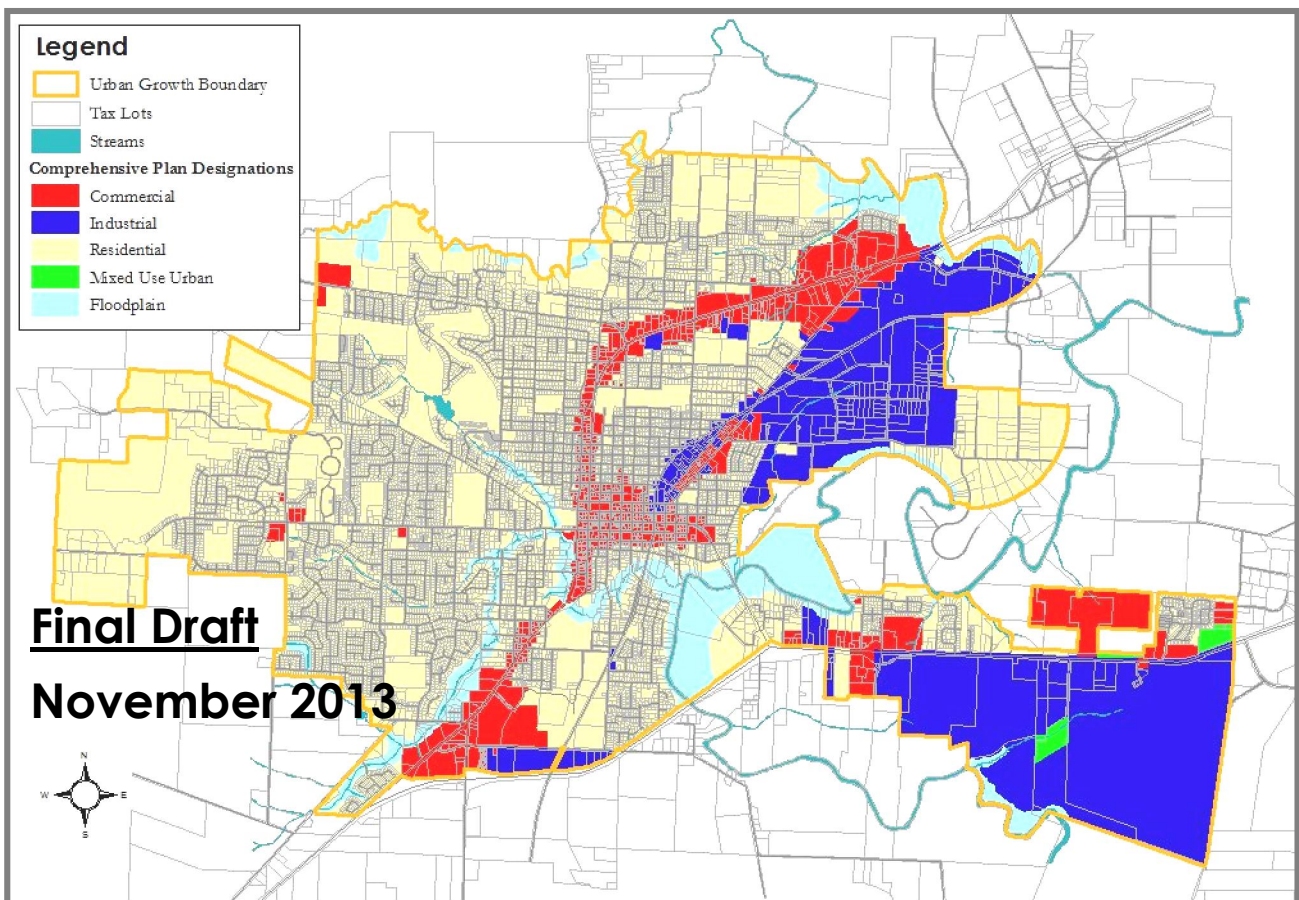


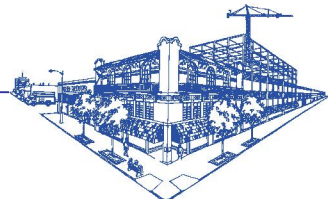
CITY OF MCMINNVILLE

ECONOMIC OPPORTUNITIES ANALYSIS



E. D. Hovee & Company, LLC

Economic and Development Services



City of McMinnville Economic Opportunities Analysis

Final Draft

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ACKNOWLEDGEMENTS

This 2013 updated Economic Opportunities Analysis (EOA) has been prepared for the City of McMinnville under the direction and guidance of an EOA Advisory Committee comprised of the following individuals:

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Over the course of the past year, the Advisory Committee has met six times to review background material and an initial April 2012 review draft EOA together with more detailed discussion of EOA forecast and policy options. The result of that work is provided in this draft, which is now available for public review and consideration by the McMinnville Planning Commission and City Council.

Funding for this EOA update has been provided by Kimco-McMinnville as approved by the McMinnville City Council, August 15, 2012.

Advisory Committee and funding participation is gratefully acknowledged.

This is a final draft EOA report, for public review and revisions based on questions and input received.

GLOSSARY

Provided below is a listing of abbreviations and acronyms used throughout this report:

AAGR – annual average growth rate, calculated as a rate compounded annually.

DLCD – refers to the Oregon Department of Land Conservation and Development, responsible for review of Comprehensive Plans including Economic Opportunity Analyses within the State of Oregon.

EOA – Economic Opportunity Analysis as the title of this report and a state requirement for Goal 9 updates of local jurisdiction comprehensive plans.

FIRE – refers to the employment category of finance, insurance and real estate.

LCDC – Oregon Land Conservation and Development Commission as the appointed board overseeing DLCD and interpreting land use policy for the state, responsible to adopt state land use goals and implement rules, assure local plan compliance with planning goals, coordinate state and local planning, and manage the coastal zone program.

