

AD HOC ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE

Meeting Minutes

October 6, 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 the called meeting to order at 6:08pm

ROLL CALL

Members Present: Curt Walker, Chair
Keith Hansen
Alvin Elbert
Bob Woodruff
Allen Routt
Philip Higgins
Rob Hallyburton
Jim Bush

Members Absent: Rick Rogers, excused
Carr Biggerstaff,
Isa Pena

Staff Present: Doug Rux, Community Development Director
Brett Musick, Senior Engineer
Patrick Davenport, Planning Manager

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

PUBLIC COMMENTS:

None

CONSENT CALENDAR:

Approval of the July 22, 2020 EOA CAC meeting minutes

MOTION: Member Higgins and Member Hansen moved to approve the July 22, 2020 EOA CAC Meeting Minutes, Motion carried 8/0

ECONOMIC OPPORTUNITIES ANALYSIS

Introduction:

CDD Rux noted introductions were done at the previous meeting.

Review Site Needs Analysis:

Beth Goodman noted the plan is to go through the Site Needs Analysis, find out if anyone has questions for the site need for industrial land, talk about the measures to accommodate industrial land needs, to be sure these needs are met and how can we accommodate some of them into the UGB via existing vacant land.

Beth also noted she would answer any questions on the Economic Opportunities Analysis draft report. She noted if there are any comments or questions not brought up tonight get them to CDD Rux by October 16th.

CDD Rux commented on the sale of the Mill Site here in Newberg. It was publicly announced by the company on Friday, the purchaser is Commercial Development Co.(CDC), they are out of St Louis Missouri, and are now the new Mill owners. There will be a process as they move forward to sell equipment and dismantle the facility which will take about a year and a half to get through. Their intent is to redevelop the Mill Site and are fully aware of the Riverfront Master Plan. They are also aware of activities regarding creating an Urban Renewal District that would include the Riverfront Area, which is good news after being idle for five years it has some new clarity and direction.

Beth noted the Mill site is not represented in the Buildable Lands Inventory or in the EOA so we are going to have to work this in. She noted this is the first day she heard about the Mill site sale.

CDD Rux talked about some potential uses of the Mill site. He noted it could be larger use activities or could be redeveloped into smaller parcels. Looking at the last five and a half years of recruitment activities we've seen anywhere from 200 plus acres down to 3 or 4 acres and in between. We have seen some foreign direct investment opportunities which we are looking at in the 10 to 25 acre range. We will need to have discussions with CDC about their development options and scenarios and the direction they want to go. First is the liquidating of equipment and dismantling buildings.

CDD Rux noted in the Riverfront Master Plan we have 21.5 acres of the Mill site that will be mixed employment. With this base of industrial use you allow limited commercial activities which are capped by building square footage, so that is 60,000 square feet for commercial and a maximum of 60,000 square feet of office space. He noted also in the Mill Site there's going to be about an acre and a half which will be commercial which could allow residential on the upper floor and is about 3.7 acres for high-density residential. He noted what this leads to is after you extract out stream corridors and the Willamette River Greenway flood hazard areas it's about 89 acres flat area, 13 acres is the north waste pond and it will need to be determined what's going to happen with that pond in the future. That gives us a net developable somewhere around 76 acres and that's based off some quick calculations done.

Member Elbert asked if the 76 acres is in the existing inventory. Beth responded that it is not in our existing inventory of buildable land. It will need to be annexed into the City to get utilities.

Review Site Needs Analysis continued:

Margaret did a review recap of the potential target industries that were a part of the Economic Development Strategy adopted by the City which are advanced / general manufacturing, high-tech / Technology manufacturing, food processing / agricultural products, forestry / wood products, and Aviation related industries. She noted they took the target industries and cross referenced them in a matrix and Business Oregon that shows characteristics by different types of industries. In a more legible format she showed how they cross referenced them with Business Oregon with the target industries and one with the site characteristics which will be in more detail in the EOA document.

Margaret continued with how they looked at the industrial land need and sufficiency. The forecast shows a growth of 2,557 employees in the industrial sector. Target industries will need sites 5 to 25 acres some larger some smaller.

