

Chapter 9

Economic Development

The Economy chapter provides economic data on the City of Scio and the larger economic region the Albany Metropolitan Statistical Area (Albany MSA), which includes all of Linn County¹, its incorporated cities and unincorporated rural areas. Scio's population of 830 residents is a small fraction of the 116,865 people who live in Linn County. Due to its size and location, there is limited economic data available on the Scio economy. A review of the regional economic data provides an overview of the regional economy but may not accurately portray the differences and trends of the small town economy in Scio and its surrounding rural area.

Historically, Scio has served as a community service center for residents in north-central Linn County east of Albany. From the late 1800's through the end of the 20th Century Scio had a traditional small town mix of retail, service and professional businesses. The Scio School District is the largest local employer. The District's administrative offices and K-12 schools are all located inside the City. In 2014 industrial uses included the Oregon State Bridge Construction, Inc. offices and materials storage yard, Best Heating and Control, Inc. and Pacific Power's substation on the east side of Hwy 226. A few manufacturing, wood products and industrial sector businesses are located two miles west of the city limits in West Scio but most larger commercial and industrial employers are located more than 10 to 15 miles away in the cities of Stayton, Lebanon, Lyons and Albany.

Over the past 25 years a myriad of economic forces have affected Scio and other small towns throughout Oregon, created challenges for community-based businesses and made it more difficult for brick and mortar storefront shops to compete in the regional marketplace. Linn County arterial roads connect Scio to I-5, Albany, Stayton and Salem making it easy for residents to commute to jobs throughout the mid-Willamette Valley. The concentration of retail centers and services in larger cities; the advent of the Internet and on-line purchasing and general societal changes have all contributed to leakage of retail/service sales and to the decline of Scio's commercial base. In the past ten years Scio has lost locally owned businesses and seen financial institutions leave the community. As a result of all of these forces, the vitality of Scio's Main Street business district has slowly eroded.

In spite of the challenges, the City believes the Main Street and Hwy 226 commercial area can be revitalized and local businesses can succeed by providing customer oriented goods and services for area residents. Recent investments by Scio Mutual Telephone Association, local retailers and the Scio Fire District are indicative of this trend. The City expects the community will retain a healthy mix of restaurants, professional services, health services, automobile related repair and

¹ Linn County became the Albany Metropolitan Statistical Area when the Decennial Census was taken in 2010. This happened because the largest city in Linn County – Albany – recorded a population of more than 50,000 people. For purposes of this Chapter, Linn County will be used rather than the Albany MSA.

service shops and personal service businesses because they primarily serve the daily needs of local residents.

9.1 Employment Characteristics

The City has compiled employment data for the City of Scio, Linn County and the State of Oregon. Employment levels in the mid-Willamette Valley grew from 2000 to 2008 as the area population and economy grew quickly. Total employment in Linn County reached a peak of 43,370 persons employed in the 2nd Quarter in 2008.

The onset of the Great Recession in November 2008 caused overall employment in Linn County to drop by approximately 10% to just over 39,000 employed persons in 2010. During the recession, Linn County lost jobs in construction, manufacturing, forest products and financial/business services. Although job recovery occurred in most sectors from 2011 to 2014, the total number of jobs at the end of 2014 remained below the pre-recession peak.

Table ED-1 provides an overview of employment levels by industry in Linn County from 2004 to 2014.

Table ED-1
Non-Farm Employment by Industry – Linn County

Industry	2004	2008	2010	2012	2014	Job Gain/Loss 2004-2014
Natural Resources	510	440	400	420	400	-110
Construction	2,040	2,460	1,770	1,900	2,340	300
Manufacturing	8,120	8,080	6,570	6,770	6,950	-1,170
Wholesale Trade	1,310	1,560	1,450	1,420	1,530	220
Retail Trade	4,620	4,770	4,390	4,680	4,720	100
Transportation, Warehousing & Utilities	2,320	3,080	2,640	2,620	2,580	260
Information	460	470	410	370	360	-100
Financial Activities	1,570	1,460	1,310	1,220	1,350	-220
Professional & Business Services	3,260	3,510	3,160	3,130	3,160	-100
Education & Health Services	3,860	4,460	4,770	4,910	5,010	1,150
Leisure & Hospitality	2,800	3,160	3,090	3,070	3,120	320
Other Services & Non-Classified	1,330	1,420	1,360	1,310	1,370	40
Government	7,170	7,710	7,780	7,150	7,200	30
Totals	39,380	42,580	39,080	38,860	40,100	720

Source: Oregon Employment Department

Table ED-1 illustrates a change in the basic structure of Linn County's economy. In 2000, 44% of jobs in Linn County were in industrial job sectors with many family wage manufacturing jobs. By 2014, the total number of industrial sector jobs had dropped by 4,600 jobs to 34% of the

overall job total. Linn County has lost more than 1,100 manufacturing jobs since 2008. In the last decade jobs have been added in transportation, utilities, education, health-care and leisure/hospitality services. In a 2015 presentation to the Albany Chamber of Commerce, Will Summers of the Oregon Employment Department noted Linn County “*employment is now just above the employment levels for 2001; in other words, we have a ways to go before reaching the peak employment enjoyed in 2008.*”

Table ED-2 provides data about employed Scio residents. The total number of employed residents has increased as the City’s population has grown. However, the number of Scio residents employed in manufacturing, transportation and utility sector jobs has declined from 1990 to 2013, which reflects the regional trends. Jobs added in education, health care and government sectors, mirror job growth throughout the Mid-Willamette Valley region.