MGMUP – the 2003 *McMinnville Growth Management and Urbanization Plan*.

MDA – McMinnville Downtown Association.

MEDP – McMinnville Economic Development Partnership.

MWL – McMinnville Water and Light, a public utility providing water and electric service.

MSA – Metropolitan Statistical Area, a regional area defined by the U.S. Census Bureau.

NAICS – denotes the North American Industry Classification System for categorizing employment by industry type (and replacing the former SIC system – see below).

OAR – Oregon Administrative Rules including rules for EOA implementation under the purview of the Land Conservation and Development Commission (LCDC).

OEA – State of Oregon Office of Economic Analysis.

OED – Oregon Employment Department.

SEDCOR – Strategic Economic Development Corporation (based in Salem).

SIC – Standard Industrial Classification, a method used in the U.S. to categorize U.S. employment up to about 2000 (and now supplanted by NAICS – as described above).

TWU – refers to the employment category of transportation, warehousing and utilities.

UGB – the urban growth boundary adopted by the City and recognized by DLCD as encompassing the city limits plus adjoining unincorporated area for which urban level services are either provided or planned.

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I. INTRODUCTION

The City of McMinnville is updating its 2001 Economic Opportunity Analysis (EOA) in compliance with Goal 9, Economic Development (as stipulated by OAR 660, Division 9). The objective of the EOA is to identify likely industrial and other economic development opportunities and corresponding employment land needs over a planning period of the next 20 years.

BACKGROUND

McMinnville's *Comprehensive Plan*, as adopted in 1981, consists of three interrelated volumes:

- Volume I – covering background information for the plan process
- Volume II – listing adopted goals and policies
- Volume III – consisting of implementation ordinances and measures including the comprehensive plan and zoning maps, annexation, zoning and land division ordinances, and planned development overlays on areas of special significance

In 2001, the City of McMinnville completed an *Economic Opportunities Analysis (EOA)* aimed to “inventory all non-residential lands and conduct an analysis of its future commercial and industrial land needs, consistent with the requirements of current Statewide Planning Goals, laws, and administrative rules.” The EOA identified a potential surplus of industrial land and a deficit of commercial land over what was then a 20-year forecast horizon of 2000-2020. The EOA was approved by the City Council in February 2002 and subsequently acknowledged by the State Land Conservation and Development Commission (LCDC).

In 2003, a *McMinnville Growth Management and Urbanization Plan (MGMUP)* was adopted as an element of the *Comprehensive Plan*. This document provided guiding principles and a development concept for future growth, including a proposed expansion of McMinnville's Urban Growth Boundary (UGB). In conjunction with this process, the City also updated the work of the 2001 EOA with respect to a revised *Population and Employment Justification* and a *Revised Buildable Land Analysis*, to bring these analyses current to the January 1, 2003 starting benchmark of the UGB review process. In effect, the 20-year planning horizon was shifted from 2000-2020 by three years to 2003-2023. In addition, the buildable lands analysis was updated to reflect changes that occurred between 2001 and 2003, and land need projections were adjusted accordingly.

The MGMUP documented the need for UGB expansion approaching 1,125 buildable acres, with more than 90% of the need accounted by proposed expansion of land for residential, parks and related public uses. The remaining 9% represented land documented as needed for commercial development. The MGMUP was approved by LCDC, but then appealed by private parties to the Oregon Court of Appeals for issues related to prioritization of the types of agricultural land that can be added to the UGB. The Court eventually reversed and remanded LCDC's approval; LCDC subsequently reversed and remanded their action to the City of McMinnville.

Both the City and the Department of Land Conservation and Development (DLCD) have taken the position that plan policy and code amendments that were not successfully appealed remain valid and in effect. However, the current EOA is now 12 years old; even with the 2003 update, the remaining time of the current 20-year planning horizon is now reduced to just 10 years (to 2023).

Through a coordinated population forecast update process, population projections for jurisdictions in Yamhill County, including McMinnville, were revised as of 2012. Also noted is that the State has adopted new administrative rules under Statewide Planning Goal 9 that became effective in 2007, now also stipulating that local governments prepare a regional trends analysis not previously required.

In addition, a previously determined 106-acre deficiency of commercial land for McMinnville's 20-year need has not been fully remedied. While the City of McMinnville is not pursuing any proposal to increase its UGB at this time, the need to address the potential imbalance of commercial and industrial land requirements has become more apparent due to the effects of a changing global, regional and local economy – especially in the wake of the most significant U.S. recession since the Great Depression of the 1930s.

In effect, the most viable route to better understanding and then addressing changing economic needs and priorities of the community appears to be through an update of the 2001/03 EOA documentation. This is to occur through a process similar to that of the earlier EOA, with community input and via a forecast process now extended to encompass the next 20 years from 2013-2033.

PLANNING AREA DEFINITION

As illustrated by the Comprehensive Plan map on the following page, the planning area for this EOA assessment is the City of McMinnville and its Urban Growth Boundary (UGB). This EOA also provides discussion of the Yamhill County, regional, statewide and national context within which local economic development opportunities are appropriately framed.

