

ECONOMY

CLATSOP COUNTY ECONOMIC DATA

The following information is intended to provide a broad overview of Clatsop County's economy.

Clatsop County's economy has historically been a natural resources-based economy, reliant on forest products and seafood. During the past two decades there has been a significant loss of employment in these sectors and the visitor-related economy has become more significant. Although the forest products and seafood related industries have experienced declines in employment, they still represent core elements of the county's economy. According to the *1995 Overall Economic Development Program Report*, prepared by the Clatsop Economic Development Council, more than 35% of the wage and salary jobs in the county in 1994 were in the forest products, seafood industry and visitor related businesses.

Employment

According to information compiled by the Oregon Employment Department, between 1985 and 1995, Clatsop County's civilian labor force increased from 16,340 to 17,100, a 4.6% increase. This level of growth is comparable to the 4.2% increase in population for the same period. Total employment between 1985 and 1995 increased from 14,990 to 16,220, an 8.2% increase. The difference between the rate of growth in the civilian labor force and total employment is the result of a decreased rate of unemployment.

Between 1985 and 1995, Clatsop County's unemployment rate varied from 5.1% to 8.3%, with the high in 1985 and the low in 1995. The county's unemployment rate has generally been higher than that for Oregon as a whole.

Between 1985 and 1995, employment in the Clatsop County's manufacturing sector has decreased from 3,140 to 2,640 a 15.9% decline. Employment in the nonmanufacturing sectors has increased from 8,660 to 11,780, a 36% increase. In 1985 manufacturing represented 26.6% of the county's covered employment and in 1995 it represented 18.3%. The decline in the manufacturing sector is similar to that experienced by the national economy.

A 1996 report prepared by the Oregon Tourism Commission, *Economic Impacts of the Oregon Travel Industry*, provides information on the financial impact of the travel industry on Clatsop County in 1994. The report finds that in 1994 the travel industry generated 3,784 jobs. Oregon Employment Department figures for 1994 indicate that total employment in the county was 15,890. Thus, the travel industry comprised approximately 24% of the total county employment. The four largest tourist oriented employment sectors were eating and drinking establishments, tourist accommodations, retail sales, and recreation. The report found that the travel industry generated 41 million dollars of payroll. Oregon Employment Department figures for 1994 indicate that the total payroll for all covered employment was 298 million dollars. Thus, the travel industry represented approximately 14% of the county's total payroll. The fact that this percentage is significantly less than the percentage of total county employment reflects the low wage nature of the tourism industry.

Among the economic sectors of the county's economy particularly relevant to Cannon Beach, the following are changes in employment between 1985 and 1995: construction /mining an increase from 250 to 590, a 136% increase; trade from 2,940 to 4,260, a 44.9% increase; and services from 2,310 to 3,340, a 44.6% increase.

Clatsop County's economy has always been seasonal in nature because all its major sectors are subject to seasonal employment fluctuations. In 1994, employment during the peak employment month exceeded that of the lowest employment month by 13.6%. This is the same percentage as in 1984.

Many of the employment sectors pertinent to Cannon Beach's economy experience significant seasonal employment fluctuations. In 1994, for employment sectors, the peak employment month exceeded that of the lowest employment month as follows: construction, 13%, eating and drinking establishments 26%; other retail trade, 16%; services, 17%; and hotel/motel, 34%.

The following are the job openings for which the Employment Department had the most listings in Region 1 (Clatsop, Tillamook and Columbia County) during 1994: cannery worker, housekeeping cleaner, stores laborer, material handler, and waiter /waitresses. Many of the jobs in these categories are either seasonal or part-time. Wages for these types of jobs are low. The mean hourly wage offered for these five types of jobs was: waiter/waitress, \$4.82; housekeeping cleaner \$5.49; cannery worker, \$5.72; stores laborer, \$6.79; and material handler, \$6.94.