Table ED-2
Occupations of Employed City of Scio Residents

Industry	1990	2000	2010	2013	Job Gain/Loss 1990 to 2013
Natural Resources	9	6	19	2	-7
Construction	21	56	86	96	75
Manufacturing	63	48	23	32	-31
Wholesale Trade	14	5	3	12	-2
Retail Trade	36	45	29	61	25
Transportation, warehousing & utilities	26	15	7	5	-21
Finance, insurance & real estate	2	6	3	12	10
Professional & related services	8	14	16	7	-1
Education, health care & social services	37	59	47	54	17
Arts & entertainment, recreation, food services and personal services	10	14	35	11	1
Other services	7	4	8	15	8
Government & public administration	3	6	25	28	25
Totals	236	278	291	335	99

Sources: U.S. Census Bureau: 1990 Census, 2000 Census and the 2010 & 2013 American Community Survey, Selected Economic Characteristics. Due to the small sample size for the City of Scio, there may be a large statistical deviation in the ACS data. 2013 ACS data has a +/-2% to +/-16% margin of error depending on the job sector.

Commuting patterns in the mid-Willamette Valley show that many residents in small towns travel to work in larger cities. Scio is a great example. In 2015, Oregon Employment Department statistics reveal of the 281 people who live in Scio and work, 269 commute to their jobs. The high number of commuters is indicative of a rural community on the outskirts of larger metropolitan areas. Scio residents commute to jobs in Linn County (131 people), Marion County, (66 people), Benton County (35 people) and other counties (37).²

² William A. Summers, Workforce Analyst, Oregon Employment Department, August 2015.

Oregon Employment Department staff concludes this commuting pattern can be attributed to life-style choices. Residents of valley communities have chosen a small-town life style for their families and they are willing to commute to work elsewhere in order to provide that life style.³ The strong commuting patterns suggest that these workers are part of a larger labor-shed that is found within the Willamette Valley. With few major employers inside the city limits, the City anticipates this trend will continue in the future.

Table ED-3
Scio Resident Place of Employment

Place of Employment for Employed Scio Residents	1990	2000	2010	2013
Worked within Scio	44	38	75	77
Worked outside Scio	184	238	204	232
Total Scio Employed Population	228	276	279	309
Percent employed within Scio	19.3%	14.4%	26.8%	24.8%

Sources: U. S. Census Bureau: 1990 Census, 2000 Census and the 2013 American Community Survey, B08008 Selected Economic Characteristics. Note: The 2013 ACS number for employed residents by place of employment was 309 versus the 335 number of employed residents listed by occupation.

The jobs-to-population ratio also provides an indicator of the strength of the local economy and whether or not a community is an employment center. Table ED-4 shows Scio has a higher jobs-to-population ratio than is found in Linn County and the State of Oregon.

Table ED-4
Jobs to Population Ratio - 2013

	July 2013 Population	Total Non-Farm Payroll Jobs	Jobs to Population Ratio
Scio	830	425	0.51
Linn County	118,665	40,673	0.34
State of Oregon	3,919,020	1,679,377	0.43

Source: Oregon Employment Department, 2013 Covered Employment

The Great Recession caused job losses in construction, housing and resource based industries in the Mid-Willamette Valley. This had a significant economic impact on Linn County, the Albany area and the communities in east Linn County. Unemployment rates, per capita income and persons living below the poverty line were all affected. Fortunately, Scio was not impacted as much as nearby communities. Table ED-5 provides a snapshot of the Scio economy in 2013 in relation to nearby communities. Scio has a:

- Slightly lower per capita income than Linn County.
- Lower unemployment rate than in nearby communities and Linn County.

³ Ibid. William A. Summers, Oregon Employment Department.

- Slightly lower poverty level than nearby communities.

Table ED-5
2013 Income & Employment Characteristics
Scio and nearby Linn County Communities

	Scio	Stayton	Lyons	Lebanon	Albany	Linn County	Oregon Average	US Average
Per capita income	20,964	18,746	23,550	18,705	21,816	21,500	26,809	28,155
Unemployment	5.3%	9.0%	5.9%	10.2%	11.7%	9.8%	7.7%	9.7%
Persons below Poverty Line	15.1%	20.0%	9.3%	20.2%	19.5%	17.8%	16.2%	15.4%

Sources: US Census Bureau, 2013 American Community Survey; Oregon Employment Department.

Table ED-6 shows the increase in unemployment rates from 2007 to 2014 in area cities, Linn County and the State of Oregon. Manufacturing and resource dependent communities such as Stayton, Lebanon, Sweet Home and Mill City had significant jumps in the unemployment rates that either equaled or exceeded the regional and state unemployment rates. Jobless rates have improved from 2010 to 2014, and by May 2015 had reached the pre-recession unemployment rates.