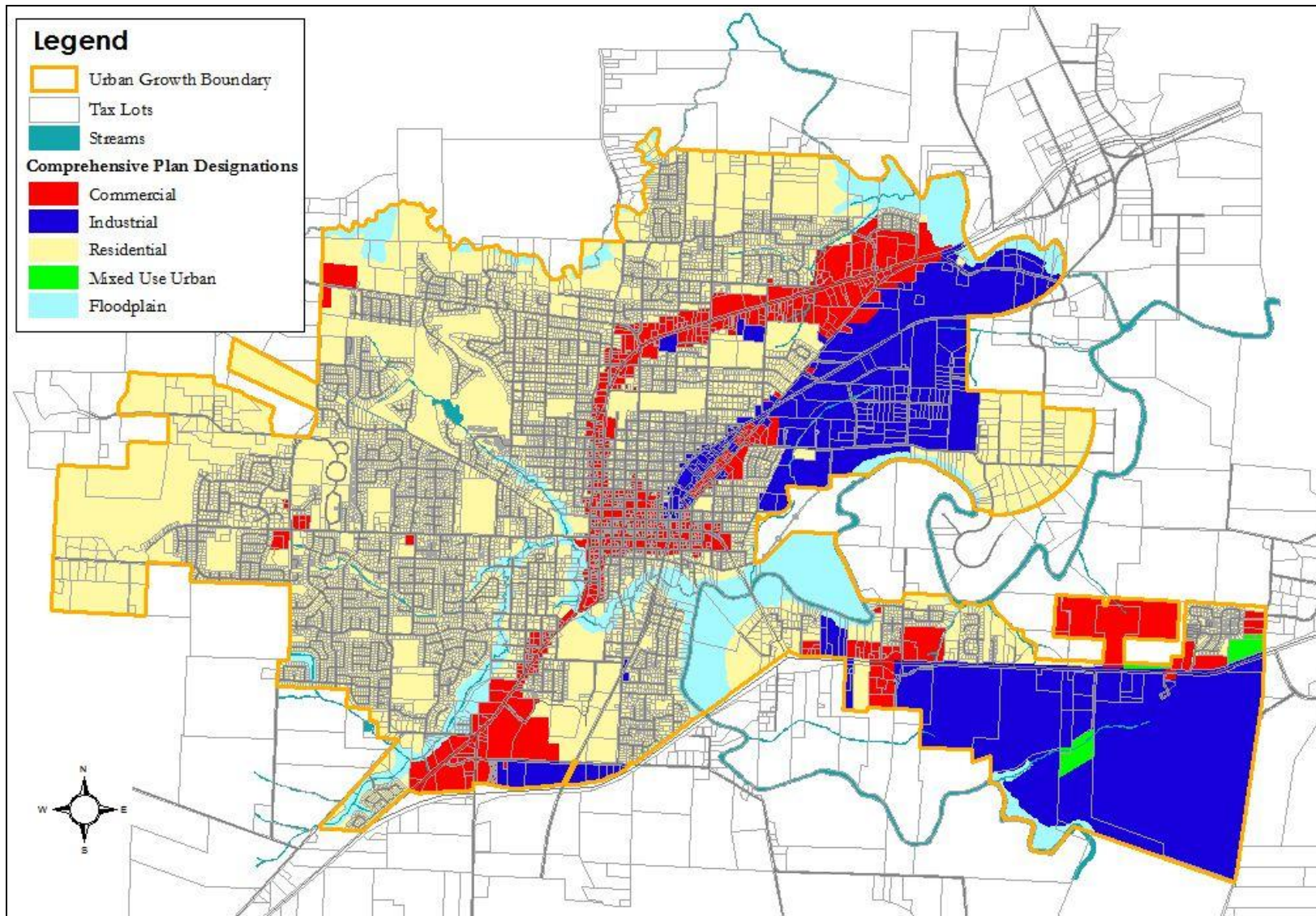
EOA UPDATE METHODOLOGY

A pivotal question with this EOA process has been the extent to which the EOA update should primarily reflect prior assumptions and methodology (as indicated by the initial 2001 EOA and 2003 revisions) or, in the alternative, start afresh with potential for a substantially revised approach to determining industrial and commercial land needs for the community.

An essentially hybrid (or combined) approach has been taken in consultation with the EOA Advisory Committee and DLCD representatives, outlined as follows:

- As noted, prior EOA population projections have been revised to reflect updated forecasts completed through a coordinated planning process with Yamhill County in 2012.
- Consistent with the methodology of the prior EOA, McMinnville employment growth is forecast based on population growth, meaning that the employment forecast is adjusted consistent with recent changes to the city's population projection.
- The mix of industrial to commercial employment is re-examined based on actual trends realized since 2001/03; other parameters associated with conversion of job growth to land demand also have been re-examined in consultation with the EOA Advisory Committee, to assess whether more pertinent updated data should be applied.

Figure 1. McMinnville Comprehensive Plan Designations



Source: City of McMinnville.

- The commercial and industrial buildable lands inventory (BLI) has been updated from work initially conducted in 2001 (then revised in 2003); a fully updated and comprehensive 2012 BLI was completed by the City of McMinnville for this EOA as of October 2013.
- As noted, while always an option for potential consideration, this EOA update assumes that McMinnville’s UGB will not be expanded during the updated 20-year forecast period for purposes of providing non-residential (or employment) land need; rather, any needs for added forecast employment growth are anticipated to be accommodated through efficiency or other measures as available to avoid UGB expansion.

Based on direction from the McMinnville City Council, an EOA Advisory Committee was created with the charge to provide guidance and technical expertise on issues relevant to update of the City’s now 12-year old EOA study. Advisory Committee members are identified by the Acknowledgements section at the beginning of this report.

Six Advisory Committee meetings were conducted over the course of preparing the Public Review Draft. Meetings conducted and primary topics covered are summarized as follows:

- November 13, 2012 – Committee orientation and EOA background briefing
- January 30, 2013 – Employment and commercial/industrial land forecast methodology
- May 20, 2013 – Presentation and discussion of review draft EOA
- June 10, 2013 – Forecast and policy questions for EOA Committee discussion
- July 15, 2013 – Options for balancing commercial/industrial land demand and supply
- September 17, 2013 – Job density assumptions and conversion criteria

Advisory Committee input is specifically referenced, as applicable, throughout the forecast and implementation portions of this EOA document.

COMMUNITY ECONOMIC DEVELOPMENT OBJECTIVES

Current community objectives for economic development can be found as part of two City of McMinnville documents – a community Mission Statement together with more detailed goal statements contained in the Comprehensive Plan Policies document (Volume II).

