

INTRODUCTION

Beginning in February 2004, the Oregon Coastal Zone Management Association (OCZMA) began working on the “Oregon Coast Telecommunications Economic Development Strategy.”

This project was funded by the Economic Development Administration (EDA), U.S. Department of Commerce (Award No. 07-69-05446) and the Oregon Economic & Community Development Department (OECDD) with a Ports Planning and Marketing Grand Fund through an agreement with the Port of Siuslaw, Oregon.

The objective is to develop a strategy to increase the deployment and usage of telecommunications on the Oregon coast. Indeed, this is a “Framework for Action”, that if, implemented, should diversify the coastal economy and improve the standard of living on the Oregon coast.

Because of broadband technology, today, people on the Oregon coast have an unprecedented opportunity to retain and attract knowledge-based businesses. As a starting point, we are asking coastal leaders to learn about the strategy. Then, over time, we will ask communities to consider implementing at least parts of the economic strategy in their jurisdiction.

This report serves as an introduction to the strategy and a call for action.

Addressing Poverty: Coastal Families in Financial Trouble

There is a significant poverty problem on the Oregon coast. Statistics suggest a third of coastal residents are one paycheck away from financial disaster.

According to the 2000 U.S. Census, 208,600 people live on the Oregon coast. From 1990 to 2000 the Oregon coast’s population grew by 8.9%. But, here is what happened.

Because of poor job opportunities many young people with families were forced to leave the Oregon coast. The young people are being replaced by older retirement-aged people. The median age on the Oregon coast in 2000 was 45.8 years, ten years older than the overall state average.

There are disturbing trends. In a number of coastal communities, 70% of the children are eligible for free or reduced school lunches. Coastwide, 45.5% of the children qualify for school lunch assistance! In 2000, 28,076 coastal residents had incomes below the federal poverty threshold (\$8,501), and 16% of these people were children.

There is a veneer of prosperity on the Oregon coast—especially West of Highway 101.

Trophy homes and condominiums are being built at an unprecedented rate. For the most part, these homes and condominiums are not being built or purchased by coastal residents. Instead, these are mostly “second homes” that are vacant for many months out of the year, and/or, they are vacation rentals. These second homes swell with summer visitors, thus placing a big strain on neighborhoods and social services in coastal communities.

On the Oregon coast, we cannot build a healthy and equitable economy around trophy homes and vacation rentals. We must diversify our economy beyond tourism and retirement industries, and strive to create a year-round economy that will provide good jobs for our young people and other coastal residents experiencing low wage employment or unemployment.

A Starting Point: Attitude Is Everything

On the Oregon coast, we have a tremendous opportunity. We live in a stunningly beautiful region. The Oregon coast is not over-crowded. The weather is pretty good. We do not have to shovel snow. We enjoy mild summers.

And, compared with many rural regions, the Oregon coast is not isolated. Many coastal towns are only a 1.5 or 2-hour drive away from the I-5 corridor. We are practically next door to the Silicon Forest.

The Oregon coast really has something special to offer entrepreneurs seeking to improve their quality of life. If leaders in coastal communities are proactive, we can attract knowledge-based businesses to the Oregon coast. That will significantly improve the standard of living on the Oregon coast.

We want this new prosperity to be shared. Through public education about telecommunications—a telecommunications literacy project—and by providing skill-training opportunities at our community colleges, lower income coastal residents can enjoy the fruits of the New Economy.

Attracting and Retaining Knowledge-Based Businesses—A Framework For Action

We have outlined the major themes of a comprehensive strategy to diversify the economy of the Oregon coast. The major components of the strategy are as follows:

- TELECOMMUNICATIONS INFRASTRUCTURE
- PUBLIC EDUCATION ABOUT BROADBAND
- MARKETING THE OREGON COAST
- ATTRACTIVE WORKSPACES AND NEIGHBORHOODS
- THE EVOLVING ROLE OF COASTAL COMMUNITY COLLEGES
- A NETWORK OF FULLY-FUNCTIONAL COASTAL AIRPORTS

◦ Telecommunications Infrastructure

Today, having adequate broadband telecommunications infrastructure—reliable and competitively priced broadband communications—can be considered an essential service. Because of advanced telecommunications, people can live and work anywhere and engage in worldwide commerce.