Table ED-6
Average Annual Unemployment Rates

	2000	2007	2009	2010	2011	2012	2013	2014
Scio	3.2	3.4	7.8	7.4	6.6	6.1	5.3	3.9
Albany	6.6	5.8	12.4	11.9	10.4	9.5	8.5	7.5
Lebanon	6.3	6.5	14.4	13.8	12.4	11.6	10.2	7.1
Mill City	9.6	10.1	21.0	20.3	18.5	17.4	15.4	12.5
Stayton	5.0	5.6	12.1	12.1	11.2	10.6	9.0	10.5
Sweet Home	8.2	7.9	17.1	16.3	14.6	13.5	12.1	10.5
North Santiam Canyon	8.3	9.0	18.6	18.3	16.8	15.8	13.8	12.0
Linn County	6.6	6.3	13.8	13.3	11.8	11.0	9.8	8.5
Marion County	5.5	5.4	10.9	10.9	10.4	9.7	8.5	7.3
Oregon	5.1	5.1	11.1	10.6	9.4	8.8	7.7	6.9

Source: Oregon Employment Department

9.2 Economic Trends

The preceding section describes economic and employment characteristics of Scio and Linn County, but does not discuss state and regional economic trends. This section focuses on some of the regional economic trends that are expected to impact Scio. The City reviewed economic development reports for the Linn County region and talked with representatives from the Oregon

Employment Department, the Albany-Millersburg Economic Development Corporation (AMEDC), the Cascades West Economic Development District, Pacific Power, Northwest Natural Gas and the North Santiam Canyon Economic Development Corporation.

Local, regional and state economic development professionals were asked to identify community strengths and weaknesses, discuss challenges facing small cities in Linn County, identify competitive advantages or disadvantages, and discuss potential opportunities for meaningful economic growth in Scio and rural Linn County.⁴

Region 4 (Linn, Benton and Lincoln County) - 10-Year Employment Forecast:

In March 2014, the Oregon Employment Department released the 10-year employment forecast for Region 4 (Linn, Benton and Lincoln counties). Region 4 is projected to add 11,770 jobs from 2012 to 2022, a 12% increase during the 10-year period. Private sector employment will add 10,500 jobs and government sectors will add 1,720 jobs.⁵ Job growth in Linn County is estimated to grow at an average annual growth rate of 1.15% from 2012 to 2022.

The Oregon Employment Department anticipates Region 4 job growth will occur in certain job sectors due to the effects of a number of broad societal trends:

- overall statewide economic recovery after the Great Recession,
- the need to replace jobs for baby boomers retiring from the work force,
- new jobs will require workers with advanced training, post-secondary education and/or college degrees,
- growth in the private education and health care sectors to serve an older population,
- expansion of professional services, leisure services and retail service jobs, and
- rebound of construction related industries.⁶
- agriculture, forestry and fishing will regain losses which occurred in the Great Recession and add jobs at a faster pace than the overall economy.⁷

⁴ Meetings and interviews with John Pascone, President, Albany Millersburg Economic Development Corporation; Charlie Mitchell, Executive Director, Cascades West Economic Development District; Tom Hogue, Economic Development Specialist, State of Oregon Department of Land Conservation, Will Summers, Workforce Analysis, Oregon Employment Department; Gary Bauer, Northwest Natural Gas and Doris Johnston and Alan Meyer, Community Development and Regional Development specialists for Pacific Power, Albany, Oregon; July and August, 2015.

⁵ Oregon Employment Department, Region 4, 2012-2022 Long Term Employment Projections. [Long-Term Projections Show Broad-Based Job Opportunities in Benton, Lincoln, And Linn Counties - Article Display - QualityInfo](https://www.qualityinfo.org/documents/10182/92203/Linn%2C+Benton%2C+and+Lincoln+Counties+Employment+Projections+2012-2022?version=1.0); and <https://www.qualityinfo.org/documents/10182/92203/Linn%2C+Benton%2C+and+Lincoln+Counties+Employment+Projections+2012-2022?version=1.0>

⁶ Oregon Employment Department. "*Employment Projections by Industry and Occupation 2012-2022, for Region 4 - Linn-Benton-Lincoln counties*", March 2014 Workforce and Economic Research Section, Salem, Oregon.

⁷ Oregon Employment Department. "*Benton-Linn Labor Trends*", May 2015, pp 3-5.

Although overall economic growth is projected to be strong, there are several job sectors which are expected to buck these trends.

- The total number of federal government jobs is expected to decline.
- Manufacturing employment levels will remain flat.
- Natural resources industries and local government, including education, are projected to grow slowly during the next 10 years.

Oregon Employment Department staff anticipates small communities will face challenges in adding retail, service and manufacturing sector jobs during the next 10 years.⁸ State economic development staff and local utility representatives for Pacific Power and Northwest Natural Gas concur that small communities will be challenged to retain or add new employers, partly due to their location away from the I-5 transportation corridor, lack of existing vacant industrial buildings and need for nearby workforce training programs.⁹

Comprehensive Economic Development Strategy (2010-2015):

The Cascades West Economic Development District (CWEDD) prepares a 5-year economic development report for Lane, Lincoln, Linn and Benton counties. The District is designated by the U.S. Department of Commerce Economic Development Administration as the economic development planning agency for the region. The Comprehensive Economic Development Strategy (CEDS) report for the 5-year period from 2010 to 2015 includes economic development goals, strategies and an action plan for the four-county region.

