citizen involvement program that provides the opportunity for citizens to be involved in all phases of the planning process. While the COVID-19 pandemic presented challenges to conducting public outreach in a traditional way, residents and business owners in Dallas were provided this opportunity and results of the Virtual Open House survey are provided in the remainder of this document.



Survey Question: At this time, commuting patterns show that 17% of residents in Dallas (those employed) work inside of the city. What can the City of Dallas do to stimulate job growth / opportunities within the city? Below is a list of ideas. Please indicate your level of agreement or disagreement with each:

N = 35

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree



The above data shows how respondents view what Dallas could do to stimulate job growth and opportunities within the city. Nearly half (46%) strongly agreed that Dallas should collaborate with regional and economic development organizations followed by a similar share who felt that the City should prioritize investments in capital improvements and high-speed fiber optic service and other telecommunications services (44% and 43%, respectively). The survey asked the respondents who stated, “Other” to identify what actions the City could take to stimulate job growth and

opportunities. Individuals provided a variety of suggestions including:

- Build a community or recreation center for youth-centered activities
- Encourage small-scale manufacturing (similar to Talent or Grants Pass)
- Increase tourism capacity
- Increase reliance on green energy
- Promote entrepreneurship opportunities
- Provide funds for sustainable jobs for existing businesses

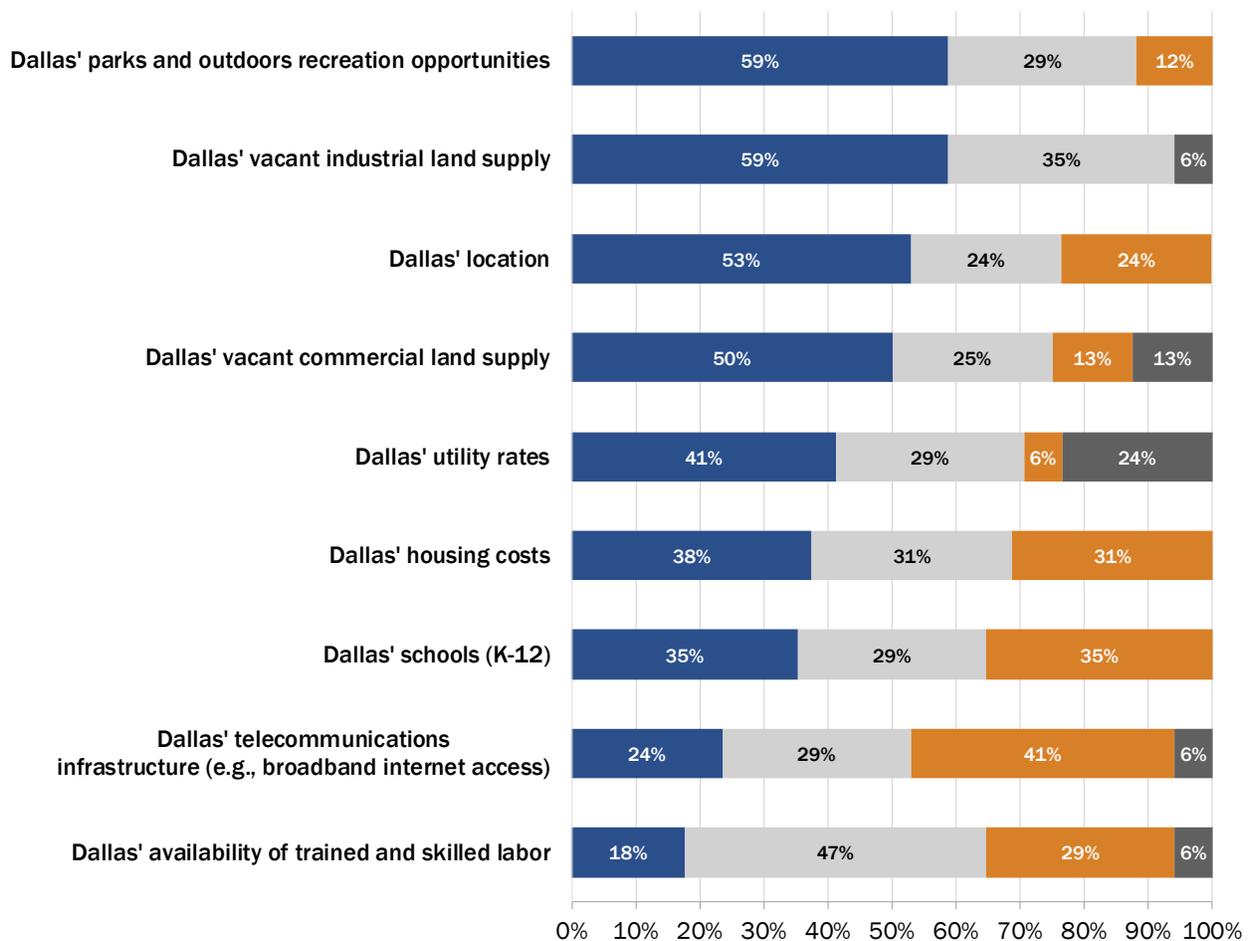


Survey Question: Advantage or Disadvantage? You make the call. Some people would say that Dallas' location is an advantage, especially for workers who prefer to live in or near Dallas for its quality of life. Other people would say that Dallas' location is a disadvantage, being situated away from a major interstate (i.e., I-5).

