

Mac-Town 2032

Economic Development Strategy Focus Group Findings

March 14, 2018

FOCUS GROUP NO. 1

Assets:

- **Diversified employer base** with high-tech Northwest Rapid Manufacturing on the one hand and Cascade Steel on the other
- **Low-cost, almost 100% renewable power**, among the cheapest in the country; public control of the water/watershed provides long-term certainty in the face of resource constraints and drought
- Existing talent base, particularly in the wake of Evergreen's closure, though larger metros compete for talent regionally
- High **quality of life** aids talent-attraction: "we are what your talent looks for"
- **Linfield College**, one of the Wall Street Journal's best in the West, solid academics, good athletics; some students come because McMinnville is perceived as a safe, small-town atmosphere for college
- **Wineries, traditional agriculture and nurseries**, though wine creates a lot of service industry jobs and we need a better economic base than that; McMinnville and Newberg are hubs for wine, though Newberg has a lot of retail and McMinnville is stronger on the supply side
- Our **airport** and its tenants; light industrial base
- **Cheap power, water**; water availability has perhaps not been fully appreciated by water-intensive industries like craft brewing
- **Insulated a bit from the Portland metro** in that it's too long to commute—also creates challenges
- Some recent projects have been big successes:
 - **Granary District** with recent federal funding
 - Partial completion of the **Highway 99 bypass**, which benefits other communities too, but cuts travel time to/from Portland—needs to be completed
- The **airport** supports a broad range of industries:
 - Wine – through private travel, particularly to/from California (e.g. Jackson family)
 - Industry – such as Northwest UAV
 - Training – visitors for training on aircraft/helicopters from as far away as China

- The airport also has advantages over other regional airports:
 - Runway is longer than at Aurora State Airport
 - McMinnville’s airport has an instrument landing system (ILS) that facilitates landing during inclement weather or poor visibility

Challenges:

- **Constrained land supply** is a big one, and the problem of **UGB expansion is “high-centered” in the Mid-Valley** because the cities are bursting at the seams, but the region has prime farmland that needs protection; there is little land left to accommodate housing growth and **very little industrial land**—what is available will be exhausted within a 15-year timeframe
- **Housing** is a particular challenge for young people due to cost and availability, and the UGB is critical to preserve the farmland that enables wine and agriculture; expanding residential capacity involves finding lower-value land, which often requires a larger investment in infrastructure, thereby driving up the cost to build and putting pressure on builders to offer a higher-priced product
- McMinnville is the small town that a lot of “other towns want to be when they grow up”, but that also produces some “**McMinnville envy**”, which can make regional collaboration challenging
- Young talent tends to leave; we need to give young people a reason to stay or to come back after leaving temporarily
- Evergreen’s departure has more or less played out, but the last building just sold, so there’s an enduring economic impact
- **Housing affordability**, particularly for recent college graduates; quality of life amenities make McMinnville a “slam dunk” for adults in their 30s with young families, but “this is a tough place to be single in your 20s”
- Much of our young talent leaves after high school/college graduation and we face a bit of a **brain drain**
- Bridge into town on Highway 18 needs to be replaced
- There is a lot of competition for companies fleeing California, making that a difficult niche; Reno, for example, is doing everything it can to capture this market

Opportunities:

- Cluster companies around key **high-tech employers** like TTR, Northwest UAV and Northwest Rapid Manufacturing
- Recruit companies relocating from California for improved employee quality of life
- **Improve regional connectivity**: it is unlikely that McMinnville will “win the land wars” given the presence of high-dollar agriculture operations and the prominence of wine, but the regional perspective—how

communities can work together despite the physical space between them—offers opportunities to grow sustainably with the County or a defined job or commute-shed

- **Be proactive about growth and density**; either we pull up the draw bridge or we find ways to grow well
- Better leverage the airport
- Support and encourage the air and space museum, which is a national attraction
- Attract clean, **high-tech, high-wage jobs** that create a high-value product with a light footprint; example of a knife company (Ferrum?) that relocated from California and brought the skilled workforce with them
- Get more involved with the County to create a stronger regional presence; leverage County institutions to find **regional solutions to local problems**
- Continue to grow and **improve our downtown core**
- New **medium and high-density housing development**, particularly to satisfy the market demand from retirees, but also, secondarily, to market to young people and potentially second home owners
- Leverage the **\$6M gift to Linfield's wine program** to spur innovation

