

TO: Columbia River Gorge Commission

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RE: **Work Session*:** Vital Sign Indicators Program: Progress Report for Draft Economic Vitality Indicators

Purpose

This staff report provides an overview of the draft indicators developed to assess economic vitality in the Columbia River Gorge National Scenic Area (CRGNSA) based on the Gorge Commission's distinct role and authority described in the Management Plan. First, background information on economic goals and policies in the Management Plan is included to explain the scope of indicator topics considered. Next, this report summarizes highlights from discussions with the VSI Economic Vitality Indicators Work Group focused on two priority economic vitality topics: Oregon and Washington Investment Board Loans and Agriculture. Finally, staff recommendations for economic vitality indicator development and implementation are included for discussion during the Commission meeting on October 11, 2022.

Overview of Economic Vitality in the Vital Sign Indicators Program and Management Plan

The Vital Sign Indicators (VSI) program evaluates the long-term health of scenic, natural, cultural, and recreation resources, and local economies, of the Columbia River Gorge National Scenic Area. Vital Sign Indicators are measures of trends and conditions that assess how well we are protecting and enhancing National Scenic Area resources. Building on the original 2009 VSI effort, the Commission and USDA Forest Service initiated work on a comprehensive VSI update in 2021. To determine which economic vitality policies to focus on, staff are guided by the Commission's role in economic development as described in the CRGNSA Act and Management Plan.

Economic Development in the Management Plan: Gorge Commission's Role

The two purposes of the CRGNSA Act passed in 1986 by Congress are:

(1) to establish a national scenic area to protect and provide for the enhancement of the scenic, cultural, recreational, and natural resources of the Columbia River Gorge; and

(2) to protect and support the economy of the Columbia River Gorge area by encouraging growth to occur in existing urban areas and by allowing future economic development in a manner that is consistent with paragraph (1).

The economic vitality of the Columbia River Gorge and the health of the scenic, natural, recreational, and cultural resources of this area are interdependent. By protecting and enhancing the resources of the National Scenic Area, the Commission is also supporting the economy of the region. The Commission is involved in activities and partnerships that serve to support economic development in the Columbia River Gorge in several ways, including but not limited to:

- Certification of Oregon and Washington Investment Board Loan applications that are consistent with the goals of the CRGNSA Act, Management Plan, and land use ordinances.
- Consultation with the states of Washington and Oregon in the states' updates to their coordinated Economic Vitality Plan;
- Participation in updates to the regional Comprehensive Economic Development Strategy (CEDS);
- Writing support letters for funding projects in the National Scenic Area that benefit communities and meet the goals of the Act;
- Encouraging and supporting bi-state cooperation, collaboration, innovation, and funding for initiatives of regional significance; and
- Developing methods through the VSI program to better track and measure how Management Plan policies are supporting economic vitality in the National Scenic Area.

Management Plan Economic Development Goals and Policies

In 2018, Commission and USDA Forest Service staff organized an Economic Vitality Work Group to provide input on updates needed to the Economic Development Chapter as part of the Gorge 2020 Management Plan review process. Incorporating work group feedback and public input received during the comment period, staff presented a revised Economic Development Chapter with the full revised Management Plan approved by the Commission in October 2020.

Below are key Management Plan policy topics related to economic vitality that staff used as initial sideboards to narrow the scope of useful management questions and potential indicators based on the Commission's distinct role and authority in the National Scenic Area:

- Oregon and Washington Investment Board loans,
- Agriculture,
- Forest industries, and
- Commercial uses allowed outside urban areas.

After reviewing these four topics with staff and advisors, we recommend focusing on two Vital Sign topics for initial economic vitality indicators: **Oregon and Washington Investment Board Loans** and **Agriculture**.

Recommended Economic Vitality Vital Sign Topics and Draft Indicators

The VSI program is designed to track the health of the National Scenic Area through a strategic set of focused and feasible indicators to start, while acknowledging this area is a complex, interconnected ecological and human system within a larger regional landscape. Some of the most pressing issues affecting economic vitality in the National Scenic Area, such as housing affordability, are wide-reaching, and the Commission's ability to impact regional trends is limited. While potential indicators described in this report are, by design, focused on a few key topics most clearly connected to the Commission's economic development role, they are not intended to limit other economic-related policy priorities the Commission may choose to pursue going forward. The Commission may also decide to support work on regional economic issues through letters of support, resolutions, and other means to bring attention to and leverage support for regional economic priorities.

