

AD HOC ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE

Meeting Minutes

July 22, 2020 6:00 PM

NEWBERG CITY HALL

Meeting held electronically due to COVID-19 pandemic

(This is for historical purposes as meetings are permanent retention documents and this will mark this period in our collective history)

Chair Curt Walker called meeting to order at 6:01pm

ROLL CALL

Members Present: Curt Walker, Chair
Carr Biggerstaff, Vice Chair
Alvin Elbert
Keith Hansen
Philip Higgins
Jim Bush
Isa Pena

Members Absent: Rick Rogers, excused
Allen Routt, excused
Rob Hallyburton, excused
Bob Woodruff, excused

Staff Present: Doug Rux, Community Development Director
Brett Musick, Senior Engineer
Keil Jenkins, DLCD

Consultants: Beth Goodman, ECO Northwest
Margaret Raimann, ECO Northwest

PUBLIC COMMENTS:

None

CONSENT CALENDAR:

Approval of the May 28, 2020 EOA CAC meeting minutes

MOTION: Member Biggerstaff and Member Higgins moved to approve the May 28, 2020 EOA CAC Meeting Minutes, Motion carried 7/0

ECONOMIC OPPORTUNITIES ANALYSIS

Introduction:

Beth presented the refined results of the buildable lands inventory (BLI), employment forecast, land sufficiency for commercial and industrial land, and the refined site suitability analysis for target industries. Beth asked CAC members to provide feedback on the assumptions presented in these analyses and discuss further refinements needed.

Refined Buildable Lands Inventory Results:

Beth presented the refined results of the BLI. The primary changes to the BLI were: fixing split lots in the Riverfront District; moving the Springbrook District Employment plan designation to the industrial land category (previously included in commercial); accounting for the accurate commercial acreage for the Springbrook District Village plan designation, as described in the master plan; and assigning the hospital site (on PQ land) a partially vacant status. These changes were based on further discussion with city staff and comments from TAC and CAC members.

Member Elbert ask if the Mill is considered built land and the response was yes.

CDD Rux asked for any last comments on changes to the BLI to be submitted to the City by Friday, July 31st.

Employment Forecast and Commercial Land Sufficiency:

Beth presented the employment forecast using the population growth rate safe harbor. The population growth rate was updated since the last meeting, since Portland State University released new population forecasts for Yamhill County. The new average annual growth rate for the 2021-2041 planning period is 1.39%, a decrease from the previous rate of 1.73%.

Beth presented the employment forecast for commercial land, and the forecast for industrial land was calculated separately and discussed later in the meeting. The discussion of commercial land sufficiency and the employment forecast is summarized below.

Member Elbert asked about the rationale for using the population forecast rate over the other safe harbor option of the regional employment growth rate.

Beth responded the higher rate option fits better with Newberg's aspirations for economic development. Newberg also fits more with Portland metro growth in terms of economic development, compared to the mid-valley region, which is how Newberg is grouped with the employment department rate.

CAC members discussed the businesses that left Newberg. Member Higgins noted NW Alpine's reason for moving out of Newberg was due to lack of land, so they bought a large existing building in Salem and grew rapidly. Compared to Newberg, McMinnville has substantially more industrial land.

CAC members asked if it would be helpful to have 1 or 2 reasons why each business left Newberg.

CAC members discussed a circuit board assembly business that used to be located near Fred Meyer. This was probably a sub-optimal location for industrial land, but City staff noted that more area around this used to be zoned industrial before it was converted to residential and office uses.

Refined Site Needs and Industrial Land Demand and Sufficiency

Beth went over the characteristics of sight industries from the Infrastructure Finance Authority of Business Oregon. She noted on the table they are connecting Newberg Target Industries to these types of Industries and showing information about their site needs.

Beth noted for food processing on average they're looking for sites 5 to 25 acres or larger, the competitive slope is fairly flat, and showed the information about water and sewer uses. She noted they are basing a lot of site needs off this analysis and from what they have heard from SEDCOR and Business Oregon. She noted they are using this to for their analysis.

Beth noted the target industries, advanced manufacturing, food processing and the types of sites they are looking for. For example advanced manufacturing, everybody wants that kind of site potentially. Sites that are

industries for regional warehouses they are not showing, but are looking at local warehouses. She noted they look at the characteristics of the site types and looking at sites 5 to 25 acres and also some type sites up to 100 acres. She noted that what they are hearing from Business Oregon and SEDCOR is that most of the increase is for sites 5 to 25 acres and that is where we should be looking.

Member Elbert referred to the characteristics of sites by industry and asked, if it went to court would it be defensible like the Safe Harbors. Beth said not as defensible as Safe Harbors, we have to have substantial evidence on past projects. Beth noted this is substantial evidence and can't promise as good an outcome as from a Safe Harbor, but they are building the best case, and to not manipulate the numbers.