The 2010 CEDS identifies six broad economic development goals for the region:

- Advance economic activities that provide a range of employment opportunities.
- Build on the region's entrepreneurial culture and assets.
- Support infrastructure assistance to communities.
- Provide technical assistance to communities and support capacity building efforts.
- Partner to improve workforce training and education
- Support the needs of rural areas.¹⁰

Although the CEDS planning area includes the Eugene/Springfield and Albany/Corvallis urban areas and the state's two major universities, the report articulates challenges facing the more than 30 small cities in the region. Small rural communities face challenges including, but not limited to,

⁸ Interview with Will Summers, Workforce Analyst, Albany office of the Oregon Employment Department. September 4, 2014.

⁹ Op cit., interviews with Tom Hogue, Economic Development Specialist, Oregon Department of Land Conservation and Development; John Pascone, Albany-Millersburg Economic Development Corporation; Doris Johnston and Alan Meyer, Pacific Power and Alan Bauer, Northwest Natural Gas.

¹⁰ *Comprehensive Economic Development Strategy (2010-2015)*, Cascades West Council of Governments and Lane County of Governments, June 2010, p.1.

- lack of shovel ready, fully serviced industrial sites,
- infrastructure deficiencies in water, wastewater, storm drainage and transportation,
- a continuing shift away from a natural resource and manufacturing based economy,
- concentration of retail/service businesses in urban centers and away from traditional small town business districts,
- growth of e-commerce and the need for reliable, high-speed broadband services, and
- the need for a highly educated workforce.

The 2010 CEDS recommends strategies that will enable small communities to compete more effectively in the regional economy. Strategies focus on infrastructure improvements, technical assistance and support for entrepreneurs and small businesses, workforce training for rural residents and redevelopment of older downtown commercial districts. The report identifies opportunities for historic and cultural tourism, expanded leisure services and development of hospitality based businesses.

The Cascades West Economic Development District (CWEDD) updates the Comprehensive Economic Development Strategy every 5 years. A DRAFT *Comprehensive Economic Development Strategy 2015-2020* (2015 CEDS)¹¹ has been prepared for the District. The DRAFT 2015 CEDS includes updated information on the regional economy and recommends revised economic development goals and strategies for the District. The document will undergo an agency and public review before final adoption by the District.

The 2015 CEDS stresses the importance of regional partnerships and collaboration in order to improve the economic base of the four-county region. Of particular importance to small communities will be the emphasis the 2015 CEDS on

- regional leadership in assessing, financing and improving public infrastructure,
- building on the region’s entrepreneurial culture, and
- making basic services visible and accessible to residents in all communities.

CWEDD Executive Director Charlie Mitchell indicated small towns in the region will need to develop realistic economic development strategies. For a community like Scio, he suggests the public sector provide leadership to revitalize its downtown business district. Public investment in streetscape, amenities, sidewalks and façade improvements may provide an attractive physical environment. Strong community leadership may not directly translate into immediate investment in new brick and mortar businesses, but will position the community to take advantage of opportunities that may arise in the retail/service sectors, leisure services or hospitality industries.¹²

¹¹ DRAFT *Comprehensive Economic Development Strategy 2015-2020 for the Cascades West Economic Development District*, 2015. The Community Planning Workshop, a program of the Community Service Center, Public Policy Planning and Management (PPPM) Department at the University of Oregon.

¹² Interview with Charles Mitchell, Cascades West Economic Development District, August 2015.

Albany-Millersburg Economic Development Corporation

The Albany Millersburg Economic Development Corporation (AMEDC) is a regional economic development organization which focuses on providing assistance to local industries. AMEDC focuses its efforts on the start-up, retention and expansion of manufacturing and traded-sector businesses that provide family-wage employment in the greater Albany area. AMEDC works with Linn County and Business Oregon to include industrial properties in the regional South Santiam Enterprise Zone. The majority of the industrially zoned land in West Scio and the City of Scio is included in the South Santiam Enterprise Zone, thereby qualifying for property tax incentives for capital investments in new buildings and equipment.

AMEDC President John Pascone has observed several trends which will affect economic development efforts in Linn County's small communities:

- Job creation will be generated by existing employers who are committed to the community.
- Small towns offer opportunities for budding entrepreneurs. They are great places to live; they offer opportunities for life-style businesses.
- Recruiting new industries is unlikely. Firms looking to relocate want shovel ready sites, existing public facilities, direct access to the I-5 corridor, proximity to universities and/or nearby work force training programs.
- Small towns should embrace who they are, build on local strengths and present themselves well.
- Strong community leadership, vision, civic pride, nice neighborhoods, good schools and an attractive cohesive business district are essential community characteristics that will encourage investment and revitalization.
- Successful small towns have a high quality of life, strong community leadership, a vision of the future, nice neighborhoods and well-maintained, cohesive business districts.

Mr. Pascone recommends city leaders build on the existing strengths in the community, make sure the City presents itself well and focus on being a great small town.

9.3 Community Economic Potential

The Oregon Employment Department regional jobs forecast for Region 4 "Linn-Benton-Lincoln counties" will add more than 6,000 jobs from 2012 to 2022. In this forecast, OED's work force analysts estimate 34% of all new non-farm jobs will be in the manufacturing and industrial job sectors, with slow government job growth and the balance on new jobs created in the commercial/service job sectors.

Oregon Employment Department staff estimated there were 425 non-farm payroll jobs in Scio in the year 2013. Using the same 1.15% average annual growth rate that is in the Region 4 forecast, Oregon Employment Department staff forecast there will be 547 non-farm payroll jobs

in Scio by the year 2035, an increase of 122 jobs. Table ED-7 shows Scio’s historic employment numbers and the estimated job growth forecast through 2035.