Mission Statement. As adopted by the McMinnville City Council in 1993, the overall mission of the City is stated as follows:

The City of McMinnville is primarily responsible for maintaining a safe and livable environment within the community. This is achieved by providing open governance and efficient delivery of public services. The City’s goal is to be the best City in the State of Oregon.

A healthy economy is identified as one of ten values aimed “to provide a sense of common direction” in carrying out the City’s adopted mission:

Economy: Economic development is vital to achieving prosperity and job creation. A healthy and diverse private sector is critical to the support of public service financing. A healthy downtown core area is valued as a key element of the City’s overall economy.

Comprehensive Plan. A more detailed statement of economic development goals is embodied by the *Comprehensive Plan (Volume II Goals and Policies)*, Chapter IV – Economy of McMinnville (as amended):

Goal IV 1: To encourage the continued growth and diversification of McMinnville’s economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Goal IV 5: To continue the growth and diversification of McMinnville’s industrial base through the provision of an adequate amount of properly designated lands.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

The adopted Comprehensive Plan includes a series of general, locational and design policies as “more precise and limited statements intended to further define the goals.” Also included as part of the Economic Development element of the existing adopted plan are three proposals as “possible courses of action” to further implement the goals and policies.

This *public review draft* EOA proposes no major changes at this time to the goals as currently stated. However, revisions that might be anticipated with more detailed implementing policies are described in the last section of this EOA document.

EOA ORGANIZATION

The remainder of this Economic Opportunities Analysis (EOA) report is organized to cover the following topics:

- *The McMinnville Economy* – as a review of pertinent population, demographic and economic trends for McMinnville in the context of what is occurring throughout Yamhill County, a larger economic region, statewide and nationally.
- *National, State & Regional Outlook* – covering recent economic experience and forecasts external to the community that could influence employment uses reasonably expected to locate or expand in the McMinnville UGB over the 20-year planning horizon of this EOA.

- *Economic Development Potential* – focused on factors that currently and prospectively affect economic development in McMinnville.
- *Forecast Employment & Land Needs* – detailing an updated UGB employment forecast together with industrial/commercial buildable lands inventory and determination of long- and short-term needs, parcel size evaluation, and commercial/industrial policy options.
- *Implementation Policies* – including specification of adequate site and facilities commitments, resources for public-private implementation, and supporting goals, policies and proposals for consideration with updates to the McMinnville *Comprehensive Plan*.

The *Appendix* to this EOA provides more detailed supplemental data.

II. THE MCMINNVILLE ECONOMY

This Economic Opportunities Analysis (EOA) begins with a review of the McMinnville economy. Topics covered include a brief description of data sources and geographies considered, followed by an overview of pertinent population, demographic and economic trends. This overview provides a starting point for a more detailed subsequent assessment of national, state and regional economic trends, together with review of community economic development potential, employment land needs, and implementation policies.

DATA SOURCES

Statistical information for this discussion of the McMinnville economy has been compiled from published public agency sources including the 2010 U.S. Census and associated American Community Survey, State of Oregon Employment Department and Office of Economic Analysis, and Portland State University Population Research Center. These and other sources utilized are as noted within each applicable section of this EOA. Much of the data most pertinent to this EOA is presented in summary graphic form. Supplemental data tables are provided by the Appendix.

GEOGRAPHIES CONSIDERED

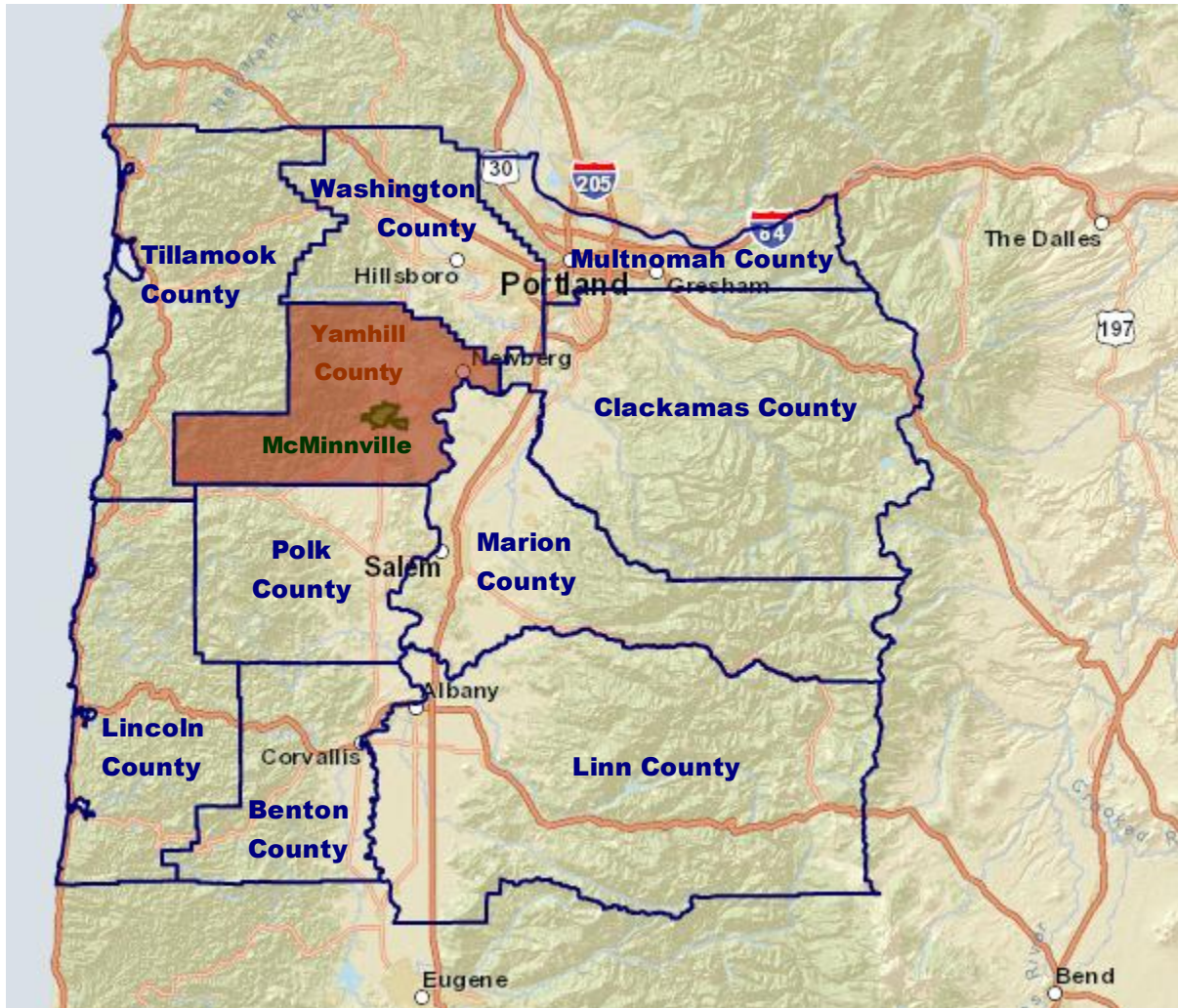
As amended in 2007, OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends. The geographies covered by this EOA are the City of McMinnville, Yamhill County, and a 10-county economic region, which are as depicted by the following map (Figure 2). Also included, as available, are pertinent comparable data for the state of Oregon and United States.