The Oregon Employment Department has prepared employment projections for the Clatsop/Tillamook/Columbia County region. Their estimate is that total nonfarm payroll employment will increase by 22.3 percent between 1995 and 2005. The fastest growing sectors are projected to be: services +45.1%; wholesale trade, +36.4%; finance/real estate, +30.6%; and retail trade, +28.4%. By occupational type, the projections are that much of the region's employment growth will be concentrated in the service, sales and clerical and administrative support categories. While the region's largest existing occupational group, which is production construction, operatives, maintenance workers and laborers, is projected to experience a net decline.

Income

In 1994, Clatsop County's per capita income was \$19,340, which ranked the county ninth among Oregon's 36 counties. That per capita income lagged \$2,356 behind that of the United States. The disparity between Clatsop County's per capita income and that of the United States has been increasing. In 1985, Clatsop County's per capita income was 9.7% less than that of the United States, in 1994 it was 12.2% less.

The following is the 1994 average annual pay in Clatsop County, by key sectors, all nonfarm employment, \$20,814; manufacturing - \$31,877; construction - \$22,517; trade - \$13,544; and services - \$16,049.

Transfer payments, which consist of income maintenance programs such as social security, disability, and retirement income, constitute a significant segment of the county's total income. In 1994 transfer payments represented 21% of the total county income, an increase from 18% in 1985. Transfer payments represented 17.4% of Oregon's income in 1994. The county's higher percentage of transfer payments reflects the higher percentage of the county's population which is 65 or older.

Economic Development Planning

The Clatsop County Economic Development Committee (CEDC) acts as the county's economic development organization. In 1994, the CEDC adopted a jobs development strategy. According to its *1996 Overall Economic Development Program Report*, this strategy:

“Called for business retention and development strategies focusing on firms that provide family-wage employment, are resilient to swings in the general economy, use locally-available renewable resources as raw materials, handle waste products in a responsible manner, employ locally-available skills, and capitalize on resources and attributes in which the county has a competitive advantage. CEDC identified several industries and markets matching this profile: film and video production; niche visitor marketing; value-added wood products processing; retirement community development; and nonspecific small businesses. Action plans were developed for each of these five sectors, focussing on existing businesses, recruitment or development of new businesses, and public investment.”

The *1995 Overall Economic Development Program Report* added the implementation of a terminal fisheries program to the CEDC's overall strategy.

The Northwest Oregon Economic Alliance (NOEA), comprising Clatsop, Columbia and Tillamook counties, is also involved in economic development planning and implementation. NOEA has developed a strategic plan which provides the basis for obtaining Regional Strategies Lottery funding. The plan's long-range objectives are to: increase the region's standards of living; increase the level of value-added business activity; increase the skill level and the competitiveness of the region's work force; expand the region's access to markets and information; and diversify the region's employment base. By statute, NOEA can only focus its funding on three key industries. The three industries that were selected are environmental services, forest products and tourism. Within these three sectors, the 1995-97 strategic plan seeks to increase employment in the environmental services industry, increase value-added export oriented business activity, and increase targeted off-season tourism.

CANNON BEACH ECONOMY

The three major sectors of Cannon Beach's economy are tourism, the second home industry and retirement.

Employment

According to the city's July 1996 business licence records, there were 1,063 persons employed in the city, 84% of which were employed in tourism associated sectors. There were 397 persons employed at tourist accommodations, 254 persons employed in retail trade establishments and 241 persons employed in restaurants. The remaining 159 persons were employed in other types of businesses.

In 1993, the city conducted a comprehensive survey of the housing needs of individuals employed within the city. This study, *Housing Affordability Study, Cannon Beach Employers and Employees*, found that 57% of the employees in the city also resided in Cannon Beach (the survey of business license holders did not include home occupations and both in and out of town contractors). For a community the size of Cannon Beach, this represents a high percentage of resident employees.

Information on the employment of Cannon Beach residents is available from the U.S. Census. Table I provides information on employment, by industry, for both 1980 and 1990. For comparative purposes, 1990 employment data for Clatsop County are also provided.