Table ED-7
Historic Employment Levels and Estimated Job Growth to 2035

Area	2000	2008	2013	2022 (+12%)	2035 (+1.15% annually)	Estimated Job Growth 2012-2035
Scio Residents Employed	278	325	335	371	431	96
# of Payroll Jobs in the Scio city limits			425	471	547	122
Linn County Total Employed	47,908	50,928	48,429	54,306	63,026	14,597
Scio Payroll Jobs as a % of Linn County Employment			0.88%	0.87%	0.87%	0.85%

Source: Oregon Employment Department; the 2022 and 2035 projections are based on a 1.15% average annual growth in Linn County employment from 2012 to 2035.

The City generally agrees with the regional job growth projections, but anticipates industrial sector and government sector job growth in the Scio area will be slower than in the Linn County region. The reasons for the city’s conclusions are in subsections 9.3.1 to 9.3.4 below. Table ED-8 allocates job growth in Scio for the 20-year period from 2015 to 2035.

Table ED-8
Employment by Job Sector

Job Sector	Jobs in 2014	%	Jobs Added 2014 - 2035	%	Jobs in 2035	%
Manufacturing & industrial jobs	54	12%	+37	30%	91	17%
Government	159	37%	+10	8%	169	31%
Commercial and all other job sectors	212	50%	+75	62%	287	52%
Total	425	100%	+122	100%	547	100%

9.3.1 Industrial Sectors

The majority of Scio’s existing industrial sector jobs are in construction with few jobs in manufacturing or natural resource industries. In 2014, only 12% of Scio’s non-farm payroll jobs were industrial sector jobs.

As noted in the trends section above, regional economic development professionals anticipate industrial job growth is expected in the Albany/Corvallis and Salem metropolitan areas. Small

towns will be challenged to add industrial sector jobs.¹³ Scio residents will have access to employment opportunities in nearby cities. Therefore, Scio will remain a bedroom community.

If any industrial job growth occurs in the Scio area, it is expected to come from expansion of existing industries or small business startups. A quick assessment of the City's industrial areas finds:

Competitive Advantages

- Access and proximity to OR Hwy 226, with links to the I-5 corridor
- Water and Sewer infrastructure is available.

Competitive Disadvantages and Challenges

- The City does not have any shovel ready industrial sites.
- There are no small industrial buildings or incubator spaces available for small business startups.
- Wetlands and flood plain areas on Peters Ditch and Thomas Creek severely limit the use of land zoned for industrial use.
- Scio is not on the I-5 transportation corridor; it is 15 miles east via Oregon Highway 226.

With few buildable industrial sites or vacant industrial buildings, it is unlikely large manufacturing firms will locate in the community. Scio's vacant industrial parcels are located in the special flood hazard zone or are impacted by locally significant wetlands, which may make these sites difficult to develop. In order to provide buildable land outside the special flood hazard area, the City will need to expand the UGB and designate additional land for industrial development.

As a result, the City anticipates new non-farm manufacturing and industrial sector jobs will comprise less than 30% of all new jobs in the community, compared to 34% of all new jobs county-wide. The City estimates 37 industrial sector jobs will be added by the year 2035.

9.3.2 Commercial and Service Business Sectors

Historic downtown Scio is located on Main Street north of Thomas Creek. The wide streets and sidewalks, ample parking, hanging flower baskets and attractive building facades create a pedestrian friendly central business district with a small-town ambiance. Many buildings on Main Street were constructed around the turn of the century and add a special character to the city as a whole.

¹³ Op cit. The City consulted with local, regional and state economic development professionals in order to identify community strengths and weaknesses, discuss challenges facing small cities in Linn County, identify competitive advantages or disadvantages in Scio, and identify potential opportunities for meaningful economic growth in Scio and rural Linn County. Meetings and interviews with John Pascone, President, Albany Millersburg Economic Development Corporation; Charlie Mitchell, Executive Director, Cascades West Economic Development District; Tom Hogue, Economic Development Specialist, State of Oregon Department of Land Conservation, Will Summers, Workforce Analyst, Oregon Employment Department; and Doris Johnston and Alan Meyer, Community Development and Regional Development specialists for Pacific Power, Albany, Oregon; July and August, 2015.

The downtown commercial area on Main Street and the commercial area south of Thomas Creek on Highway 226 create a generally unified mixed use business district. The majority of commercial establishments are locally owned community-based businesses which serve residents of the city and the surrounding rural area. The Scio School District, Scio Mutual Telephone Association, and small businesses are the primary employers. All of Scio's schools within two blocks of the Main Street commercial area with Scio High School at the north end and Centennial Elementary School and Scio Middle School on NW 1st Avenue just west of Main St.

The community has retained a traditional mix of retail, service, and professional businesses; but the vitality of the commercial core has seen some erosion with the loss of anchor businesses including the bank, drug store, restaurant and several retail/personal services. These losses reflect broader societal changes and trends that have hurt small town business districts. The ease of commuting to jobs in nearby cities, the concentration of retail centers and professional services in larger cities and the advent of the e-commerce on the Internet have, and will continue to, affect Scio's business community.