Pretend for the moment that you are a business owner looking at Dallas to potentially locate your business. From a competitive perspective, how many of the following factors would you consider to be an advantage (vs. disadvantage) in locating your business to Dallas?

N = 17

■ Advantage ■ Neutral ■ Disadvantage ■ Uncertain



Survey respondents were given a list of options and asked to identify what they felt were Dallas' advantages for business owners looking to locate operations to the city. Over half (59%) of the respondents cited the city's vacant industrial land supply and parks and outdoors recreation opportunities as strengths. This was followed by the city's location (53%) and vacant commercial land supply (50%).

Conversely, respondents felt that the city's telecommunications infrastructure (41%), school system (35%), and housing costs (31%) served as disadvantages.

The survey provided respondents with the opportunity to add their own perspective on the city's competitive advantages for businesses. Common responses include:

- Access to amenities (e.g., shopping, entertainment) in larger cities
- Access to wine country
- Family-friendly environment (including parks and churches)
- Proximity to bigger cities

In comparison, respondents were asked about Dallas's weaknesses and what may make a business owner decide not to locate in Dallas. Individuals provided a variety of explanations including:

- Bridge to Salem
- Few family-friendly amenities (e.g., bowling alley, movie theater)
- Housing costs and limited inventory of rental properties
- Lack of arts and culture (e.g., dining, shopping, museums)
- Lack of downtown commercial office space
- Limited freeway access
- Limited transportation access for manufactured goods
- Underfunded education system
- Traffic



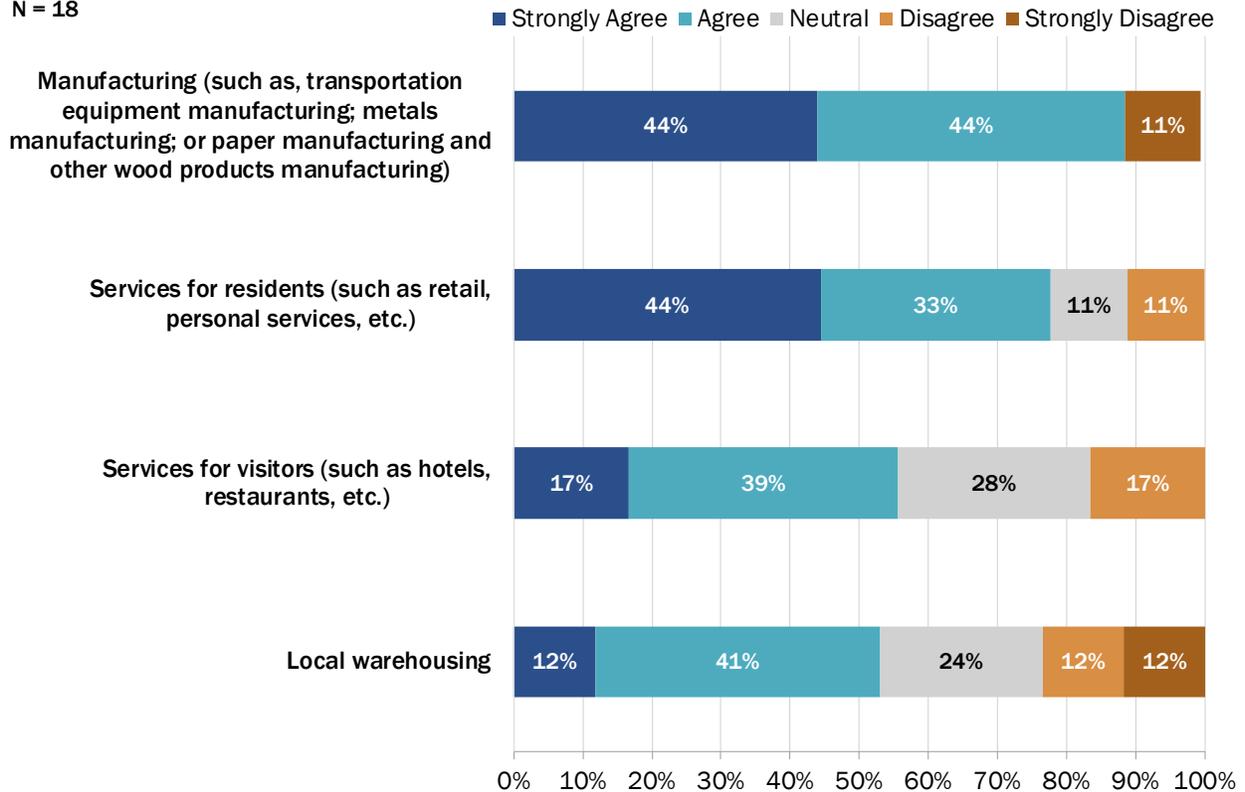
Survey Question: In part, the Dallas EOA evaluates potential growth industries, addressing two main questions:

