



CITY OF BEND

Meeting Minutes

Bend Economic Development Advisory Board

Location: City Council Chambers, 710 NW Wall Street, and online

Date: Monday, January 6, 2025

The meeting of the Bend Economic Development Advisory Board (BEDAB) was called to order at 12:02 p.m. on Monday, January 6, 2025, in the City Council Chambers, 710 NW Wall Street, and online.

Roll Call: Briana Manfrass (Chair), Mark Kroncke, Gary North, Petra Oroslanova, Jillian Taylor, Jenn Lynch, Ryan Andrews, Tierney Booker, DaWayne Judd

Absent: Petra Oroslanova, Tierney Booker

Ex Officio: Chad Young, Sara Odendahl, Katy Brooks, Jennifer Gould, Nate Wyeth, Don Myll

Council Liaison: Councilor Perkins

New Advisory Board member DaWayne Judd was introduced. Advisory Board members briefly introduced themselves.

1. Approve December 16 Meeting Minutes

Jillian Taylor moved to approve the December 16, 2024, BEDAB Meeting Minutes. Mark Kroncke seconded the motion.

Unanimously approved.

2. Public Comment

Katy Brooks, of the Bend Chamber, encouraged BEDAB to urge Council to add an economic development goal to their biennium goals.

Jim Boeddeker (online) introduced himself to BEDAB.

3. **Bend Target Sector Analysis |** ECONorthwest Project Director and Senior Planner Beth Goodman, ECONorthwest Associate Natalie Walker, Senior Planner Damian Syrnyk, Business Advocate Cyrus Mooney

Item 3 was taken out of order after Item 4.

Slides included:

- Bend Target Industries
- Project Overview
 - Project Purpose: Develop a comprehensive target sector analysis that will inform the development of its Economic Opportunities Analysis (EOA), Economic Development Strategy, as well as certain incentive programs.
 - This analysis aims to:
 - Understand Economic Trends
 - Identify Target Sectors
 - Support Strategic Planning
- Total Employment Growth
 - Total Employment, 2007-2002 [graph]
 - Job Growth (2007-22)
 - City of Bend added 14,596 jobs
 - Deschutes County added 21,616 jobs
 - Central Oregon added 22,355 jobs
 - Average Rate of Change (2007-22)
 - City of Bend grew at an average annual rate of 2.0%
 - Deschutes County: 1.9%
 - Central Oregon: 1.7%
 - Oregon: 0.8%
- Industry Employment Projections for Central Oregon
 - Employment Projections in Central Oregon, 2022-2032 [graph]
- Economic Trends – Aging Population and Replacement Workers
 - Share of Workers Ages 55+ by County, 2022 [map]
 - 24% of Oregon's workforce is age of 55+, slightly higher than the U.S. average (23%)
 - Deschutes County has a younger than average workforce
 - Professional and technical services and management industries have a lower-than-average share of workers over 55
 - Real estate and manufacturing have a higher-than-average share
- Economic Trends – Commuting Patterns
 - Commuting Patterns in Bend 2021 [map]
 - Most Bend residents also work in Bend
 - 29% of Bend residents commuting to work outside of the city, most going to Redmond, Portland and Salem
 - 51% of workers in Bend live outside of the city, most commonly commuting into Bend from Redmond, Portland, Prineville and unincorporated Deschutes County.
- Economic Trends – Remote Work
 - Remote Workers by Industry, Deschutes County [chart]
 - Share of region's workforce that worked from home in 2023