Oregon and Washington Investment Board Loans Vital Sign

Authorized through the CRGNSA Act, these loan programs were created to support economic development within and outside of Urban Areas across the National Scenic Area. As the certifying entity, the Gorge Commission plays a direct role in ensuring consistency of loan project proposals with the Act, Management Plan, and land use ordinances. Tracking the economic outcomes of these loans for local businesses over time helps us understand the cumulative impact of these authorized funds and share stories and data that may be used to attract additional lenders to the region. Incorporating demographic information for this indicator allows staff and partners to better understand who is applying for and receiving loans which can be used to identify needs and opportunities for improved outreach and support to Black, Indigenous, and People of Color (BIPOC) communities, women, and first-time business owners.

Agriculture Vital Sign

Both agriculture and forestry are protected land uses in the Management Plan as required by the Act. Given that forest practices in the National Scenic Area are regulated through OR and WA Forest Practices Acts, we are initially focusing on agriculture for economic Vital Sign Indicators. Agricultural use in the National Scenic Area includes production of various crops, orchards, livestock, and horticultural uses that have policies and guidelines in the Management Plan.

Tracking the extent, type, and economic benefit of agricultural uses over time is essential to understanding how well we are protecting agricultural land for agricultural use. While the Commission does not explicitly regulate the specific types of agricultural uses allowed in the National Scenic Area, rather the location in which they may occur (through Land Use Designations), better understanding trends in low intensity and high intensity agricultural practices, for example, may inform potential policy updates or changes to Land Use Designations in the future. As the climate changes, drought, increased wildfire, and pests and pathogens are expected to affect agricultural use across the National Scenic Area in various ways. Integrating assessment of

agriculture land use protections with other protected resources and priority habitats in the Management Plan will help us understand relationships across resource areas.

VSI Economic Vitality Indicators Work Group Highlights

Staff convened an initial VSI Economic Vitality Indicators Work Group meeting on August 4, 2021, and a smaller focused work session on October 3, 2022. The group discussed the two Vital Sign topic areas and provided input on indicators that could be tracked and measured over time. Below are key takeaways from the meeting.

OIB/WIB Loans

- Mid-Columbia Economic Development District (MCEDD) and Skamania County Economic Development Council (SCEDC) currently track the community and county where the project is located, loan amount, other investment (public and private), and number of jobs created/retained during loan period.
- Important to focus economic indicators on outcomes: Are OIB and WIB loans contributing to a diversified economy and improving ease of access into business ownership?
- Diversity and access questions should consider both business sector (e.g., agriculture, tourism, food industry, and others) and loan applicants (e.g., minority, women, and first-time business owners).
- Valuable to look at post-loan outcomes (e.g., business added employment or secured commercial loan at 5 or 10 years).
- Need to clearly identify staff capacity required for any additional data collection and reporting when making decisions on indicators.

Agriculture

- Fluctuations in crop productivity from year to year make it difficult to assess economic value through crop returns alone.
- One agricultural operation can cover areas within and outside of the NSA boundary which makes tracking economic benefit within the NSA challenging.
- Important to consider that land ownership and agricultural operations are two different aspects of the agriculture industry in the NSA. Much of the crop production here is completed by a few operators who lease land from multiple landowners.
- Food processing and agrotourism are important parts of the agriculture industry in the NSA, along with the total acres in agricultural production.

Draft Economic Vitality Indicators: Summary Table

The table below provides brief descriptions of draft economic vitality indicators under development based on input from the VSI Economic Vitality Indicators Work Group.