Site Size

Beth noted they are trying to change some fundamentals about the land base in Newberg. There isn't very many big sites and the target industries generally need sites 5 to 25 acres, some larger and some smaller. They are trying to answer the question of how many sites in acres of industrial will Newberg need in the future.

Beth noted the regional site characteristics analysis is based on averages of industrial employment at sites in Albany, Corvallis, McMinnville, Tualatin, Sherwood, Wilsonville, Salem, Woodburn and Newberg. The employment information was obtained from the Employment Department for all the cities. She noted they looked at all the factors, industrial, manufacturing, construction, utilities, wholesale trade, transportation, warehousing, forestry services and all types of employment in these cities. They looked at the characteristics of the site sizes, specifically of the sites with employment and sites smaller than 5 acres, sites 5 to 25 acres, sites 25 to 50 acres and 50 acres and larger. Looking at Tualatin a little less of their industrial employment is on sites smaller than 5 acres and the rest is on sites 5 to 25 acres. Woodburn and Salem have employment on sites 25 to 50 acre range and some 50 acres and larger. When looking at acres of land with industrial employment, for instance in Tualatin is about 40% and is on 5 acres or smaller, the rest is 5 to 25 acres. When looking at Corvallis it is a real outlier and that is probably in part because of the HP campus. Some cities don't have any sites larger than 50 acres with employment. Beth noted 51% of existing employment for all these cities is on sites smaller than 5 acres, 41% is on 5 to 25 acres, 4% are on 25 to 50 or more acres. They look at the number of employees for each site because they need that to help do the math to find the average employees per site. They also look at the average site size for example the average size of sites smaller than 5 acres is .9 acres. Just under 10 acres size has an average size for 5 to 25 acres. We then start applying this to Newberg.

Member Higgins noted in looking at the chart he can see the age of the buildings that exist on those particular sites and those less than 5 acre sites. He noted on the significantly aged inventory that you're 41%, 9.9 acres and that is what's being built today. He noted it is cost prohibited to build on those sites unless you're putting up a pole barn.

Margaret noted they used a combination of tax lot datasets. Some of them have a year built field on them. Beth noted if available, they will check to see if they can get any of the age data information that is consistent.

Beth noted they start applying the site characteristics to the 2,557 new industrial employees in Newberg. Starting with the sites 5 to 25 acres has 41% of new employment, 1048 number of employees in Newberg, sites needed is 8, with 133 employees and the acres of land in Newberg is 79 acres with the average site size is 9.9 acres. When looking at 25 to 50 acres the percentage increases from 4% to 5% so that we have an average number of employees similar to what is seen in the Region. On 50 acres and more we increased it a little bit more and got into the average number of employees on those sites. That is why we are showing a little smaller percentage of employees on the 5 acre and smaller sites. Beth noted that small sites can be made from larger sites so you might have some development opportunities that are divided from the bigger sites.

Beth showed the number of vacant sites in the buildable land using sites less than 5 acres. There are 22 vacant sites for industrial. There are 79 new sites needed for 5 acres or less. When you do the subtraction you get a

deficit of 57 sites at .9 acres per site. That is 51 acres of land needed. In doing the math across each of the categories the deficit is 66 sites or 246 acres of land that isn't inside of Newberg Urban Growth Boundary. Beth noted Newberg has 1 site in the 5 to 25 acre size that is vacant and none in the larger sizes. That ends up with the answer "no" to the question does Newberg have enough industrial land, the need is 66 more sites and 246 acres.

Member Higgins noted it is hard and expensive to develop small sites. He mentioned in the last 10 years he couldn't recall a single person that's called and said I need less than an acre for an industrial building.

Beth responded, what if you were looking at a business park that had small sites. Member Higgins responded than you have the ability to spread the cost for the infrastructure over multiple small sites and you make your money by making a large site smaller. He noted when you have a .9 acre site, the building you put on that is going to lose .4 right away. You lose for stormwater retention, parking, and end with a smaller building footprint.

Member Biggerstaff asked Member Higgins what he was suggesting.

Member Higgins wasn't sure how to answer that question. He noted talking about putting together a plan that can't be challenged by the courts. 1000 Friends is not going to buy off on the fact that an acre is difficult and expensive to develop ergo and the likelihood is slim to none. He noted he is not sure how to approach that.

Beth noted you could approach it as a policy challenge, in another words part of the policy challenge is how to accommodate the need for small sites. One of the ways financially feasible to do that may be a policy about looking for sites for a business park.