TABLE I

Industry for Employed Person Aged 16+
Percentage of Total Employment
1980 & 1990 US Censuses

	Cannon Beach		Clatsop County
	1990	1980	1990
Agriculture/forestry/fishing	3.7	3.2	5.0
Mining	0.0	comb. w/ag	0.0
Construction	8.0	8.4	6.2
Manufacturing	6.7	3.8	18.2
Transportation	0.0	1.9	4.2
Communications	1.0	2.9	1.6
Wholesale Trade	2.1	0.4	3.2
Retail Trade	37.4	31.9	22.6
FIRE	4.2	4.2	3.9
Business/Repair Service	0.3	2.3	2.0
Personal Services	5.9	13.5	15.7
Entertainment /Recreational Services	1.0	comb.w/ps	1.7
Professional & Related Services/ Educational Services	20.1	27.6	25.3

The following are key findings from Table I:

- In 1990, the three sectors employing the most Cannon Beach residents were: retail trade, professional services, and construction, with retail trade comprising by far the largest employment sector.
- In 1990, Cannon Beach had a significantly higher percentage of its residents employed in the retail trade and construction than the county as a whole. Conversely, a significantly lower percentage of the city's residents were employed in the manufacturing, personal services, and professional services sectors than the county as whole.

- Between 1980 and 1990, the most significant changes were the increases in the percentage of residents employed in the retail trade sector and the decrease in the percentage of residents employed in the personal services and professional services sector.

Employment associated with the second home sector of the city's economy includes construction, personal services such as housecleaning, landscape maintenance and property management.

A comparison of several types of statistics indicates that the overall impact of the city's economy on the overall county economy is disproportionate to the city's population. In 1996, the population of Cannon Beach represented 4% of the total county population (1,395/34,600), while city employment represented 6% (1,065/17,770) of the total county employment. The 1996-97 assessed value of the city is 15.4% of the county's total assessed valuation (515,990,900/3,333,145,843).

Income

Detailed income figures for Cannon Beach are only available from the Census. The usefulness of the information contained in the 1990 Census is limited by the fact that it is eight years old. In 1989, the city's median household income was slightly higher than that of the county's, while the median family income was slightly lower. Among Clatsop County cities, Cannon Beach had the second highest, after Gearhart, median family and median household income. The number of households in Cannon Beach with incomes below the Federal poverty level was significantly lower than in the county and was the lowest among the county's cities.

Income derived from transfer payments can be used as a general indicator of the importance of the "retirement" sector of the local economy. Information on transfer payments received by Cannon Beach residents is not available. However, inferences can be made about the general level of income derived from transfer payment using data from Clatsop County. In 1994, transfer payments represented 21% of the county's total income. According to the 1990 Census, 20.1% of Cannon Beach's population was 65 and older, compared to 16.2% for the county. Because of Cannon Beach higher percentage of persons aged 65 and older, it is reasonable to assume that the percentage of the city's total income derived from transfer payments is greater than 21% of the total income of its residents.

Land Inventory

Table II summarizes the results of an inventory of vacant commercial land within the city undertaken in December of 1996.

TABLE II

Commercial Land
C-1
In acres

	Built	Vacant	Total
Downtown	12.54	.47	13.01
Midtown	8.34	.57	8.91
Tolovana Park	4 .12	.80	4.92
TOTAL	25.0	1.84	26.84

Commercial Land
C-2
In acres

	Built	Vacant	Total
Midtown	6.51	0.0	6.51

Motel Land
RM
In acres

	Built	Vacant	Total
Total	21.05	.15	21.20

An analysis conducted by the city in 1994 found that the downtown C-1 area contained approximately 166,000 square feet of commercial space. Since that time approximately 7,000 square feet of additional commercial space has been added, for a total of 173,000 square feet of commercial space in the downtown area. The 1994 study also found that under the existing zoning standards for the downtown C-1 zone an additional 68,000 square feet of commercial space can be added through redevelopment. Thus, under present zoning requirements, the build-out of the downtown commercial area would contain 234,000 square feet.

A survey conducted in December 1996, found that there are approximately 39,000 square feet of commercial space in Midtown C-1 zone and 6,700 square feet of commercial space in Tolovana Park. Redevelopment of commercial land in these two areas could accommodate an additional 51,800 square feet of gross floor area.