The City can point to several business additions and expansions which have strengthened the local employment base. The relocation of Oregon State Bridge Construction to Scio in 2012 added a high wage construction contractor. Scio's small business core has been strengthened with the addition of the Covered Bridge Coffee House, the Scio Mutual Telephone Association's purchase and renovation of the old Sterling Bank building and the growth of Santiam RV expansion, Ennis Heating, Macro Solutions and other locally owned employers.

In 2015, the City's Planning Commission did a snapshot review of the commercial district and noted several competitive advantages and disadvantages:

Competitive Advantages

- Scio's Main Street has a strong sense of place. The architectural style of the early 20th century buildings fronting on the sidewalk create a historic downtown core area.
- There are small business anchors: groceries, hardware/building supplies, post office, medical/dental clinics and automotive services.
- Local businesses offer convenient services. The strong customer service orientation of local business owners is a strength.
- Scio is the K-12 education and government service center for Scio area residents with more than 150 local employees.
- The historic character of Victorian era and early 20th century homes adds charm and a distinct community ambiance.
- Scio's small town atmosphere and community events are positive assets.
- There are historic/cultural tourism opportunities. Nearby covered bridges, local community events and scenic by-ways attract visitors to the local area.

Competitive Disadvantages and Challenges

- Scio is close to Albany/Lebanon and Stayton/Salem so there is a high retail sales/services leakage.
- Scio's downtown is located within the Thomas Creek flood plain.
- In 2015, there were several vacant buildings and storefronts. The physical appearance and the lack of building maintenance discourage reinvestment.
- Some of the existing housing stock within and adjacent to the commercial zones is older and in need of demolition, repair or rehabilitation.
- New businesses will need to seek customers from a wider market area and will not be able to rely on local customers to be sustainable.
- Public spaces and streets do not attract people. There are no public gathering spaces, restrooms, plazas, green spaces or streetscape improvements to serve visitors.
- Scio's is close to employment and shopping in Albany/Lebanon and Stayton/Salem with a relatively easy 15-30 mile commute in all directions.

Table ED-8 estimates 85 commercial, service and government jobs will added by 2035.¹⁴ The City of Scio anticipates the job growth in the commercial business sectors will occur in the retail, health care, hospitality/food services, professional services and be located in or near Scio's commercial area along Hwy 226 and North Main Street or in small home based business.

The City recognizes there are challenges to revitalizing the commercial district. In spite of these challenges, city officials anticipate Scio will continue to serve as a local business, education and service center for Scio area residents with a mix of selected community-based businesses.

Pro-active leadership and a public/private partnership will be needed to keep Main Street a vibrant center of the city. The community can recognize and celebrate the historic heritage of downtown. Private investments in building improvements, repairs and painting coupled with the careful design of the streetscape and public spaces can enhance the physical character of the Main St/Hwy 226 corridor as an attractive small town city center.

a. Small Business Sector Growth: Small business growth and investment has been actively encouraged and supported by local real estate professionals, the North Santiam Canyon Economic Development Corporation's GROW one-on-one business assistance program and services from the Cascades West Economic Development District. In 2015 they report greater optimism in the future and a commitment from community members to create businesses that will succeed in Scio. Small towns are seen as great places to live in; they offer opportunities for life-style businesses. Locally owned business development is expected to be a significant part of an expanding local economy.

Economic development professionals believe there are opportunities for job creation in several sectors:

¹⁴ Commercial, public and service sector job growth estimate for 2015 to 2035: (122 new jobs * 70% = 85 new jobs).

- Internet-dependent businesses that allow business owners to live in rural communities. Scio's broadband infrastructure can accommodate these types of businesses.
- Retail and services. There are opportunities for small storefront retail, professional, hospitality and service businesses that will cater to the needs of local residents. Local businesses that provide direct personal services for residents are needed to fill specific market niches.
- As the economy changes, the community can focus on retaining existing businesses and employers while also taking steps to restructure the business mix by filling the market niches or gaps as they occur.
- Business Assistance & Management Training. Local businesses can partner with area colleges, state agencies and economic development organizations to take advantage of business development assistance programs, education and work force training programs.

b. Recreation / Tourism: There is significant potential to build a tourism economy in Linn County. Scio has several assets it can capitalize on to capture a share of this potential tourist economy:

- Recreational/leisure services. Eco-tourism, biking, hiking, fishing, active and passive outdoor recreation, cultural, agri-tourism and cultural heritage tourism are all components of an expanding tourism base.
- Covered Bridges. The Hannah, Shimanek and Gilkey covered bridges are within five (5) miles of the city limits and are a focal point of covered bridge tours of the area.
- Marketing/Tourism Promotions: The Linn County Tourism Coalition can develop a coordinated marketing strategy and program for the County's covered bridges, small towns and their nearby forests and rivers as a year-round recreational destination.
- Hospitality and Traveler Oriented Services: Scio has some traveler oriented businesses including a gas station, restaurant/coffee shop, and grocery store. Adding new businesses to the mix will enhance Scio's role as a convenient stopping point for visitors.

9.3.3 Education and Government

In 2013, K-12 education and local government jobs accounted for 159 of the 425 non-farm payroll jobs (37%) in the City of Scio, with the majority of the jobs in the public schools. Scio will continue its role as an education center with the Scio School District's K-12 schools and District administrative offices located inside the city limits. Local schools will continue to be the largest employer in the City.