- Bend: 28%
 - Deschutes County: 24%
 - Oregon: 18%
- Economic Trends – Shift in Oregon’s High Growth Industries
 - Shift in High Growth Industries, 2015-2022 [chart]
- Economic Trends – Small Business and Entrepreneurship
 - Share of Employment and Establishments by Firm Size in Bend [graph]
 - Average Firm Size
 - 60 employees for Bend businesses
 - 44 employees for Deschutes County businesses
- Economic Trends – Potential Impact of Climate Change
 - Extreme Heat & Drought
 - Tourism could decrease with declining snowpack and reduced streamflow
 - Utility costs could increase due to more extreme heat days and drought
 - Public health could be impacted by increased heat waves
 - Agriculture and water resources could be strained by increased aridity and reduced snowpack
 - Natural Hazards
 - Tourism could be disrupted by wildfires and poor air quality
 - Property damage can occur with wildfire, extreme winter storms, and flood risk
 - Emergency response may need to be increased with extreme weather events
 - Forestry production can be impacted by wildfire leading to disruptions in the timber industry
- Selection of Target Industries – Metrics
 - What are the largest sectors in Bend?
 - What sectors grew the fastest in the recent past?
 - What sectors are more concentrated in Bend?
 - What sectors grew more in Bend because of something unique to Bend?
 - What do stakeholders see as opportunities?
 - Input from key stakeholder: Economic Development for Central Oregon (EDCO), Central Oregon Intergovernmental Council (COIC), Oregon Employment Department (OED), BizOR, Bend Chamber, Oregon State University (OSU) Cascades
- Industry Employment in Bend
 - Six largest industries by Employment, 2022 [graph]
 - Health Care and Social Assistance
 - Retail Trade
 - Accommodation and Food Services
 - Professional, Scientific and Technical Services
 - Construction
 - Manufacturing
- Fastest Growing Sectors in Bend
 - Average Annual Employment Change by Industry Grouping, 2007-2022 [graph]
- Growing Industries with Highest Concentration in Bend
 - Employment Concentration and Growth, Concentration > 0.75, Compared to US, 2025-2022 [graph]

- Bend's Specialized industries: These include hospitality and leisure, health care, retail, construction, and professional services
 - Bend's Growth Industries: These include management, arts/entertainment, and professional services.
- Closer Look at Professional Service Sectors in Bend
 - Employment Concentration and Growth in Professional Services, Compared to US, 2025-2022 [graph]
- Closer Look at Manufacturing Sectors in Bend
 - Employment Concentration and Growth in Manufacturing, Compared to US, 2025-2022 [graph]
- Top 10 Highly Competitive Sectors in Bend
 - Employment Growth Attributable to Competitiveness, Compared to US, 2015-2022 [graph]
- Wages in Selected Industries in Bend
 - Wages for faster growth, highly concentration sectors and more competitive industries, Bend, 2022 [graph]
- Selected Stakeholder Input – Sector Specialization
 - Biotech Industry Potential
 - Manufacturing Niche
 - Tourism as the Economic Driver
- Sector Specialization and Growth [graph]
- Proposed Target Sectors by Cross-Sector Group
 - Recreation & Tourism
 - Health Systems
 - Build for Growth
 - Technology & Innovation
- What Are Your Questions?
 - Is there anything you need more information about?
 - What issues would you like to see Bend take into the policy discussions where the target industries are used?
- Project Timeline
 - Today: BEDAB Presentation
 - January 13th: Draft Report
 - February 3rd: BEDAB Recommendation Development
 - March 5th: City Council Presentation
 - Ongoing additional outreach

Cyrus clarified that no action is needed at this time, but that staff would like to have a recommendation from BEDAB to Council approving the proposed target sectors identified in the report. Recommended target sectors would be tied to the incentive program around site specific tax increment financing (TIF) so that new development incentive policy would be eligible for businesses that qualify within target sectors. Cyrus stated that a full report will be sent to BEDAB in the coming weeks. Cyrus added that BEDAB revisits the development incentive annually and can be adjusted.

Syrnyk clarified that this report will help inform the analysis of land needs for employment.

Manfrass would like background on where the City would like to go before making a recommendation.

BEDAB received the report.

4. **Transportation Phase II Discussion and Case Study Results** | Chief Operations Officer Russell Grayson, Senior Management Analyst Sarah Hutson

Item 4 was taken out of order, before item 3.

Slides included:

- Phase 2 Nonresidential Transportation Fee Discussion
- Goals of Today's Presentation
 - Summary data
 - Data source overview: NAICS and ITE Manual
 - Case study research review
 - Introduce other revenue generation considerations:
 - Discounts/exemptions
 - Additional special unit classes
 - Mixed-use
- Anticipated Next Steps [timeline]
 - February 3: NAICS/ITE data linking and benchmarking
 - March 3: Rate scenarios & sample bills
- Phase 1 Non-Residential Account Summary
 - 96% of accounts are 50,000 SQFT
 - 36% of all accounts are under 5,000 SQFT, 63% under 10,000 SQFT, 84% under 20,000 SQFT
 - # Accounts per Accounts Square Footage
 - Up to 50,000 SQFT – 2,162 accounts
 - Between 50,000 and 100,000 SQFT – 63
 - Over 100,000 SQFT – 34
 - Average billing statistics per month:
 - Average: \$80
 - Median: \$45
 - Maximum: \$1,377
- NAICS Codes
 - North American Industry Classification System (NAICS): Standard for classifying U.S. business establishments
 - City Business Registrations: Businesses must identify NAICS; verified during registration/renewal
 - Utility Account Linkage: By address
 - Missing NAICS Codes: ~900/2.3k commercial utility accounts missing NAICS due to:
 - Unregistered business (compliance issue)
 - Pending registration renewals (NAICS required since May)
 - Multiple locations with single registration (needs data cleaning)
 - Commercial utility account, but not required to register as a business (e.g., school, church, etc.)