With this EOA update, a larger 10-county economic region is identified comprising Yamhill, Washington, Clackamas, Multnomah, Marion, Polk, Linn, Benton, Lincoln and Tillamook Counties. This larger northern Oregon region affects McMinnville economic opportunities from several perspectives:¹

- Yamhill County has been defined by the U.S. Census as part of the 7-county Portland MSA as an economically integrated region based on consideration of economic linkages, including workforce commuting patterns; however, the counties of Clatsop, Clark and Skamania that are also defined as part of the Portland MSA are excluded from this 10-county economic region, as they are more removed from Yamhill in distance and serve as smaller centers of core employment and business opportunities than the 10-county region, which is more accessible to Yamhill County.
- Yamhill County also has economic and jurisdictional linkages with Marion and Polk Counties, with strong commuting patterns to the Salem area and agricultural ties to Polk as well as portions of Linn and Benton Counties; previous economic development planning for Yamhill, Marion and Polk Counties has been conducted, for example, under the auspices of the Strategic Economic Development Corporation (SEDCOR). The 3-county region is also considered as part of Oregon WorkSource Region 3.

¹ The prior 2001 EOA provided demographic data for a 6-county North Valley region that consisted of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties. For some data indicators, the 2001 EOA expanded the geographic region to cover the entire Willamette Valley, which also included Benton, Lane, and Linn Counties.

Figure 2. City, County & Regional Geographies



Source: ESRI and E. D. Hovee & Company, LLC.

- Substantial workforce commuting occurs from McMinnville – with an estimated 26% of McMinnville’s employed workforce commuting 30 or more minutes to other places of employment both in and out of Yamhill County. A relatively high local jobs to population ratio also indicates that McMinnville businesses benefit from a substantial inflow of employees from other mid-Valley communities accessed via major travel corridors.
- Regional trade area for comparison and destination retail shopping – with major competing centers that serve as alternative shopping locations for McMinnville and area residents situated to the north in Tigard/Tualatin and southeast in an arc from Salem to Albany and Corvallis, and with no major competitive comparison retailers (except for an outlet discount mall) in the coastal counties of Lincoln and Tillamook to the west of McMinnville.
- Provision of the most direct competition for traded sector, including industrial, employment – served by major interstate transportation corridors of Interstate 5/205 and Oregon Highways 99W, 18 and 22, as well as international airport and marine facilities in Portland.

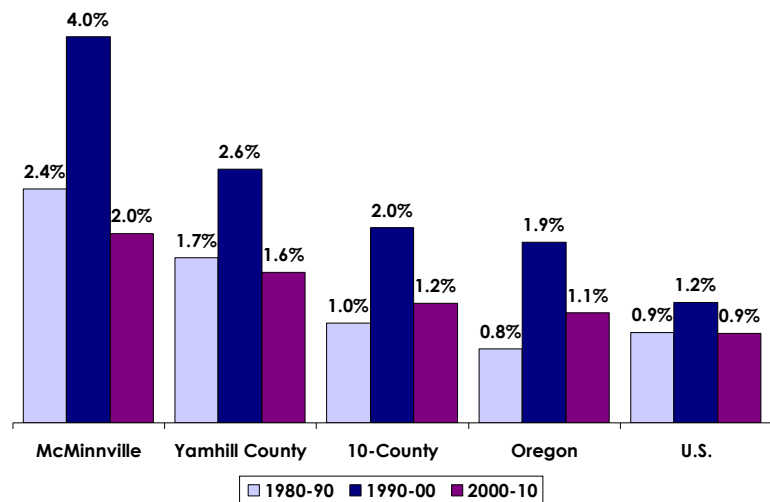
POPULATION & DEMOGRAPHIC TRENDS

Pertinent information items with this baseline assessment include population trends and forecasts and demographic trends of median age of the population, education, and housing. Within the main narrative of this EOA update, key trend information is illustrated through by a series of graphs – comparing McMinnville to Yamhill County, the 10-county economic region, state of Oregon, and United States. More detailed tabular data is provided by the Appendix to this report.

Population Trend & Forecast. As of the 2010 U.S. Census, McMinnville had a population of 32,187 residents. McMinnville accounted for just under one-third (32%) of the 99,193 residents in Yamhill County. Comparative rates of actual and current estimates of forecast population growth for each of the three decades from 1980-2010 are illustrated below:

- McMinnville’s population increased at an average rate of 2.4% per year in the decade from 1980-90, with the rate of growth accelerating to 4.0% annually during the 1990s, then declining to 2.0% annual population growth in the last decade to 2010.
- Similar patterns of decade-to-decade population change have occurred across all five geographies, with highest growth rates experienced from 1990-2000. Over each of the last three decades, population growth in McMinnville has occurred at a substantially more rapid pace than countywide, regionally, statewide, or nationally.