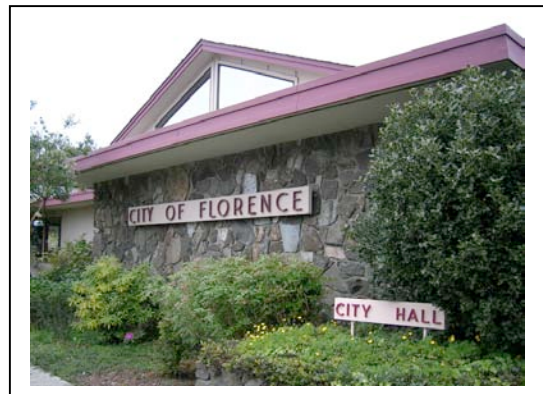
Most knowledge-based companies require adequate broadband infrastructure. We are fortunate. The major building blocks of an adequate telecommunications infrastructure on the Oregon coast—fiber optic rings—are in place, especially along Highway 101. And, recent improvements in wireless broadband make it possible to get broadband service to even the most

remote rural communities. However, even the best-served coastal communities can take steps to further improve their broadband.

Coastal cities and/or counties should establish telecommunication committees to undertake local telecommunication needs assessments. These telecommunication committees should work closely with the private sector to define and close gaps in local telecommunication infrastructure. Coastal leaders should strive to have their communities become “cutting edge” telecommunication communities.

What does that mean? Coastal communities, like all communities, need roughly the same quality broadband found in major urban areas—at competitive prices with the same reliability. In circumstances where the business case for telecommunication deployments in our rural region is weak or absent, communities can partner with the private sector to get that needed infrastructure deployed.

The City of Florence on the Central Oregon coast has, for example, established a Telecommunications Task Force that is pioneering a model program that other communities can follow. The objective of their RFI (Request for Information) is to: (a) define what it is to be a “cutting edge” telecommunications committee, and (2) gather the information necessary to prepare a Request for Proposal (RFP) or a series of RFPs to achieve this desired status.



° Public Education About Broadband



We can help people in coastal communities understand how to use broadband in their businesses and their homes. Increased demand for bandwidth will, in turn, stimulate new investments in telecommunications infrastructure (public & private investments).

Here is an example. Jim Iverson, the owner/operator of the Lighthouse Deli in Newport has a thriving Internet business. Through his website Jim Iverson sells local seafood around the country. Jim said:

“People on the Oregon coast can do this. It is not hard. But, you have got to be ready to fill the orders when they start coming in!”

There is a global explosion in E-Commerce. By 2008, in the United States, 10% of all retail purchases are expected to take place on-line. Continued expansion of E-Commerce beyond 2008 is projected.

And, broadband will change our lives at home. Soon, many of us will videoconference—live, real time—with our friends and relatives in other regions. With broadband, many more seniors

can stay in their homes longer because, if they choose, health care professionals and family and friends can monitor their health and well-being from remote locations.

Information technology will reduce medical errors and unnecessary hospitalizations. Cost savings will be realized throughout the health care system resulting in higher quality care at reduced cost.

These are remarkable opportunities. Boosting telecommunications literacy and closing the digital divide should be among our top priorities.

◦ **Marketing the Oregon Coast**



Coastal communities should work together to undertake a collaborative program to market the Oregon coast to knowledge-based businesses.

Many coastal communities are a short distance from the Silicon Forest along the I-5 corridor. We should ask business leaders from nearby urban and suburban areas to establish branch offices on the Oregon coast. We can take steps to make our communities extensions of the Silicon Forest.

In addition, we should market the Oregon coast in major technology regions—high tech hubs like Phoenix, Denver, San Francisco, and Seattle. These “overheated” regions are choking with traffic and the cost of doing business and living is prohibitive. We should be selective and only target the cream of the crop of these entrepreneurs.

Delegations of coastal leaders need to be prepared to visit companies in other regions interested in moving to the Oregon coast. That is what people from other regions are doing to sell their community to potential new employers. To succeed, we have to match their level of commitment to economic diversification.

◦ **Attractive Workspaces and Neighborhoods**

Entrepreneurs thinking about moving to the Oregon coast want attractive places to live and work. Coastal cities, in particular, can review their comprehensive land use plans to see if they can establish new, mixed-use neighborhoods with upscale office space.

Here is an example. The City of Newport, Oregon received a grant from the Oregon Department of Land Conservation and Development (DLCD) to carry out an Urban



Growth Boundary (UGB) amendment process. Newport will: (a) establish a new community college site, and (b) meet their long-term urbanization needs. The 189-acre site in South Beach is an ideal setting to create a new mixed-use community with attractive streetscapes and workspaces. As a result, Newport will soon be positioned to attract and receive many knowledge-based businesses. Because of this, Newport could become a technology hub on the Oregon coast. Opportunities like this exist elsewhere on the Oregon coast, perhaps at different scales.