Member Hallyburton noted in the forecast it was broken down into four categories industrial, retail, government, commercial and office. In looking at some of the data in the EOA there were a couple categories that are important in Newberg. With the number of employees and the amount of growth in Newberg specifically of the health care, education, and food service sectors, which category those fit into the four tier

forecast. Margaret responded health care would fit into the office commercial and so would accommodations and services.

Member Hallyburton noted on the 2,557 employees in the industrial sector, looking at some data for the county as a whole where 1000 industrial jobs have been added in Yamhill County in the last 15 years, he was wondering if it seems reasonable that Newberg by itself would get two and a half times that many in the next 20 years.

Beth noted the basis for this, assuming that Newberg composition of employment is going to become more like it was back in 2008 due to the number of industrial industries couldn't find sites in Newberg and the Mill closed. This is an aspiration based in large part on Newberg's Economic Development Strategy around industrial uses.

CDD Rux noted based on the need for the last 4 years the city has put together an Economic Development Strategy focused on creating employment opportunities in industrial. We lost 220 jobs when the Mill closed and other employment that moved out of Newberg because of no site or building to move into. When the Committee has spoken in the past we talked about the aspirational aspect and moving back to where we were with 35%. Beth noted this has been discussed at the Committee meetings and is what's embedded in the draft EOA. You have a document which included representatives from Sedcore, Business Oregon and others agreeing that this seems like a reasonable target to get to.

Member Hallyburton noted on the slide asking how many sites and acres of industrial land will Newberg need in the future and in reading the EOA it appears that all of the new jobs need to go on vacant or partially vacant land, it doesn't assume that the existing UGB will absorb any of those jobs. Beth responded there is no good way to estimate redevelopment opportunity out of the data available, however the Mill site will probably come up in discussions and be an opportunity for redevelopment and employment. Member Hallyburton noted the existing development could accommodate at least 10% of the employment growth because it was already there.

Beth noted it is speculative that businesses would hire back the same number of people that they have lost and is more speculative in this unusual economic cycle.

CDD Rux noted when the Mill closed those employees were laid off and have gone to other locations, he was working with different organizations to find placement for those displaced workers.

Beth noted not knowing how many of the existing businesses are going to survive as they are right now. Will Newberg have more redevelopment opportunity or more opportunities for new businesses that grow differently than the existing businesses?

Margaret noted they compiled information about industrial employment and site characteristics for Albany, Corvallis, McMinnville, Sherwood, Wilsonville, Newberg, Salem, Tualatin and Woodburn all having similar land base as Newberg.

Beth noted they didn't choose cities like Lake Oswego and West Linn. West Linn is a bedroom community and doesn't have a lot of industrial development. Lake Oswego doesn't have a lot of industrial development and isn't aspiring to be vaguely similar to Newberg. We could add Tigard to this analysis but not sure how much difference it will make. We included Salem because it is a major player in the region and bigger in terms of population than Newberg. Wilsonville has substantial industrial land holdings and their economic development strategies aren't all that different than Newberg. She noted were looking at percentages of employees with different site characteristics so in this case population doesn't matter as much.

Member Hallyburton was looking for an explanation why looking at some cities and not others. He noted there are other cities within the Willamette Valley and it would be interesting to review the data how the decision was made.

Beth noted they have an understanding of what the city's economic basis are and they have done work in a lot of these cities. These are a selection of cities that are comparatively close to Newberg and have an industrial land base, a fair number of employees in industrial businesses and industrial sectors. There wasn't more data behind it, all the cities we originally considered are included in the analysis.

Margaret continued with talking about industrial employment. Industrial employment includes manufacturing, construction, utilities, wholesale trade, transportation, warehousing, agricultural and forestry services. We separated the industrial into site sizes so it corresponds to the matrix shown earlier.

Beth noted they looked at a couple different metrics for each city. Things by acre category that all their employees were industrial employees by city on less than 5 acre and 5-25 acres. Another metric we looked at was the number of sites with industrial employment as well as the average size of sites with industrial employment within site sizes.