Figure 3. Annual Population Growth Rates (1980-2010)



Source: U.S. Census Bureau.

The coordinated population forecast with the 2001 EOA assumed a 2.2% average annual growth rate over a 20-year time period. This forecast rate was maintained with updated population and employment analysis conducted in 2003.

Recently, coordinated population update analysis has been conducted by Portland State University (PSU) for Yamhill County. As adopted in 2012, this updated forecast reduces the anticipated population growth rate to 1.84% per year for McMinnville. This results in an estimated 14,815 added residents from 2013-33 – a figure that is approximately 77% of the increase that would have been anticipated with continuation of the previously adopted growth rate.

Demographics. This profile now moves to consideration of selected demographic indicators – with comparisons between McMinnville, Yamhill County, the 10-county economic region, state of Oregon, and U.S.

Median Age:

- With a median age of 34 years as of 2010, McMinnville’s population is younger than all of the comparison geographies considered – except Benton County (in the 10-county region).
- Between 2000 and 2010, the median age of residents increased by about 2-3 years across most of the geographies considered.

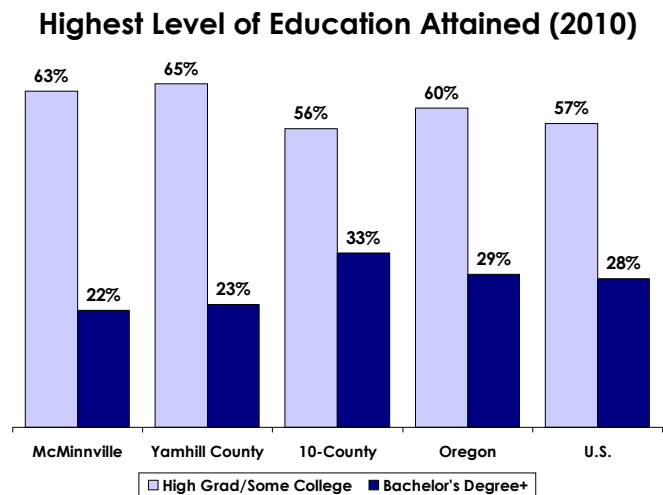
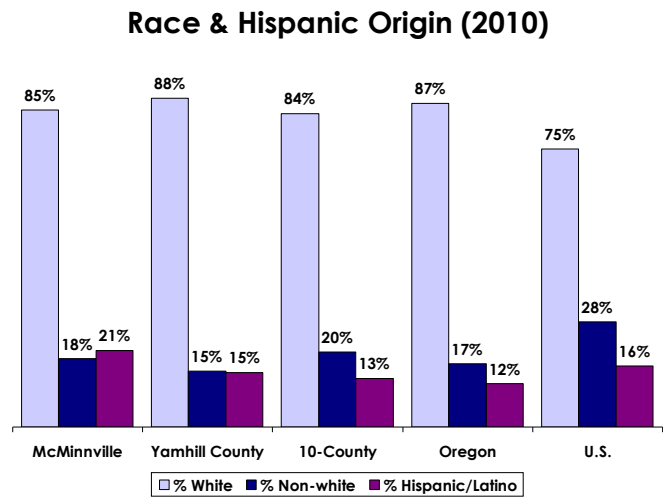
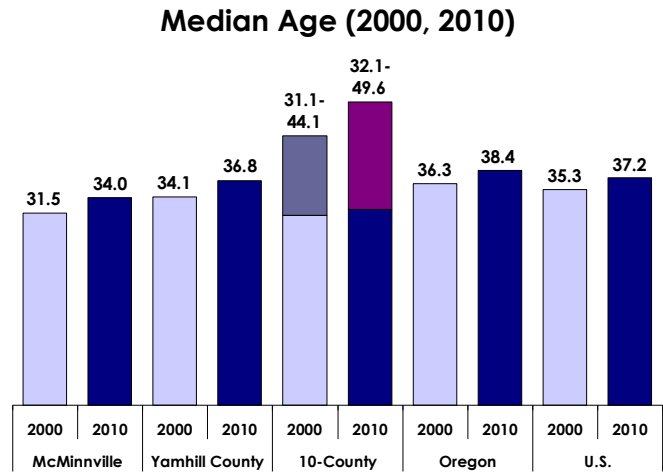
Race/Ethnicity:

- Like much of the rest of the U.S., the population of McMinnville is increasingly diverse – especially with respect to the Hispanic/Latino population.
- About 18% of the city’s population is non-white, below the national average of 28%. Conversely, the Latino proportion (which can be of any race) is above comparable figures for county, regional, state and national geographies.

Education:

- McMinnville has a smaller proportion of adults (age 25+) that have Bachelor’s degrees or better than is the case regionally, statewide and nationally.
- Combined college and high school graduation for McMinnville are on par with other geographies, where 85-89% of adults have at least completed high school.

Figure 4. Demographic Indicators



Note: 2010 Educational Attainment data is from American Community Survey 3-year averages.

Source: U.S. Census Bureau.

Households. Of note with this discussion are household trends over the last decade of 2000-2010.