Management Plan Provision	Vital Sign	Draft Indicator	Description and Status
The Oregon Investment Board (OIB) and the Washington Investment Board (WIB) review economic development proposals for loans and grants in the National Scenic Area and recommend the projects for federal funding appropriated for this purpose. The Gorge Commission certifies that the proposals are consistent with the Act, Management Plan, and land use ordinances.	Oregon and Washington Investment Board Loans	Distribution and type of loan projects	These indicators track location (by Urban Area and County) and type (by sector) of loan projects across the NSA. Data available through MCEDD and SCEDC. Staff is working with these partners to identify main sector categories for reporting.
		Economic benefit of loans for local businesses	This indicator tracks the economic benefit of OIB and WIB loans for local businesses through number of jobs created and retained (FTEs). Data available through MCEDD and SCEDC. Staff is working with these partners to add voluntary and confidential demographic questions to loan applications to assess minority, women, and first-time business owners as percentage of total applicants.
Agriculture shall be supported and protected by preventing fragmentation of the land base through land use regulations and ensuring that development does not conflict with agricultural practices.	Agriculture	Extent, distribution, and type of agricultural use	These indicators assess extent, in acres, and spatial distribution of the main types of agricultural uses in the NSA. Staff is working with partners to identify main types for reporting and local data on acres in production within the NSA.
		Economic benefit of agricultural use	This indicator tracks the economic benefit of the main types of agricultural uses in the NSA, incorporating crop production and processing. Staff is working with partners to identify local data sources to further evaluate options for this indicator.

Staff Recommendations

Based on staff work to date and feedback from the VSI Economic Vitality Indicators Work Group, these are staff recommendations for indicator development:

OIB/WIB Loans

- Use existing data on project location and jobs maintained/created for OIB/WIB Loan indicators.
- Work with partners to add economic sector categories and loan recipient demographic information (minority, women, and first-time business owners) for VSI reporting.
- Work with partners to explore feasibility of a simple survey to assess post-loan outcomes for local businesses.

Agriculture

- Continue to develop indicators for extent, distribution, and type of agricultural use in the NSA.
- Work with partners to identify indicators that capture the economic value of crop production, processing, and agrotourism components of the agriculture industry in the NSA.

Commission Consideration

Does the Commission support moving forward with staff recommendations for indicator development as described in this report for OIB/WIB loans and for Agriculture?

Are there any additional aspects staff should consider when identifying specific indicators for these two topics?

Next Steps for Indicator Development and Implementation

Staff will work with partners to finalize monitoring methodologies for draft economic vitality indicators and begin implementation in mid-2023.

Appendix A: VSI Monitoring Definitions

Management Plan Goal: A goal included in the text of the Columbia River Gorge National Scenic Area Management Plan.

Desired Condition: *To be developed.* (Example: Often a statement of aspiration that describes resource conditions the USDA Forest Service and Gorge Commission strive to achieve and maintain to meet Management Plan goals.)

Management Question: A priority question or information need identified by the Gorge Commission and USDA Forest Service to support implementing the Management Plan.

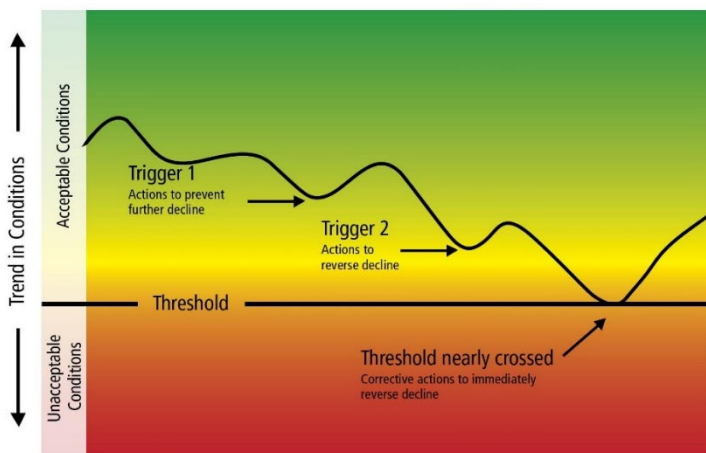
Vital Sign: The topic for a high-level indicator. Represents important attributes or components of protected resources that guide assessment of progress toward Management Plan goals and desired conditions (e.g., OIB and WIB Loans). Each Vital Sign is represented by one or more indicators.

Indicator: A brief description of what is being measured (e.g., economic benefit of OIB and WIB loans).

Metric: The specific measurement method or unit of measurement for an indicator (e.g., number of jobs maintained and created measured through FTEs).