The City estimates local government job growth will be slow during the next 20 years. In 2015, the Oregon Connections Academy, an on-line K-12 education program, relocated its offices from the Scio School District to the Santiam Canyon School District in Mill City. The Scio School District lost 15-30 payroll certified teachers and support jobs with the transfer of the ORCA program to a new district. The education sector will need to recover these lost jobs before adding new ones. The number of school district employees is expected to grow slowly to accommodate small increases in the resident student population, but the level of state and federal education funding will determine when additional staff can be hired.

The City of Scio and Scio Rural Fire Protection are the other local government employers and neither anticipates any significant job growth during the 20-year planning period. Because of these issues, the City concludes the government share of all jobs in Scio will decline from 37% in 2014 to approximately 30% by the year 2035.

9.3.4 Employment Lands

The City of Scio has designated two plan designations in the Comprehensive Plan for private sector employment lands: Commercial and Industrial. There are three zoning districts for employment use inside the Scio UGB:

Commercial	(C)	Hwy 226 and North Main Street commercial areas
Light Industrial	(I)	Industrial zone inside the city
Limited Industrial	(UGA-LI)	Limited light industrial uses at the south end of UGB

In February 2015, the City completed an update of the *Scio Buildable Lands Analysis*. The buildable lands analysis report concludes the City of Scio has an adequate supply of buildable land inside the Scio Urban Growth Boundary to serve the needs of the community during the 20-year planning period from 2015 to 2035 to serve a projected population of 1,052 people by the year 2035.

Table ED-9 summarizes information from the buildable lands analysis report and shows there is an adequate supply of employment land designated for industrial uses, but a need to designate additional land for commercial uses.

Table ED-9
Buildable Lands Analysis
Comparison of Land Need and Land Supply through 2035 In the Scio UGB

Plan Designation	Net Buildable Land Available (Acres)	Buildable Land Needed (Acres)	Surplus Buildable Land Scio UGB (Acres)
Commercial	0.98	2.02	(1.04)
Industrial	4.86	4.10	0.76
Public	24.01	24.01	0

Source: City of Scio Buildable Lands Analysis Update, February 2015.

Commercial Lands:

Scio’s commercial district includes two commercial areas: (1) the downtown area on Main Street north of Thomas Creek and (2) the Highway 226 corridor extending from Thomas Creek south to SW 6th Avenue and east on SE First Avenue to the city limits.

- **Downtown Commercial Area:** Scio’s downtown commercial area is a mixed use area. The Scio Mutual Telephone Company main office, grocery store, post office, medical clinic, restaurant, hardware store, feed store, tavern and small retail shops are found along North Main Street. Homes and churches occupy the remaining land in the Commercial zone.
- **Highway 226 corridor:** The Highway 226 commercial area is located south of Thomas Creek and along SE First Avenue. Oregon Hwy 226 is the state highway that connects Scio to Albany/Lebanon and Lyons/Hwy 22.

In 2014 businesses included a gas station, automotive related services and repair, Scio Mutual Telephone Company maintenance and storage facilities, a heating contractor, professional and service oriented businesses and two fraternal organization meeting halls. The majority of land in the Hwy 226 commercial area is in residential use.

The City of Scio has approximately 17 acres of land zoned for commercial use. Table ED-10 shows 15.39 acres were committed to urban uses in 2014.

Table ED-10
Commercial Land Use in Scio (2014)

Land Use	Commercial Zone (Acres)
Currently in Commercial Use	5.87
Currently in Residential Use	7.90
Currently in Public or Semi-Public Use	1.62
<i>Developed Commercially Zoned Land</i>	15.39
Vacant and Redevelopable	1.31
Vacant (Constrained – not developable)	0.46
<i>Vacant Commercially Zoned Land</i>	1.77
Total Acres -- Commercial Zone	17.16

Source: Linn County GIS February 2015 data

Although Scio has 17 gross acres of land zoned for commercial use in the Commercial (C) zone, they are not reserved exclusively for business or commercial activities. Table ED-10 shows fewer than six acres in commercial use and 9.52 acres are developed and committed to existing residential, churches, education or public uses and 0.46 acres are constrained from development

due to slopes along Thomas Creek or wetlands. This leaves only 1.31 acres that are vacant and/or redevelopable.

All of the available commercial sites in Scio inside the city limits are served by the City of Scio sewer and water systems. Water mains are sized to meet commercial fire-flow requirements.

There are several challenges to developing the identified buildable land for commercial use:

- The City sewer system is a STEP system and lagoons with limited capacity to handle major commercial and industrial customers with heavy BOD demands. If BOD demands are too great, the business cannot locate in Scio. Pre-treatment may be required.
- Vacant parcels are small, less than 0.50 acres in size. A developer will have to acquire multiple parcels to create a commercial site of adequate size.
- Infill and/or redevelopment projects will require acquisition of existing homes, demolition and site improvements. There are a several potentially redevelopable parcels where low value structures could be demolished. In order to create a commercial site of more than 0.5 acres, a developer will need to acquire existing homes in the commercial zone, consolidate parcels together and redevelop the property for commercial use.

The City of Scio will need 9.50 acres of buildable commercial land by the year 2035, a 2.02 acre increase from the 2014 total of 7.49 acres. Table ED-11 summarizes buildable land needs.