Beth noted there is little variation in terms of average site sizes. Less than 5 acres, the average in Newberg is .6 acres and up to 1.4 acres average for those smaller sites. Same is true for the 5-25 acre a little more variation about 10 acres average. In 25-50 acres there's a little more variation between 26 acres and 38 acres average. In the 50 or more acres is a greater variation between an average of 58 acres and in an average of 123 acres, you have some tight groupings on average site sizes.

Margaret continued with industrial employment by acres of land and city. She showed the percent of existing employment on each category as well as the average number of employees per site and site size. She noted Newberg industrial land site need is 2,557 new industrial employees, analysis based on the averages of industrial employment. Based on the regional composition with some adjustments we could get at least 2 employees per site, taking the average number of employees per site to get to the new sites needed in Newberg.

Beth noted the adjustments made so you don't have a fraction of a site, for example if you look at 25-50 acres with 128 employees per site, percentages were adjusted from 5% new employment to 4% new employment.

Member Hallyburton asked if a fraction of a site would just mean a smaller site with fewer acres.

Beth responded she would need to think more about that.

Margaret noted on the new land needed for Newberg, using the average site size and calculate the number of acres based on the number of needed sites in Newberg and the land needed is 275 acres.

Beth responded to Member Hallyburton's question after thinking about fraction of a site. She noted we are looking for opportunity for a large site 50 and more acres and medium large sites 25-50 acres. Based on what we've seen in other cities including the number of employees, 25-50 acre site and the difference between 4% and 5% employment isn't much. 50 acres and more with a site the difference between 4% and 8% of employment is why getting another large site rather than another medium large site.

Member Hallyburton noted part of the concern is making sure the city needs are in fact accommodated. In other parts of the EOA small businesses are so important to the city's economy and want to ensure that we're accommodating those in as well.

Beth noted the small sites on average less than 5 acres are going to be locating an existing or newly built building which may need something much smaller than an acre or a fraction of an acre. Some will actually need the 5 acre sites.

Member Higgins noted the Mill site is a large format site and what we are going to see there is the businesses that locate there are going to create more velocity on the smaller sites to be developed. In the same way for example Adec and DCI they are the sun around with multiple small manufacturers. So with the Mill site you get somebody who comes in and takes 50 acres for manufacturing and it's going to take a lot more for smaller sites, more economically feasible for somebody to come in and develop. It's going to be a boon for adaptive reuse of existing structures and for economic for the small sites to be able to be redeveloped. Where as of today it is very difficult to justify that from a financial metric.

Beth noted the city is going to need to work with the landowner of the Mill site on redevelopment and we will be talking about during the policies discussion.

Member Bush noted based on the needs would you say that given the 76 acres available through the Mill would that mean we would prefer to have a 50 acre development and 5 acre development or are there plans in terms of what we would prefer.

Beth responded to a certain degree I'm not sure how much it matters what the city prefers. There is a role for the city to support infrastructure on the new development. This becomes what the owners of the Mill site choose to do and in discussions with staff earlier it seems that is very much unknown at this point.

Member Higgins noted you could spend six months planning to go one direction and you never know someone may come through Business Oregon who says we want 60 acres, so all of a sudden you have to pivot and address what underwriting looks like and if it's going to be a good fit.

Member Bush noted if the city owned the Mill site then there would be more of a say in terms of what we want to develop in 50 acres or 70 acres in terms of what the goals are.

Margaret continued with explaining industrial land sufficiency. Using the sites less than 5 acres, 79 sites are needed minus 22 vacant sites leaves 57 sites. 57 needed sites times an average site size of 0.9 acres is 51 needed acres. Across each of the sections the results is a 246 acre industrial land needed.

Measures to Accommodate Industrial Land Need:

Beth noted on potential measures and how it's going to accommodate the 246 acres of industrial land needed as shown on previous slide. Newberg has a lot of planning done including the Economic Development Strategy, Newberg Downtown Improvement Plan and the Riverfront Master Plan which is not quite adopted yet, the hearing is November 2nd with City Council. She noted maybe the city should establish a preservation policy for industrial sites over some acres to limit conversion to other uses. What we're trying to not have is industrial land that may become commercial land but also acknowledging that along with some industrial development you tend to get supporting commercial development for retail sales from your honey making manufacturer and little restaurants that serve the surrounding area. What you're trying to do is preserve your existing industrial sites not necessarily the 1-2 acre sites but your bigger sites.