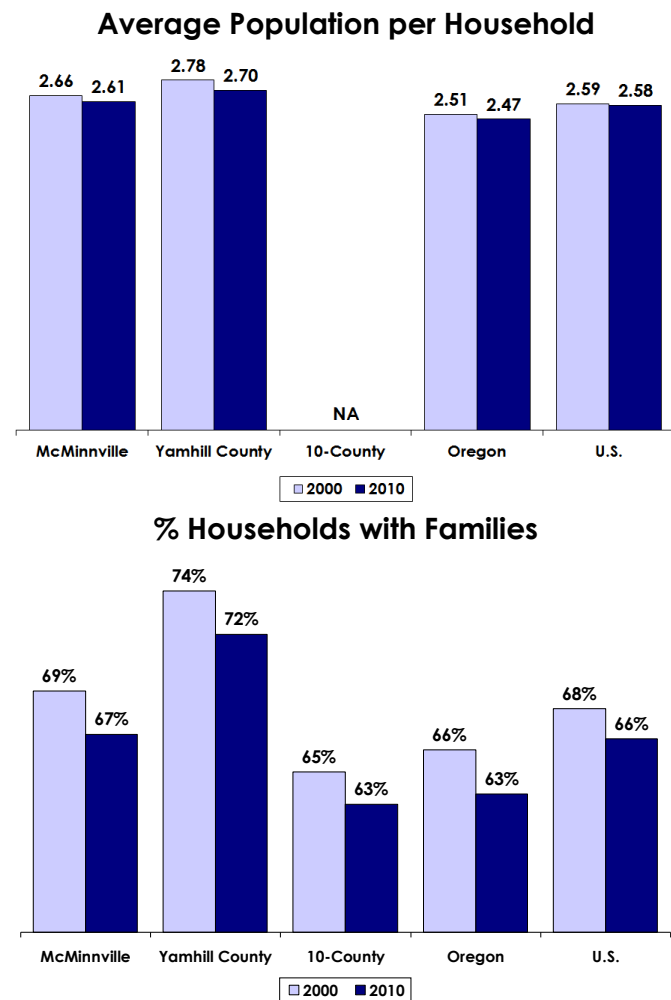
Households & Household Size:

- As of the 2010 U.S. Census, McMinnville had close to 11,700 households – representing a 25% increase in households from the previous decade.
- By comparison, McMinnville’s population increased by 21%. The more rapid increase in households has been accompanied by some reduction in average household size – a trend also noted for all comparison geographies considered.
- However, the average size of households remains relatively high in McMinnville, at an estimated 2.61 persons per household. Household size in the city and throughout Yamhill County is above that of comparison geographies. *Note:* Comparable 10-county data is not readily available.

Household Composition:

- Above average household size city and countywide can be attributed both to the youth of the local population and to family orientation.
- Over two-thirds (67%) of McMinnville households are comprised of families – a figure that is below the countywide average, but just above the rest of the U.S. and further above the 63% family proportion associated with the larger 10-county region and entire state.
- Across all geographies, the proportion of family households is declining. This is a reflection of both an older population living alone and a younger generation that may be either foregoing or delaying family formation.
- Less than one-third of in-town households (32%) have children under 18 – down from over 35% in 2000. The proportion of female householders without a spouse has increased in the last decade, as has the share of households with individuals 65 years of age and older.

Figure 5. Household Trends (2000-10)



Source: U.S. Census Bureau.

ECONOMIC TRENDS

Economic indicators of importance to this EOA include a description of major local employers followed by discussion of employment by sector, occupation distribution, median household incomes, work commute patterns, sources of personal income, and comparative jobs-population balance.

Major Employers. McMinnville has long been noted as benefitting from a diversified employment base. As documented by the McMinnville Economic Development Partnership (MEDP), products produced locally include electronics, mobile homes, nursery supplies, steel, plastics, wine, cookies, and other food products.

An important part of McMinnville’s diversity lies with its mix of small and large firms. MEDP data indicates that “more than 57% of McMinnville’s employed residents work within the city in a host of businesses from entrepreneurial startups to century-old companies.” Major employers include public agencies, health care, education, manufacturing, transportation, insurance and retail firms. These employers range in size from just over 100 to 600+ employees.

Figure 6. Major McMinnville Employers (2013)

McMinnville's Largest Employers	Type of Firm	Full Time Employees
McMinnville School District 40	Education	644
Evergreen International	Transportation + Destination Attraction	463
Yamhill County	Government	454
Willamette Valley Medical Center	Health Services	452
Cascade Steel Rolling Mills, Inc.	Metals Manufacturing	433
Linfield College	Education	330
Meggitt Polymers and Composites	Polymers Manufacturing	218
Oregon Mutual Insurance	Finance & Insurance	211
City of McMinnville	Government	180
Betty Lou's	Food Manufacturing	123
Wal-Mart Stores, Inc	Retail	118
Freelin-Wade Corporation	Plastic Tubing Manufacturing	108

Source: McMinnville Economic Development Partnership.

Of the 12 largest firms, four are manufacturers – Cascade Steel, Meggitt, Betty-Lou’s, and Freelin-Wade. The four largest employers are service providers – in the areas of education, transportation, government, and health services. As of 2013, these 12 large employers accounted for a combined total of 3,734 jobs – down by about 110 jobs since 2010. Seven firms gained employment over this time period, four experienced net job loss, and there was one new entry to this top 12 list.

Recent Economic Developments. Recent industrial and commercial developments in McMinnville are illustrated by the following listings – as compiled by MEDP and the McMinnville Downtown Association (MDA) for the area of the Economic Improvement District (EID). Similar information is not as readily available for commercial projects outside downtown. While not covering all development, these projects illustrate the range of activity that has occurred in McMinnville in recent years – even through the recession and into the current economic upturn.