- Business Registration Program
 - Housed under the Licensing team in the Community and Economic Development Department (CEDD)
 - Business Registration revenue funds the Business Advocacy Program
 - NAICS code verification added to Business Registration workflow for data accuracy
 - Complaint-based code enforcement a factor in not having stronger compliance with the code
 - Licensing staff also cross-reference applications for other licenses as businesses apply (e.g., sidewalk café license)
 - Will seek BEDAB's feedback with Licensing staff to modernize the program to better serve the business community
- City of Bend NAICS Overview [graph]
- ITE Trip Generation Manual Overview
 - Institute of Transportation Engineers (ITE) Trip Generation Manual Overview
 - ITE Manual regularly updated industry resource
 - Surveys and trip counts translate behavior into numbers; assess land use impact on transportation network
 - 10 broad land use categories covering detailed taxonomies
 - Consideration include primary, pass-by, and diverted trips; time and day of travel
 - Transportation Fee Phase 2 rate structure linking NAICS codes to trip generation data using ITE Manual
- Trip Generation Examples [graph]
- Case Study Research
 - Purpose: Learn from other cities' fee approaches to model practices for our city
 - Review & Analysis: Transportation fee information from 5 Oregon cities:
 - Ashland
 - Hillsboro
 - Lake Oswego
 - Medford
 - Newberg
 - Selection Criteria: Based on population size, industry diversity, geographic distribution, and fee structure approach
- City Comparison [chart]
- Ashland [fees chart]
 - 8 customer classes, charged per 100 SQFT
 - Special unit classes
 - Catchall customer bin, charged per # of required parking spaces
 - Hotel/motel charged per room
 - Exemptions
 - Places of worship
 - Minimum commercial fee equal to single-family residential rate
- Hillsboro [fees chart]
 - 6 customer classes based on trip generation, charged per KSF (=1,000 SQFT) + base charge
 - Caps for bins 5 & 6
 - Special unit classes (42)

- Charged trip rate per unit (e.g., per room, acre)
- Non-residential discounts
 - Employer transit pass, ECO Program (plan to phase out)
- Fee increases due to Intel and Genetech strategic investments sunsetting and rising costs
- Lake Oswego [fees chart]
 - 3 customer classes based on trip miles, charged per 1,000 SQFT
 - Exemptions
 - Waivers for vacant properties where water service is discontinued
 - City parking lots, park and ride lots, public parks w/o off-street parking, railroad and public rights of way
- Medford [fees chart]
 - Unit of measure [SQFT or special unit] x (modified average daily trips x pass-by trip factor) x non-residential rate
 - Modified average daily trips based on use type and scale
 - 22 customer classes charged per KSF
 - Special unit classes (11)
 - Examples: gas stations per fuel position, hotel/motel per room
 - Non-residential discounts
 - 50% reduction for headquarters/main office of nonprofits, places of workshop, fraternal organizations
 - Minimum commercial fee equal to single-family residential rate
- Newberg [fees chart]
 - 5 customer classes based on trip generation, charged per 1,000 SQFT
 - Special unit classes (19)
 - Charged rate per unit
 - Examples: gas stations per fuel position, hotel/motel per room, school per student
 - Exemptions
 - Waivers for vacant properties where water service is discontinued
 - Parking lots, public parks w/o off-street parking, railroad and public rights of way
 - Non-residential discounts
 - Rates for schools reduced by 50%
 - No fee caps
- Case Study Research: Key Takeaways
 - Funding gap due to needs for services outpacing City revenue growth
 - Wide variation in non-residential fee structures and categories
 - Consistent approach of grouping similar uses
 - Special unit classes commonly utilized
 - Non-residential discounts and exemptions rare, except for undeveloped properties
 - All cities reviewed have appeals processes
 - Long-standing fees make original methodology considerations hard to acquire
- Questions for BEDAB
 - Any questions or concerns with proposed approach (i.e., linking NAICS to ITE, grouped-use fee structure)?
 - Any items to research further or recommendations (e.g., # of categories)?