Beth noted potential measures requires master planning for business or industrial parks. After a discussion earlier today master planning of the district level focusing on planning for infrastructure.

Beth noted other potential measures are to identify land to rezone to industrial and avoiding down-zoning. Use Urban Renewal as a catalyst for redevelopment and that was a hint towards the redevelopment of the Mill site

which there will be more discussion on. And to complete the interchange management plans for the Newberg-Dundee Bypass.

Member Higgins noted Newberg has so many small one acre sites and it so expensive to develop small sites. We need to figure out some way to incentivize development on those sites for small users, we can get people who are actually able to purchase and bring them vertical. This is important to be thinking about because those are jobs that tend to be an occupied situation. He noted Northwest Alpine left Newberg because they couldn't find space and that took 40 jobs to Salem. They purchased a building in Salem, so they are not coming back. If there was a way to incentivize people to move from tenancy into ownership in these smaller sites we're going to create a much stickier tax base and longer term employment opportunities.

Member Higgins noted this is part of a larger discussion, from a local municipal stand point you start looking at regional and state partners to put together. He noted we are land constrained, we have the Urban Growth Boundary which has a very complicated process to bring land in and adversarial parties bringing more land in. We need to incentivize people to make more with what they actually have and have an efficient use of the existing land in the Urban Growth Boundary. How do we do that is maybe grants, low-interest loans or financing whatever portion of fees that go into the costs of the permitting process? He noted instead of big traded sector companies you incentivize the 2 – 4 person company to actually bring in jobs. For example a gentleman took over British Cycling with the thought process was marginal gains and if you can improve everything along the way 1% that aggregates to a larger win. He noted the same theory could be applied to our existing land use development process. He noted we need to look at this, I don't have a solution right now but this is a big picture but a necessity if we want to avoid endless time and energy through LUBA appeals.

Chair Walker noted there's been a very serious need for industrial property in our community. We lost businesses who have been looking for ground which has not been available. When we provide the land that is owned it will encourage businesses to look in our area and it's important to accomplish as soon as we can.

Beth ask if Chair Walker had any ideas about using the existing land base more efficiently or any other policies around economic development that would be helpful for the community.

Chair Walker noted we have a community with a lot of benefits, we need to make people aware of that who are looking for land from inside or outside Oregon. He noted there has been land available for some types of development but has not been available in size or quantity for businesses that need to expand and are looking in an area like Newberg.

Member Hansen had no suggestions at this time.

Member Bush noted there maybe businesses looking to develop in the area and there is land available but limited housing available for the employees. This could be a limiting factor, so anything we could do to improve the availability of housing in the area. Beth responded that the city is currently working on updating the Housing Needs Analysis.

Member Hallyburton noted he is not familiar with the Economic Development Strategy or the Downtown Improvement Plan and the policies and noted his ideas might be already covered. He noted it costs the city for things like SDC waivers or other regulatory relief. Having infrastructure or the plans in place for fast implementation of infrastructure construction.

CDD Rux noted we are looking at SDC's, we currently have a loan program, and looking to get the Urban Renewal program which could be a tool to install infrastructure. There are loan programs with our partners from Business Oregon, we could connect with our regional development officer in the IFA to get some loans, which could be a bridge loan and they have different packages that are there to help local businesses.

CDD Rux noted the focus on land assemblage for commercial and some on the industrial side. He noted developers don't want to assemble multiple parcels because it takes time for them. He noted on the wetland issues in the Willamette Valley. What can you do to come to that pre-empted activities and to get a clear understanding on sites, what wetlands that can be filled and which ones need to be preserved or enhanced.

CDD Rux noted on the Interchange Management Plan we have two areas as part of the Bypass, Hwy 219/Bypass and Hwy 99/Bypass. As phase 2 moves forward we're going to have to do the Interchange Management Plan. ODOT's concern is for non-industrial uses occurring or types of uses that are going to potentially overwhelm the interchanges. This is another work program to be done in the future but first we need 200 million dollars for funding for phase 2 of the Bypass.