Other coastal communities deserve praise for paying much closer attention to their “built-environment.” The City of Astoria successfully re-developed parts of their waterfront. Lincoln



City has taken profound steps to improve the appearance of Highway 101 through Lincoln City (new curbs, sidewalks, street lamps, under-grounding utilities).

Joshua Green, a Florence businessman commented,

“We can attract knowledge-based businesses. But, people want attractive workspaces with views. They do not want to locate in an industrial park. We need to get out of the industrial park mindset!”

And, many knowledge-based businesses are home-based businesses operating from residential neighborhoods. Today’s home-based businesses can be tomorrow’s significant local employers. Communities around the country are revising their residential zoning ordinances to allow home-based businesses. Updated codes can ensure home-based businesses flourish while protecting the residential character of neighborhoods.

◦ **The Evolving Role of Coastal Community Colleges**

There are five community colleges serving different sections of the Oregon coast. These institutions are all important skill training centers. The community colleges can provide coastal people the opportunity to participate in the “New Economy” (knowledge-based businesses). Small Business Development Centers also train and coach people looking to tap into the global economy.

The key question for our local community colleges is this: Can they expand their IT (information technology) training and office-skill course offerings to meet a surge in demand? Knowledge-based businesses that will be drawn to the Oregon coast will need a skilled workforce. If the ultimate objective is to assist people in lower income brackets take advantage of these new opportunities, the local community colleges must be ready to provide this training. Community colleges offer the most practical and affordable ways for coastal people of limited means to take advantage of these new employment opportunities.

Reforming High School

There is an emerging consensus in education circles that we must reach down into the middle schools and high schools to help students establish “career pathways.” Through

outreach and mentoring, young people can develop a better appreciation for the relevance of their education. If students take high school seriously, they will enter college better prepared.

These same themes—reforming the institution of high school in America—were featured at the Spring 2005 meeting of the National Governor’s Association (NGA) in Washington D.C. Bill & Melinda Gates, through the Bill & Melinda Gates Foundation, are at the vanguard of this important movement.

On the south Oregon coast, Southwestern Oregon Community College (SOCC) is undertaking a distance learning initiative. Through this initiative, SOCC is forging closer ties with high schools and middle schools in Western Douglas, Coos and Curry counties.



Broadband will allow education in America to become more customized to meet individual student needs. Today, motivated high school and community college students have access to a wealth of on-line classes and live videoconference courses.

And, a dialogue has been initiated about how the Oregon coast’s five community colleges can collaborate with each other, K-12 institutions, and other colleges to take full advantage of these new opportunities.

° A Network of Fully-Functional Coastal Airports



Airports in Rural America are struggling. National trends in aviation are mostly the cause. The airline industry has undergone a period of intensive consolidation following de-regulation and the events of 9-11. During the 1990s, a number of major airlines purchased commuter airlines that served rural areas. This consolidation and subsequent contraction in the aviation industry had a disproportional impact on smaller “commuter airlines” which served smaller markets and rural communities.

Leaders in coastal communities can work with airport managers, aviation enthusiasts, the private sector, and the state and federal government to ensure all coastal communities have quality air service—for both overnight air package service and for passenger service. Other states, like

Wyoming and Florida, have much more fully developed state-rural airport programs. We need to put Oregon's rural airports on a firmer footing to maximize their potential.

Overnight mail delivery is critical for knowledge-based businesses operating in a global "just in time" economy.

The Cost of Doing Nothing

If we do nothing...poverty rates on the Oregon coast will increase and the disparity in incomes will widen even further.

If we do nothing...the pace of telecommunication usage and deployment will vary from community to community. Some communities will get the broadband they need. Others will lag behind.

If we do nothing...decisions about telecommunication deployments will stay in the hands of the private sector. Most local leaders will not engage the private sector to ensure their communities get the telecommunications infrastructure they need.

If we do nothing...fewer people on the Oregon coast will integrate broadband into their businesses and lives. That means lost business opportunities. Some retirees will enter assisted care facilities far earlier than they need to. Medical errors and costs will continue to escalate. Demand for broadband drives broadband investments. If we do not take steps to boost telecommunications usage, telecommunication providers will invest their limited resources in other regions with active telecommunication literacy campaigns.