Threshold: *To be developed.*
(Example: A minimally acceptable condition associated with each indicator, typically based on physical, biological, or social conditions.)

Trigger: *To be developed.* (Example: A condition of concern for an indicator that is enough to prompt a management response to ensure that desired conditions continue to be maintained before the threshold is crossed.)



Appendix B: Crosswalk of 2009 Economic Vital Sign Indicators and Draft 2022 Economic Vitality Vital Signs

This chart describes how the 2022 Draft Economic Vitality Vital Signs highlighted in this report build upon the 2009 Economic Vital Sign Indicators.

2009 Economic Vital Sign Indicators								Draft 2022 Economic VSI Framework
Objective	Vital Sign Number	Title	Measure	Proxy Measure	Year	Connects to MP Provision and Commission's Role? Yes/No/Unclear	Management Plan Reference	Vital Sign
3.1 Enhance and Sustain the Economic Vitality of the Urban Area	3.1.a	Income	Per capita income of National Scenic Area urban area residents as a percent of state non-metro per capita income: (a) Oregon side; (b) Washington side		2009	No	GMA Goals: (1) Protect and support the economy of the Columbia River Gorge area by encouraging growth to occur in existing urban areas. (2) Protect and support the economy of the Columbia River Gorge area by allowing future economic development in a manner that is consistent with the protection and enhancement of the scenic, cultural, recreation, and natural resources of the Columbia River Gorge.	Oregon and Washington Investment Board Loans
	3.1.b	Job Growth	Net job growth: (a) Oregon side and (b) Washington side		2009	No		
	3.1.c	Construction	Building permits issued, by urban area: (a) housing, (b) commercial, and (c) industrial.	Number of residential building permits issued by urban area.	2009	No		
	3.1.d	Vacancy Rate	Commercial vacancy rate by urban area		2011	No		
	3.1.e	Housing Affordability	Percent of households that can afford the median priced house	Percent of renters and owners inside the NSA paying less than 30% of household income on rent or select monthly owner costs: (a) Oregon side and (b) Washington side.	2009	Unclear		
3.2 Protect and Enhance Agriculture and Forestry-	3.2.a	Activity	Total number of (a) agriculture and (b) forestry enterprises		2011	YES--Vital Sign that looks at well-being or support of ag/forestry sectors; Review of measures needed	GMA Policy 4: Agriculture and forest industries in the Columbia River Gorge shall be protected and supported by preventing fragmentation of the land base through land use regulations and ensuring that development does not conflict with agricultural and forest practices.	Agriculture
	3.2.b	Revenue	Total revenue of (a) agriculture and (b) forestry enterprises		2011	YES--Vital Sign that looks at well-being or support of ag/forestry sectors; Review of measures needed		
	3.2.c	Payroll	Total payroll of (a) agriculture and (b) forestry enterprises		2011	YES--Vital Sign that looks at well-being or support of ag/forestry sectors; Review of measures needed		
	3.2.d	Land Base	Total acreage in (a) agriculture uses and (b) forest uses* (forest uses not addressed in 2009)	(1) Percent of land classified as agriculture* or pasture per agriculture and forest zoning. (2) Number of inventoried cattle and calves per [entire] county. (*Agriculture: Agricultural use in this context and according to the Management Plan can include cultivation of crops and pastures as well as cattle grazing.)	2009	YES--Vital Sign that looks at well-being or support of ag/forestry sectors; Review of measures needed		
3.3 Allow Economic Development in Rural Centers and Non-Urban Areas Consistent with the Protection and Enhancement of the SNCR Resources	3.3.a	Income	Per capita income of NSA non-urban area residents as a percent of state and non-metro per capita income: (a) Oregon side and (b) Washington side		2009	No		Oregon and Washington Investment Board Loans
	3.3.b	Job Growth	Net job growth in rural areas: (a) total; (b) Oregon side; and (c) Washington side		2011	No		
	3.3.c	Construction	Building permits issued in rural centers and non-urban areas: (a) housing, (b) commercial, and (c) agricultural	Number of residential building permits issued in unincorporated portions of rural NSA counties	2009	No		
	3.3.d	Activity	Number of rural and rural center enterprises: (a) total, (b) Oregon side, (c) Washington side.		2011	No		