(1) Which industries are most likely to be attracted to Dallas? and

(2) Which industries best meet Dallas' economic development goals?

Below are four industries identified by the draft Dallas EOA to have the most potential for growth in the next 20 years. Please indicate your level of agreement (or disagreement) with this list.

N = 18



Results of the above show how respondents view the top-four potential growth industries in Dallas over the next 20 years. Nearly half (44%) strongly agreed that services for residents (e.g., retail, personal services) and manufacturing would be attracted to the city and meet Dallas' economic development goals.

When asked to identify any additional industries that have growth potential over the next 20 years, respondents cited:

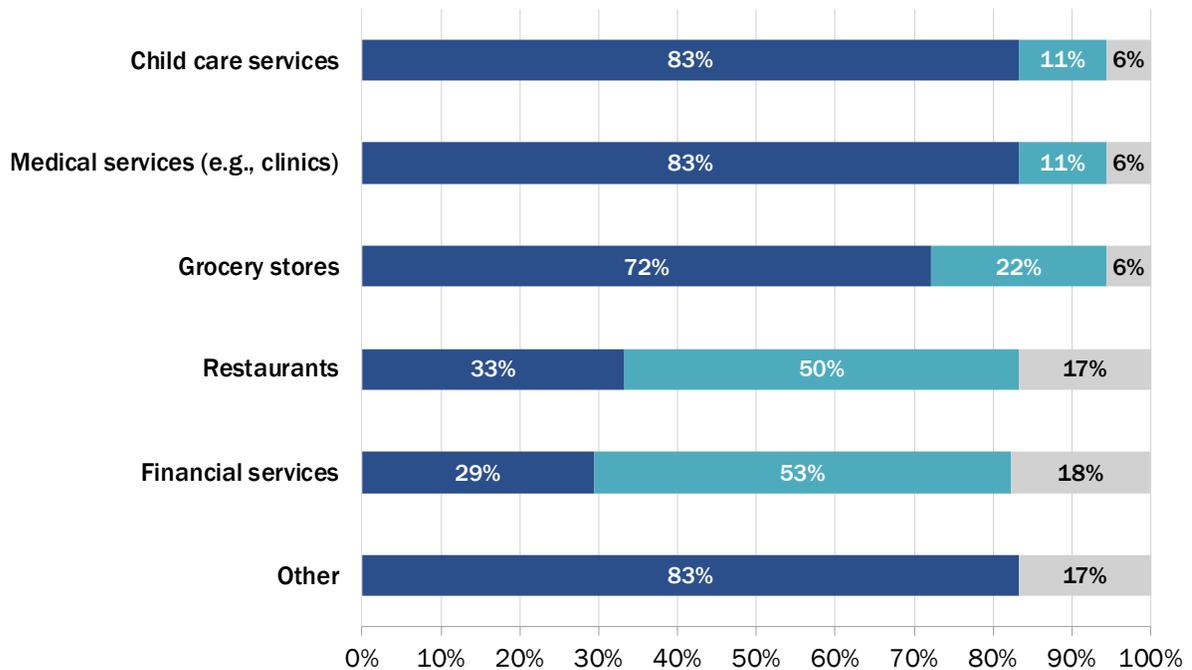
- Arts and culture (e.g., museum)
- Distribution facilities (i.e., Amazon)
- Education
- Family-friendly entertainment
- Health care
- Manufacturing
- Services for residents (e.g., retail, grocery stores)
- Vocational programs
- Wineries and breweries



Survey Question: For the next 20 years, what types of services will residents and workers need in Dallas? (Indicate the level of importance for each type of service needed.)

N = 18

■ Very Important ■ Somewhat Important ■ Neutral ■ Somewhat not Important ■ Not Important



Note: No respondents indicated services as “Somewhat not important” or “Not Important”

The survey asked respondents to state the relative importance of the types of services they will be most in need of over the next 20 years. The majority (83%) identified medical services and childcare as very important followed by grocery stores (72%).