- Exemptions/Discounts
 - Discussed exemption/discount focus with Council (December 4, 2024 work session)
 - Phase 1 exemptions/discounts:
 - Rate adjustment for K-12 schools
 - 50% fee reduction for Utility Billing Assistance accounts
 - Council direction
 - Align additional residential discounts with Utility Billing Assistance
 - Explore non-residential approaches with BEDAB, including:
 - Deed-restricted affordable housing
 - Childcare facilities
- Special Unit Classes
 - Phase 1 special unit categories:
 - Schools per student
 - Tourist accommodations per room
 - Parks per acre
 - Short-term rental (STR) supplement (whole-house rentals)
 - Staff recommendations:
 - Appeals process available
 - Explore gas station per fueling position, golf course per hole
 - Develop fee for other STR license types

Staff provided the following clarifications during discussion:

- The most common reason for missing NAICS codes unregistered businesses.
- Square footage for unregistered businesses is taken from Deschutes Dial. There is an appeals process if business owners disagree with square footage.
- The City does not charge for undeveloped properties. The Transportation Fee only applies to properties with a utility hookup.
- The ITE manual is the industry standard for traffic modeling in the country.

Next Steps include:

- Staff will run preliminary models and will request high-level guidance from BEDAB on what assumptions to put around the unregistered businesses.
- Hutson will provide BEDAB a memo with more details on the case studies.

Andrews voiced concern that there are no financial incentives for businesses to encourage trip reduction.

Grayson pointed out that it is important to balance out costs. The more complicated the fee structure, the more administrative expenses and the more costly to implement.

Kroncke expressed support of linking NAICS to ITE and supported the direction presented by staff. Kroncke expressed concern over whether the City has good data, considering NAICS is missing 900 businesses and the ITE manual is from 2021.

Manfrass expressed support of using NAICS to ITE to calculate the fee and encouraged messaging of equity across the community, and not limit the messaging to a focus on vehicles.

North requested data on consumer impact to understand how expenses are passed onto the consumer.

Andrews voiced support for approximately 8-10 categories and would prefer to have more special use cases than more categories. Andrews voiced support of incentivizing the businesses and developments that Bend needs.

Grayson provided a summary of next steps. Staff will proceed with the direction presented on the slides, will create scenarios based on the Hillsboro model with 5-10 categories including incentives and bands, and bring back at the next BEDAB meeting.

Manfrass requested staff bring back recommendations for incentives, including other incentives that those businesses are receiving from the City.

BEDAB recessed at 2:18 and reconvened at 2:24 p.m.

5. **Electrification Policy Options Update** | Senior Management Analyst Cassie Lacy, Assistant City Attorney Michael Selkirk

Slides included:

- Background
 - City climate action goals
 - 40% GHG reduction by 2030
 - 70% GHG reduction by 2050
 - Council Goals include responding to community interests including natural gas policy
 - Council work session on 3/20/24 →initiate Electrification Policy Options Analysis Project
 - 2 phase process
 - Phase 1 –research policies and ECC develop recommendation on which policies to pursue and/or explore further
 - Phase 2 –further explore narrower set of policies with broader public/stakeholder engagement
 - Council Work Session on 12/4/24: Direction to get input from BEDAB and AHAC regarding which policies to pursue to encourage electrification
- Electrification Policy Options Process to date
 - Staff research on policy options of what other cities have pursued or considered
 - Policy matrix includes high level evaluation of benefits and risks
 - Consultant report on building stock characterization →identifies opportunity areas
 - Stakeholder meetings to further understand opportunities and risks
 - Environmental group, business group, builders, and all 3 energy utilities
 - Environment & Climate Committee process to consider options and develop Council recommendation
- Bend Building Stock Characterization
- Residential Buildings
 - Bend 2021 GHG inventory Results [graph]
- Common end uses for natural gas and electricity in residential buildings