CDD Rux noted some of the things to think about when they were putting this data together and he referred back to his Tualatin days and what data showed. The number of sites smaller than 1 acre in size was a FAR .35, so that gave us a building of about 15000 square feet in that particular time in the market. There were a number of businesses and the market was responding. He noted he wanted to have Beth make sure when you talk about acreage you know what size of building you get on that 1 acre which is about a 15,000 square foot building.

Beth noted maybe it doesn't come out to one office park of 50 acres, it could be 2 or 3 10-acre office parks or industrial parks for smaller uses. Maybe there is some demand for 1 or 2 acre development with an average site size of .9 acre. That doesn't mean every parcel would be .9 acre, you probably have some parcels that are closer to .5 acre or 2 to 3 acres.

Chair Walker noted this is the problem we faced for years. We don't have industrial zoned land or the Urban Growth Boundary. The City has struggled trying to get 160 acres over the years and it gets pushed back all the time. He feels if we have the ground available, a lot of these problems will be solved. The land use laws are so difficult people just won't look for land around here but look at other locations in another area.

Member Higgins noted if we have larger format parcels, for example the Mill property comes online and there's stuff that's going on there and the industry that is happening is a halo effect to these smaller sites. For example say he has a contract with Manufacture XYZ widget for the bigger manufacturing company. This small 1 acre site with a 10,000 square foot building on it makes sense financially, because the business is there to support the real estate investment. You have these large manufacturers in town and there's other little businesses that support those endeavors. That's the sort of eco-system that is existing and what it is going to take to actually fill up those little parcels.

Beth noted that goes back to the Economic Development Strategy and how it's implemented. She also responded to Chair Walker that the reason we are looking at what's going on the in the Region, is that we are

looking at what's going on in Newberg and going from there. It's not the solution. We are not trying to replicate the past into the future but trying to do something different.

Chair Walker noted the percentage of employment growth may increase.

Member Elbert asked what data supports the increase in manufacturing. Currently is at 25% and projecting will go to 35% and he mentioned groups coming in and saying that's never going to happen.

Beth responded that this is one of the weakest points and is an area they need to work on. The City has had businesses leave because of lack of sites to support new employment. She noted they will have to work on better substantial evidence and asked for suggestions.

Member Elbert referred to the slide on page 25 and referred to Tualatin as an example is a lot more diversified with more employment. We are behind on being able to bring in businesses and keep them here. It seems like manufacturing base has declined over the last 10 years. We have lost employers like Suntron and the Paper Mill and haven't been able to replace them. The wine industry did grow but isn't a very high employment base and is seasonal.

Member Biggerstaff noted there is the tourism industry, just as the wine industry are low paying jobs and are seasonal jobs. For the amount of capital investment in a winery the number of employees that are actually employed is not the same as businesses like ARE, DCI or Providence. Those are good paying jobs that are going to bring in the tax base, new homes and help build a balanced economy.

Next Steps:

Beth noted the next set of questions are, do we have enough commercial and industrial land to accommodate growth and what potential strategies can Newberg use to accommodate employment growth.

Beth noted their next steps are getting the draft EOA document as far as they can get it in production and will be turning next to policies. Some of what was brought up at this meeting will be a foundation of their thinking.

Member Elbert noted moving forward we are going to see quite a fight to try to get something put in place. He noted we need good information backing it up. He added we would have to have some good reason why we think it would be going from 25% to 35% with some good data behind it.

Member Higgins noted he agrees with the preliminary conclusions and those are certainly reflected in this case here in town. Office is soft, retail is soft and once you're outside of the downtown core the demand is different. He noted for the strategic standpoint it's nice to see that this comes to the same conclusion that we don't need more. The rates to increase in order to absorb what's out there and to be able to go forth and do battle with 1000 Friends on the UGB, this is an industrial lands job, and the question that we are bringing forward is not that we need all this different type of land but have a very focused need profile.

Beth noted they will be talking about residential land needs as well.

ITEMS FROM COMMITTEE MEMBERS

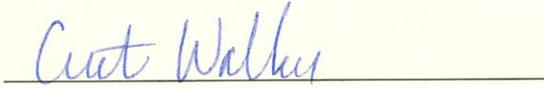
CDD Rux noted the meeting scheduled for September is cancelled and asked to reschedule to the first week of October, all members were in favor of the first week.

CDD noted rescheduling the open house currently scheduled in October and that it will need to be a virtual meeting.

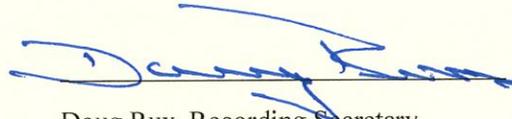
ADJOURNMENT:

Chair Walker adjourned meeting at 7:22 pm

APPROVED BY THE ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE this October 6, 2020



Curt Walker, EOA CAC Chair



Doug Rux, Recording Secretary