The city's existing zoning permits the addition of 112,800 square feet of commercial space. This represents a 50% increase in the amount of commercial space. This is adequate to meet the city's

commercial growth requirements, while retaining the balance between commercial and residential development which the city seeks to achieve.

TABLE III
Tourist accommodations
November 1996

I.	Motel units, including bed and breakfast	937 units
II.	RV & camping sites	190 sites
II.	Short-term rentals	105 dwellings
IV.	TOTAL	1232 accommodations

In addition to the 1,232 existing tourist accommodations, it is estimated that the redevelopment of existing property in areas where motels are permitted as an outright use could result in an additional 271 motel units. In addition, the redevelopment of property which allows motels as a conditional use could result in an additional 94 motel units. There is also the potential, through redevelopment, to add to the number of RV sites.

City ordinances require that existing short term rental units be terminated in the year 2000. This will reduce the supply of tourist accommodations by 105 units. However, the city's existing zoning permits the addition of a minimum of 365 additional tourist accommodations. Thus, present zoning provision will permit an increase of 260 tourist accommodations. This represents an approximately 21% increase in the number of tourist accommodations. This increase is adequate to meet the city's growth requirements for tourist accommodations.

Economic Development Objectives

A review of general economic trends indicates that the three major sectors of the local economy will continue to grow. National and state projections indicate steady growth of the tourism industry over the next decade. The city's proximity to the rapidly growing Portland metropolitan area means that the growth in tourism related activities experienced by Cannon Beach can be expected to grow at a rate that is greater than that for the state as a whole. The city's second home market is primarily driven by the economies of the Portland and Seattle metropolitan area. In the near term, these economies will continue to be robust. In addition, the general demand for second homes will be enhanced by the demographics of the very large baby boom generation entering the age cohort of maximum earnings, generally from 45-55. Finally, the ongoing aging of the country's population means that there will be strong demand for attractive retirement locations such as Cannon Beach.

A review of economic trends indicates that there is a low probability that there will be major new economic development opportunities.

The city's primary economic development goal is to manage the tourism related aspects of the city in a manner that maintains the residential integrity of the community. The importance of this goal is

demonstrated by the fact that the city's daytime population during the summer months increases almost tenfold over that of the permanent population. The emphasis on maintaining the city's residential character is also important because attractive residential areas are what drives the retirement and second home sectors of the local economy. This goal is described by the following portion of the comprehensive plan's vision statement:

Cannon Beach will continue to plan for a balance between the residential and resort elements of the community. In achieving this balance, the emphasis will be placed on managing the resort aspects of Cannon Beach in a manner that is not disruptive to the residential character of the community.

The city relies on a number of strategies to achieve the balance between tourist development and the preservation of residential community with a strong sense of place that is described in the vision statement. These strategies include:

- Promotion of a compact commercial areas that are pedestrian oriented and are readily accessible from adjoining residential areas.
- Limiting future commercial growth, including that of motels, to existing areas designated for such uses.
- Prohibiting strip commercial development along U.S. Highway 101.
- Opposition to the development of a destination resort adjacent to the city.
- Using a design review process to create visually attractive commercial areas which reflect the city's coastal location.
- Prohibiting commercial uses which are detrimental to the character of the city's commercial areas.

The following two comprehensive plan policies summarize the city's economic development strategy:

The Economy Policy 2. The three major sectors of the city's economy are tourism, the second home industry and retirement. The city anticipates that these sectors will continue to constitute the majority of the city's economy. The city's efforts will be directed toward enhancing these economic sectors in a manner that results in the desired balance between the residential and resort elements of the community.

The Economy Policy 3. The vitality of all the major sectors of the City's economy is dependent in large part on the city's physical location, its natural amenities and the attractiveness of its residential and commercial areas. The presence of the visual and performing arts and opportunities for life long learning are also important to the health of the local economy. The City's economic development strategy will focus on the protection and enhancement of these factors. The objective is to strengthen the local economy in a manner that retains the community's small town character and benefits the entire community.