If we do nothing...coastal community colleges will not reach their full potential as skill training centers for the New Economy. As a result, more coastal residents will be victims of globalization rather than beneficiaries of the New Economy.

If we do nothing...people considering moving their businesses to the Oregon coast will be forced to choose from a more limited inventory of attractive workspaces and pedestrian-friendly neighborhoods. The prices for suitable workspaces will climb. These entrepreneurs will go elsewhere. Developers will continue to focus on building trophy homes, condominiums and lodging properties, marketed to part-time residents and outside investors. The coastal economy will continue to be highly seasonal.

If we do nothing...coastal airports will not reach their full potential as transportation assets.

Early Feedback



The release of this report marks the beginning of an extensive public dialogue about the power of telecommunications to transform the coastal economy. Thus far, feedback on this economic diversification strategy has been quite positive.

One local government official commented that he would not oppose the strategy. “But,” he said, “Not everyone on the Oregon coast wants to work in an office. And, the State of Oregon already has a Washington County!”

The point is well taken. The proponents of this strategy do not want to compel coastal people to work in offices. We do, however, seek to provide coastal people new job and education opportunities by diversifying the coastal economy.

At OCZMA, we are fully committed to enhancing our forest products, agriculture and commercial fisheries on the Oregon coast. These are crucial sectors of our economy. Moreover, they define who we are. Thus far, the tourism and retirement industries on the coast have not replaced the family-wage jobs lost in the natural resources sector.

And, no one wants to transform the Oregon coast into Hillsboro or Washington County. It would be unrealistic and unwise to try to transform the Oregon coast into a major technology center like the Silicon Valley. It is practical, however, to retain and attract knowledge-based businesses and still preserve the fundamental character of the Oregon coast. This strategy outlines modest and realistic steps. We can grow and attract modest-sized knowledge-based businesses—companies that will nestle into our communities, support our schools, and provide quality employment opportunities.



The Next Steps—Working the Strategy in Your Community



Please, review the report and share it with others. The chapters of the report provide the information needed to begin moving forward. We especially encourage reading of the profiles located in the Appendices.

We want your feedback. Help us improve the strategy. Remember, all elements of the strategy are strictly voluntary.

Start a dialogue about the strategy in your community. We will come to a Chamber of Commerce, Rotary, City Council or County Commission meeting, a Tribal Council meeting—whatever—to explain the strategy and participate in your local dialogue.

Some coastal communities will begin to implement the strategy, or parts of the strategy, immediately. As a first step, establish a local telecommunications committee.

OCZMA has been awarded funding by USDA (U.S. Department of Agriculture) to: (a) provide your local telecommunications committee with technical advice, and (b) track the progress of local telecommunication groups, and (c) share what communities are doing to implement the strategy. Work the strategy at both the local and regional level.

We will learn valuable things as we begin to implement the strategy in different communities and sub-regions of the Oregon coast. At the outset, we can say with confidence that communities that address local telecommunications infrastructure, regional workforce issues, and land use opportunities will lay the groundwork to capitalize on the strategy.

A Coastwide Marketing Committee. In the fall of 2005, OCZMA will form a coastwide committee to outline a coastwide marketing program. The committee will also identify and leverage resources to get an advertising campaign. Please pass along names of individuals from your community who would like to serve on the committee. All ideas are welcome!

Reaching Out to the Silicon Forest. Consider taking part in meetings that will soon be held between coastal leaders and community and business leaders from the Silicon Forest.

It is Your Choice. If your community or Indian Tribe thinks you are ready to begin marketing your area as a great place for knowledge-based businesses, please feel free to begin to do that. However, we believe communities that collaborate in marketing will experience additional benefits by being integrated into a larger campaign.

Every Community Is Different

Every community on the Oregon coast is different. Consider, as a starting point, gathering a group of people in your community (a telecommunications committee) to review the strategy. Examine where your community stands vis-à-vis the different components of the strategy. You are likely to learn that your community is already making progress on some elements of the Oregon Coast Telecommunications Economic Development Strategy.

Ask your local group to assess what parts of the strategy are most relevant for your community.

Concluding Thoughts

A growing number of rural communities, and “ex-urban” communities just beyond the suburbs, have just begun marketing themselves to urban entrepreneurs as good places to live and work. Again, broadband makes that possible for them and for us.

Therefore, we should expect a lot of competition as we work together to execute this economic strategy for the Oregon coast. To be successful, a critical mass of coastal leaders need to be prepared and execute a professional and imaginative marketing campaign and work all aspects of the strategy. And we will need to do the requisite follow-up.