- Natural Gas End Uses [graph]
 - Electricity End Uses [graph]
- Commercial Buildings
 - Bend 2021 GHG inventory Results [graph]
- Common end uses for natural gas and electricity in commercial buildings
 - Natural Gas End Uses [graph]
 - Electricity End Uses [graph]
- Emissions by end use for commercial segments [graph]
- Policy Options
 - State level advocacy: regulations and electrification support
 - Incentives
 - Fees
 - Education & support programs
 - Local regulations
 - Building Code
- Legal Framework
 - The law is unsettled and changing, so to regulate in this area could be legally risky.
 - May be other state or federal laws that have preemptive effect not identified in this presentation.
 - Bend would be at the forefront in Oregon: we are not aware of any municipal ordinances in Oregon prohibiting natural gas or requiring electrification in buildings.
 - Public health justifications might be dubious, as the City is not the public health authority.
- State Level Policy Advocacy
 - Regulations
 - State building code updates to increase energy efficiency in new construction and major renovations
 - Legislation expressly authorizing municipal prohibitions or limitations on use of fossil fuels
 - Legislation requiring cooling in rental properties
 - Electrification Support
 - New state incentives for all-electric construction
- Education & Support Programs
 - Navigation support programs to help community members identify, understand, and access financial and contractor resources to install heat pumps, heat pump water heaters, and electric stoves in existing homes. Can include project management to facilitate deployment of equipment
 - Provide technical assistance on building electrification and decarbonization for builders and developers
 - Create new educational materials to encourage residential and commercial construction in both new construction and existing homes
 - Promote state and federal incentives or tax credits
- Incentives
 - Prioritize or expedite permit applications for all-electric development projects
 - Development incentives, such as floor area ratio (FAR), height or density bonus for all-electric construction

- City funded financial incentive for all-electric new construction
 - City-funded ductless heat pump and heat pump water purchase and installation subsidy for new construction and/or existing homes
 - Provide additional urban renewal assistance for all-electric buildings
- Local Regulations
 - Limit natural gas expansion in the right-of-way
 - Establish nitrogen oxide (NOx) emissions standards for new appliances in existing buildings or for new buildings
 - Enact benchmarking, energy performance, or greenhouse gas reduction standards for commercial and multifamily buildings as allowed under HB 3409, the State of Oregon Building Performance Standards Program
- Fees
 - Create a new building permit fee for non-electric infrastructure in new construction. Fee can be determined in relation to the anticipated gas use of the building (i.e. Climate Impact Fee)
 - Increase right-of-way fee on natural gas utility
- Building Code
 - Pursue local amendment to state building code to require electrification in new residential construction and major remodels
- Stakeholder Meeting Key Takeaways
- Overall Takeaways
 - There are differing opinions and perspectives about the approach to take regarding electrification.
 - Lots of general support for outreach and education
 - Takeaways in favor of strong regulation emphasize:
 - Higher effectiveness of driving electrification adoption compared to education and incentives
 - Gas-free homes are healthier and more efficient for the occupants
 - Urgency of addressing climate change
 - Takeaways in favor of focus on incentives and more education emphasize:
 - Concerns about costs and barriers to housing development
 - Desire to find solutions that align with other City goals
 - Concerns about costs to the business community
 - Concerns about legal risk of regulatory approaches
 - All utilities expressed support for electrification but cautioned a measured approach. Lots of risks and constraints associated with certain approaches.
- Next Steps
 - Staff to begin working on education and outreach and proposal for an energy/electrification navigator program
 - Staff meeting with BEDAB (today) and AHAC to share background of project
 - February convening of BEDAB/AHAC/ECC and Council members to further discuss proposed policy approaches and determine pathway forward
 - BEDAB Volunteers needed to participate
 - Further process to define policy (incentive/regulation/fee) in 2025. BEDAB and other business stakeholder expected to play significant role

Kroncke and North expressed interest in attending the joint BEDAB/AHAC/ECC meeting.

Cyrus identified next steps. BEDAB will prepare for the joint BEDAB/AHAC/ECC meeting at its next monthly meeting.

6. Roundtable and Future Topics | Group

No discussion due to limited time.

7. Adjourned at 3:02 p.m.

Upcoming Meetings:

January 22: Bend City Council (First New Council Meeting) | Council Chambers, 3 pm

Respectfully Submitted,

Ashley Bontje
Deputy City Recorder



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