FOCUS GROUP NO. 2

Assets:

- **Air and space museum**
- **Leisure activities**, especially wine; “I see this as Bend back when I moved to Bend, with the leisure activities in place of outdoor recreation.”
- **Water park** is tremendously underleveraged as a family destination; people from Portland likely drive two or three hours up to Great Wolf Lodge for a similar experience
- **City leadership, business-friendly environment:** RNH Construction, through work on the Atticus Hotel, says working with the City has been amazing; Bend offers the opposite experience
- **Excellent food scene**, particularly for a community this size; tremendous restaurants, significant catering business due in part to weddings at wineries

Challenges:

- From a hospitality/visitation standpoint, about 50% of a hotel’s business comes from leisure and about 50% from **corporate/business travel**, so filling the weeknights and securing the corporate/business travel portion is a challenge; the leisure portion will take care of itself
- Town is land-constrained, and **affordable/workforce housing** is a legitimate issue
- Sometimes we can be too focused on downtown, and we need to ensure that we develop assets throughout the community
- **Parking** can be an issue downtown; some spots are locked up by daytime employees, but these spots should turn over regularly
- Yamhill County offices downtown may not be the highest and best use of that land
- **Transportation challenges** in capturing business from Portland; McMinnville is the end of the line coming out from Portland and the trip asks visitors to stop frequently at stoplights
- We need a **sustainable solution to homelessness**, and the clustering of service providers in and around downtown magnifies the issue
- Labor is a challenge, but it’s a challenge everywhere for this industry

Opportunities:

- **Improved hospitality offerings:**

- Higher-end products: prior to opening Atticus, the Allison in Newberg was the only high-end lodging in the valley, with everything else in the two- or three-star range
 - Convention center/meeting space, as well as space for smaller groups, maybe 25-30 people, seems to be a gap in our offerings
- There is huge demand for **higher-density housing**, especially near downtown
- Sustaining and maintaining **historic character** is really important, and good design guidelines are necessary to ensure high-quality development
- **Craft beverage expansion**: wine is more or less self-propagating, but there are opportunities in spin-offs like distilling, cider-making, brewing; this town could support more in the drinking spinoff vein

FOCUS GROUP NO. 3

Assets:

- Lots of existing **agricultural activity, diversified crops**, 274 different crops grown in Oregon and many can be found in the valley (olives, blueberries, grapes, apples, prunes, hazelnuts, Christmas trees, grass seed, etc.)
- Extremely lucky to have **Mac Power and Light**
- **Linfield**, which is being used more and more to create wine and agriculture-related possibility; Center for Wine Education received significant grant
- Wine is an anchor here, but we're **not a monoculture**, and that's important; Napa's problem was/is that it is only about wine
- Land availability for agriculture and grape cultivation: there are thousands of acres available and a lot of Class 4 soil able to grow good grapes, other crops

Challenges:

- **Climate change**, which could fundamentally alter what and how we grow in the valley
- Corporate intrusion into agriculture/farmland
- Urban draw for wine is weak, because when vineyards are also present, people choose to visit the vineyards over the urban tasting rooms
- Possible over-saturation of tasting rooms on Third Street; not enough traffic to support all of them
- **Market penetration/knowledge of product** for Yamhill Valley/Oregon wine is still a challenge
- Shoulder season creates adversity for wineries
- Perceived **short-sightedness of OSU**; they have the potential to be a great partner but finding the right people there is challenging, and Extension may not be well-supported at the state level
- McMinnville could use a **stronger brand**, and better alignment of development and improvements with that brand
- Increasing traffic, affordability challenges all could dilute McMinnville's quality of life in the future

Opportunities:

- Yamhill County and McMinnville could be a leader in the **production, processing and value-add** segments for agricultural products; potential role in **R&D**: “agriculture is not just soil, it’s labs, it’s science-based; the cannabis industry offers opportunities.”
- Creation of a **year-round indoor farmer’s market or food hub**
- Soil and Water Conservation District has 174 acres within the UGB to be used in support of urban agriculture
- Mixed-use and light industrial potential on **Lafayette**
- “It would be interesting to use our **rail**; we have it, but don’t use it.”
- Get more involved with **OSU’s Small Farms Department and Food Innovation Center**
- Better leverage **Yamhill Soil and Water**, which owns or manages over 3,000 acres in Yamhill County
- We need a space for entrepreneurial food people to develop new and innovative food products and projects and pursue value-add opportunities
- **Wine-oriented makerspace** would be very useful; more R&D across all agriculture activities; Stellenbosch, South Africa and Regua, Portugal offer examples of wine incubators or collective spaces for winemaking
- **Better food, lodging** would benefit us, because we’re just a little too far from Portland to be a comfortable day trip, and that’s why people often stop in Dundee or Newberg; the people we want to draw have higher expectations for food and lodging
- The growth curve for wine here is steep but flattening; there’s still more opportunity here than in any of the other major wine regions of the world
- Find ways to ensure that the people that work the vineyards can continue to live here, because they tend to be a younger, more diverse demographic that creates demand for food, nightlife, concerts, galleries, etc. and this is how we avoid becoming a monoculture; affordable housing is a critical component in this equation
- Room for growth in diversified light industrial, companies that provide support, supplies, equipment repairs, etc. for wine and agriculture
- Tie Linfield’s Center for Wine Education into hospitality/tourism programs at larger universities
- Focus on smaller vineyards – the average around McMinnville is six acres, versus 212 acres in Washington; we must make small agriculture work well
- Lots of opportunity for **bike routes, bike tourism**, or a wine bike route that caters to a totally different segment of visitor
City or County could/should **hire a resource officer** that helps with grant writing, understands funding sources, and facilitates innovation in agriculture and other industry sectors

FOCUS GROUP NO. 4

Assets:

- **Cheap power**, part of the reason why McMinnville is here
- **Chemeketa** is a huge asset and can be better leveraged
- **Small-town character**, family atmosphere is part of the reason why some businesses locate in McMinnville; in some cases, it's a good fit for the company culture
- **Attractive location** from a quality of life standpoint, not many places balance access to the coast, the mountains and a major metro the way McMinnville does
- Nice **downtown** and high-end restaurants can add value for businesses, as they offer places to entertain clients from out of town

Challenges:

- Access to the I-5 corridor, **logistics and transportation** are an enduring challenge
- Dependence on California to some extent for market demand for products, construction in California is a boon for our industrial segment, but it can be cyclical
- **Workforce availability for trades is crisis-level**; it is extremely difficult to find even entry-level people with a little bit of training or exposure, electrical and millwright are scarce; also need "soft skills" for manufacturing and fabrication because we can teach some of the technical skills, like welding
- **Housing** is an issue, especially for younger employees
- Denser housing types may cater more to people from out of town; a lot of our workforce, especially if they are from McMinnville or surrounding communities, want a detached home with a small yard
- Limited middle-of-the-road options for dining out can be a quality of life issue and can increase some affordability tension
- **Oversaturation of tasting rooms on Third Street** can make downtown feel less welcoming to some
- **Communication and coordination with the business community** is lagging; some regulations don't seem to account for business perspectives, and business owners wish they had a more consistent seat at the table

- There is anecdotal evidence of **limited industrial land supply**; there's not a lot of quality office space available, and this could constrain the growth of fast-growing companies
- **Infrastructure isn't keep up with growth**; roads to serve new residential development seem to be a second thought

Opportunities:

- Large grant to the School District for middle school trades, excellent fabrication and manufacturing program at the high school
- Opportunity to ramp up **apprenticeship programs** at major employers (Cascade Steel has about 15 apprentices right now); other non-traditional models such as from Solid Form, which created an endowment and a volunteer program for employees to get instruction and information about career pathways into secondary schools, or from OnlineNW, which entered a revenue-sharing agreement with local schools
- Wine can seed some metalworking and fabrication, as it creates a need for custom pieces
- **Invest in Willamina, Dayton**, etc. to ensure a broad spectrum of affordability regionally, so that our workforce can afford to live comfortably across the wage spectrum, even if not in McMinnville
- Adequately teach and train people skills and other **soft skills**, because a lot of the technical skills are teachable upon employment