PM Davenport asked if it has been identified in our Development Code that are barriers to expedite land use application review, process, standards and requirements for actual permitted uses. Is there anything that we can mention if there is a need for Development Code amendments in the future that we can point to this analysis to remove barriers.

Beth responded we haven't as part of our scope of work done any sort of code audit that maybe CDD Rux has done in prior projects applied opportunities for streamlining.

PM Davenport noted maybe it's something with identifying Development Code requirements to expedite approval process.

Member Elbert noted in the past that preservation of industrial land has been a problem. The Werth property was designated industrial and of that 100 acres we got one industrial building that is being used for a winery. He noted we haven't done very well at preserving the industrial land we have. He noted we don't have to worry about attracting large corporations to Newberg because we have no land for them. He noted in comparison to other cities on the list Newberg in farthest on the list of all the categories. He noted that if the smaller companies wanted to grow and develop they are moving because there is no place to grow in Newberg. For example having another company like DCI which was started in the basement and grew to a good size of 200 employees. The chance of that happening in Newberg is slim because there is nowhere for them to go and this is a serious problem in Newberg. We do have A-dec, who brings in employment to Newberg.

Member Woodruff noted he agrees with Member Higgins trying to incentivize the redevelopment of the smaller parcels. He noted his concern is waving the SDC's and what the return is when the company moves on or goes out of business in 2 years. This is a challenge for the School District they don't wave SDC's but only for nonprofits and religious organizations, we then have to find a different way to pay for that expense.

Member Routt noted so far sounds like a lot of great points have been covered and agrees but no additional comment.

Member Elbert commented on tax breaks and the requirements of the Enterprise Zone and going back to recoup the money.

CDD Rux noted we market the Enterprise Zone for those companies that are looking to recapitalize with equipment. We coordinate with them, get the application submitted and approval through the City and the County Assessor. Annual monitoring of the companies we have to submit reports that's one piece. The other is new buildings new development. So if you're building a new industrial building and adding one employee you qualify for the Enterprise Zone. If you are a company and doing an expansion on your building you have to have a 10% increase so if you have 10 employees you need to add 1 employee. He noted the issue so far has been the constraint in the land for people to build the new buildings. We have talked with other companies about when they were looking to recapitalizing and the opportunity of the Enterprise Zone. Then it's the

company's choice of decision whether they want to take advantage of that or not. We have had some companies who do not and some companies that have chosen to take advantage of it.

Member Elbert noted Westrock Mill site is in the Economic Opportunity Zone and Enterprise Zone. He noted the likelihood of hitting industrial employment targets isn't necessarily a reach because there's a lot of Federal State and Regional incentivized programs to get employment up in that area. The proximity to the metropolitan area, rail, water rights and 12 miles from the interstate it's not a reach to say were going to hit those targets on that site.

Draft EOA:

Member Hallyburton had a question on page two of the EOA under framework for economic opportunities analysis there are three different rules that are applicable. Under the cover of the document it says Economic Opportunities Analysis which would lead me to believe the first rule number 0015 and not the two subsequent rules, but based on our conversation today it sounds like this project addresses all those rules. Beth replied yes, we use this framework frequently.

Beth asked the Committee Members to read the EOA document and to have any comments sent into CDD Rux by October 16th. The final EOA will include recommendations about the measures that we just talked about in this meeting will be brought to the December 1st meeting.

Next Steps:

CDD Rux noted at the December meeting he is looking for a recommendation from this Committee to the City Council. He noted his hope is that the recommendation is for City Council to accept the Economic Opportunities Analysis document. This is why it's important for all to read and get comments and feedback by October 16th so Beth and Margaret can integrate them in. On December 1st meeting we'll take any final comments and modifications will be made.

December 10th the document will go to the Planning Commission for their review and recommendation for City Council in January.

Also an open house will be ongoing mid-October and November and will be online, including a survey on the EOA.

VI. ITEMS FROM COMMITTEE MEMBERS

None

VII. ADJOURNMENT

Chair Walker adjourned meeting at 7:34 pm

APPROVED BY THE ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE this December 1, 2020



Curt Walker, EOA CAC Chair



Doug Rux, Recording Secretary