Table ED-11
Available Buildable Commercial Land

Net Buildable Commercial Land Available in 2014 (Acres)	Buildable Commercial Land Needed by 2035 (Acres)	Surplus / (Deficit) Available (Acres)	Commercial Land In Residential Use in 2015 (Acres)
0.98	2.02	- 1.04	7.90

Sources: Linn County GIS February 2015 data and the *2015 Scio Buildable Lands Analysis Update*

In 2011, the City of Scio recognized it had a deficit of buildable commercially zoned land inside the City. In order to rectify the deficit and provide opportunities for redevelopment of older mixed use residential areas, the City rezoned approximately 5.2 acres of land inside the City along Hwy 226 south of Thomas Creek for future commercial use. Although a large majority of the 33 parcels of land are in residential use, the City concluded that many of these sites can be redeveloped for commercial use during the 20-year planning period.

Table ED-10 shows in the year 2014 there were 7.90 acres of land zoned for commercial use that were in residential use. The City believes that these 7.90 acres coupled with the 0.98 acres of NET Buildable Land provide opportunities for redevelopment and revitalization of the existing commercial areas of the City. Maintaining and enhancing the existing business district is the adopted policy of the City and is consistent with Land Use policies LU-8 and LU-9 in the *Scio Comprehensive Plan*.

The City has some concerns that some of these parcels, located in the Special Flood Hazard Area, will be too costly to redevelop due to cost of flood insurance and flood-proofing. There are other parcels that may be too small and cannot be consolidated into buildable sites of sufficient size to see redevelopment. The Planning Commission will need to monitor whether or not the existing residences in the Commercial zone are demolished or are converted to commercial uses. If the City finds there is not a conversion of existing dwellings to commercial uses or a consolidation of parcels into redevelopable sites, then the City may need to redesignate and rezone additional vacant commercial sites inside the UGB to serve the City’s commercial land need through the year 2035.

Industrial Lands:

The City has designated 20 acres for industrial use. In 2014, industrial uses occupied approximately 6 acres of land inside the Scio UGB, with the largest site occupied by Oregon State Bridge Construction. The City has designated 6.48 acres of vacant and infill land at the south end of the UGB for future industrial use. Table ED-12 shows that in 2014 there were 4.86 acres of buildable industrial land in the Scio UGB and an estimated need for 4.10 acres by the year 2035.

There are several challenges to developing the identified buildable land for industrial use:

- The buildable industrial sites are adjacent to Peters Ditch and several locally significant wetlands. Shallow flooding occurs when Peters Ditch overflows. Any development plans are required to comply with wetland protection measures and ensure flood flows are maintained in Peters Ditch.
- The industrially zoned properties on the west side of Hwy 226 and south of SW 6th Avenue have existing homes which requires acquisition, demolition and redevelopment. The City will need to evaluate whether or not these parcels are appropriately zoned.
- The largest, vacant industrial site is owned by the Scio Rural Fire Protection District and was originally purchased to enable the District to develop a training facility on the site.

The most significant constraints to immediate development are shallow flooding from Peters Ditch and the existence of locally significant wetlands. Hwy 226 is adjacent to all the industrial sites and City water and sewer services can be easily extended.

Table ED-12
Available Buildable Industrial Land

Buildable Industrial Land Available in 2014 (Acres)	Buildable Industrial Land Needed by 2035 (Acres)	Surplus / (Deficit) Available (Acres)
4.86	4.10	0.76

Sources: Linn County GIS February 2015 data and the 2015 Scio Buildable Lands Analysis Update

Other Employment Lands:

In addition to the commercial and industrial employment lands, the City’s Public (P) zone, adjacent to the downtown Central Commercial area allows for education and local government related employment inside the City. The Scio School District, City of Scio and Scio Rural Fire Protection District employ approximately 150 people in the local K-12 school system and in the government offices.

GOALS AND POLICIES ECONOMIC DEVELOPMENT

STATEWIDE PLANNING GOALS

GOAL 9 – ECONOMIC DEVELOPMENT: To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.

CITY OF SCIO GOALS AND POLICIES

Goal ED-1: To diversify the local economy by supporting small business development and expansion of retail, professional, personal and hospitality services in Scio.

Goal ED-2: To revitalize Scio's commercial districts along the Main Street and Hwy 226 corridor through the City.

Policy ED-1: The City will cooperate with the Cascades West Economic Development District, the Albany-Millersburg Economic Development Corporation, Linn County, state and federal officials to implement regional economic development strategies that affect the Scio community.

Policy ED-2: The City will cooperate and coordinate with business development groups, Linn-Benton Community College and state employment programs to provide job skill training and support for small businesses.

Policy ED-3: The City will invest in public facilities and streetscape improvements in order to create an attractive commercial corridor along Main Street and Hwy 226 thereby encouraging revitalization of these commercial areas.

Policy ED-4: The City will pursue funding to improve public infrastructure, including downtown streetscape, restrooms and parking areas, storm drainage, flood control measures and Hwy 226 improvements to serve local businesses, commercial and industrial sites in Scio

Policy ED-5: The City will evaluate its inventory of buildable commercial and industrial properties every 5-7 years in order to ensure the City has adequate supply of buildable land for commercial and industrial development. As part of the review, the City should consider land located outside the current flood hazard zones.

Policy ED-6: The City will work with AMEDC and Linn County to include Scio's industrial lands in the South Santiam Enterprise Zone.

Policy ED-7: The City will work with regional economic development professionals to determine if there is a viable market for incubator / build-to-lease buildings to serve small local industries.