For those who answered “Other,” common responses include:

- Automobile dealership
- Charter schools
- Continued education
- Family-friendly entertainment (e.g., bowling alley, movie theater)
- Services for residents (e.g., department stores)
- Vocational programs

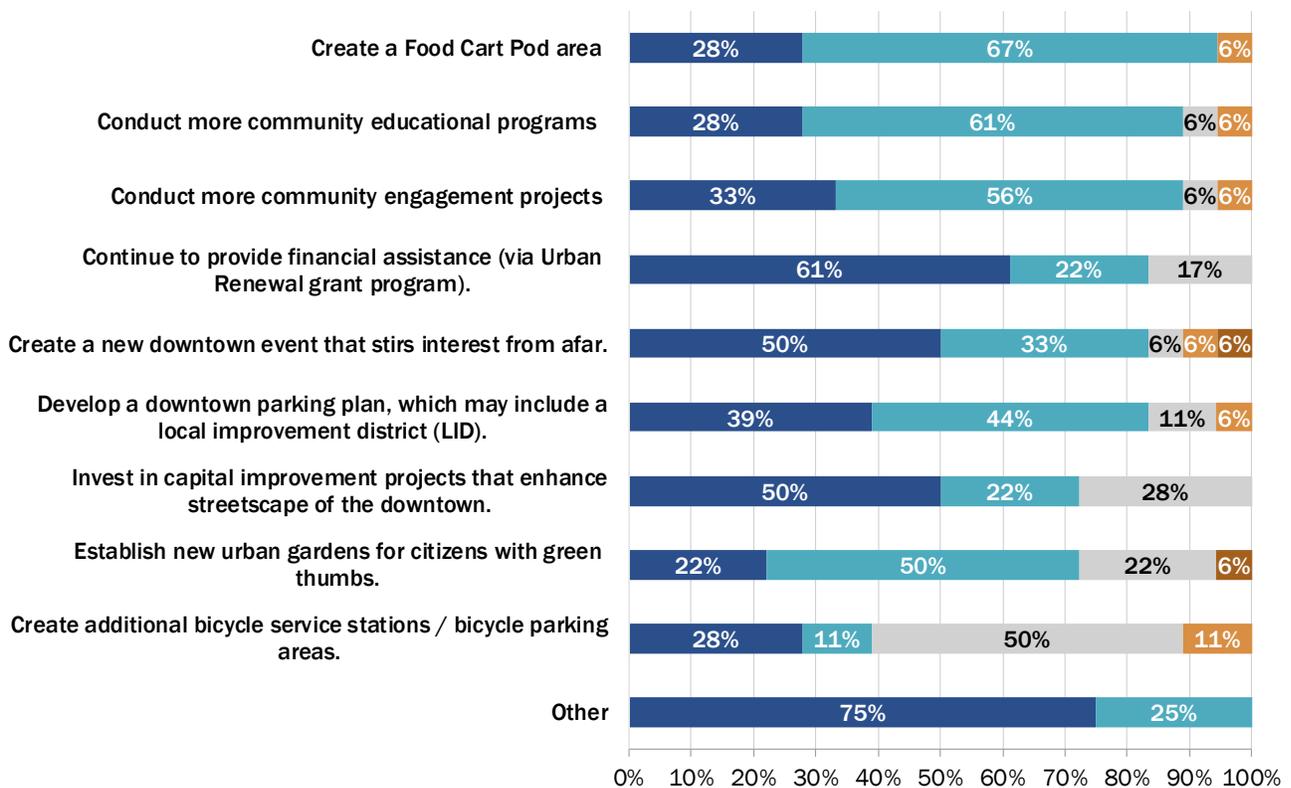


Survey Question: The draft Dallas EOA recognizes the need to promote downtown (area generally between Walnut and Clay streets) as the principal commercial and cultural center of the community. What can the City of Dallas do to stimulate business interest in downtown?

Below are some ideas. Please indicate your level of agreement or disagreement with each.

N = 18

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree



The results above show what survey respondents believe the City can do promote the downtown area as Dallas’ cultural and commercial center. Over half of survey respondents (61%) strongly agreed that the City could continue providing financial assistance via an Urban Renewal grant program to help with remodeling and improving existing buildings. This was followed by half of respondents who felt that the City should stir interest from outlying areas by creating an event downtown and invest in capital projects that enhance the downtown streetscape (e.g., landscaping, street lights).

For those who answered, “Other,” responses include:

- Adding more retail stores and dining options to increase foot traffic
- Addressing infrastructure close to downtown to extend feel of downtown
- Create a plan for increasing business mix
- Offer more support to businesses