Recent Industrial & Downtown Commercial Projects

Industrial Properties and Sites:²

- Betty Lou's Booth Bend Facility – facility purchased in 2009, improvements 2009-13
- Solid Form Fabrication – leased new facility in Industrial Park (2010)
- Blue Gas – purchased 1 acre in industrial park
- Craftmark – former Forest Grove Lumber site, purchased portion (2012)
- Plews Industrial Properties:
Miller Facility – new tenant/improvements
- Granary Industrial and District Properties:
Granary Industrial Site – 7.2 acres
Granary Property Various Improvements – 2005 to current
- McMinnville Industrial Promotion (MIP) Properties:
Miller Street Food Production Building with 10 acres – acquired (2011)
Miller Street Food Production Building – leased December 2012 to Betty Lou's
Amerson Sheet Metal – building and land
26 Acres – acquired in 2005/certified in 2007
Lafayette Building (Meggitt Polymers and Composites) – improvements (2008, 2011)

Commercial Properties and Sites:

- 224 N.E. Baker Street – real estate firm leased, remodeled offices completed (2013)
- 232 N.E. Third Street – interior remodel for wine tasting room
- 236 N.E. Third Street – purchased for expansion by La Rambla restaurant and kitchen
- 250 N.E. Third Street – owners installed a new membrane roof, repaired exterior stucco work and parapet; then repainted the building, total investment close to \$100,000
- 403 N.E. Third Street – owners gutted 3/4 of the second floor; tenant(s) to remodel
- 411 N.E. Third Street – interior remodel, reconfigured restaurant booths, installed bar
- 585 N.E. Third Street – interior remodel for wine tasting room, major redecoration
- N.E. Third and Galloway – \$2.9 million building permit approved with demo begun on a restaurant/boutique hotel, projected opening date is March 2015

As depicted by this listing, industrial development has involved both user-driven activity (as owner occupants) and investment on multi-tenant industrial sites. Some transactions involve re-leasing and/or redevelopment of existing space; others are associated with new construction.

Most recent commercial development projects in the McMinnville downtown area have involved remodeling of exiting space. Plans for additional downtown projects are in progress for 2013-14.

² In addition to the projects noted, NW UAV purchased a facility and 10 acres in 2011 outside the McMinnville UGB.

Employment. Employment data for four overall economic sectors has been compiled for the City of McMinnville, Yamhill County, state of Oregon and U.S. over the 2003-2010 time period. Employment data is for persons covered by unemployment insurance (which often excludes sole proprietors/business owners). Data reflects land use related categories of the 2001 EOA. Dining is included with retail; government and public/private education are combined in an institution category.

2010 McMinnville Employment Base:

- As of 2010, there were 1,074 establishments in McMinnville that employed nearly 13,400 workers. Employment in McMinnville accounted for 44% of total covered employment in Yamhill County (well above the community’s 32% share of population countywide).
- The typical firm in McMinnville has an average of 12 employees, somewhat above the average figure of 11 employees per firm countywide.

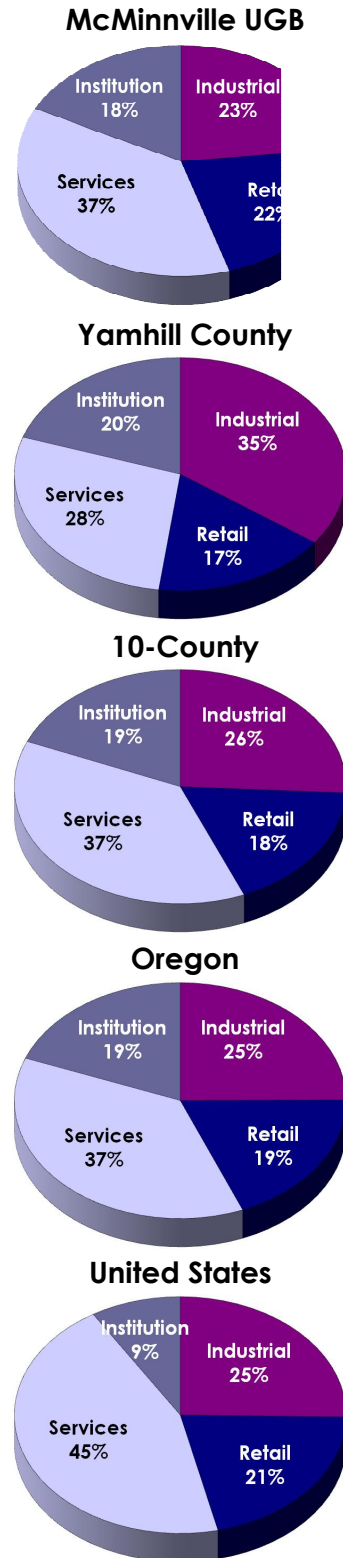
Employment Composition (or Job Mix):

- McMinnville has a somewhat lower share of industrial jobs and a higher share of retail jobs as compared with the other geographies considered.
- While constituting the single largest share of employment, service sector jobs represent a lower share of the job base for McMinnville and other geographies in Oregon than is the case for the U.S. By comparison, institutional employment comprises higher shares of employment locally and statewide than for the nation as a whole.

2003-10 Employment & Wage Change:

- Between 2003 and 2010, covered employment in the McMinnville UGB increased at a rate averaging 1.8% per year – reflecting a job growth rate exceeding that of the rest of Yamhill County, the 10-county region, state, and U.S.
- However, average wage rates in McMinnville have risen more slowly than for all of the comparison geographies – a topic considered in more detail with the discussion that follows.

Figure 7. Job Mix (2010)



Source: Oregon Employment Department.

McMinnville Sectoral Detail. The chart below provides added detail regarding changes in the number of firms, jobs and wages for McMinnville’s UGB over the 2003-10 time period.

Figure 8. Covered Employment Trends in McMinnville UGB (2003-10)

NAICS	Employment Sector	2010 Characteristics			% Change (AAGR) 2003-10		
		Firms	Jobs	Avg Wage	Firms	Jobs	Avg Wage
	Total Employment	1,074	13,383	\$34,976	2.7%	1.8%	1.8%
11-21	Agriculture & Mining	17	268	\$26,635	11.4%	7.2%	-6.4%
23	Construction	97	381	\$47,175	1.6%	-1.5%	0.0%
31-33	Manufacturing	71	1,790	\$43,163	3.2%	0.0%	1.8%
22, 48-49	Transportation & Utilities	18	488	\$47,731	2.6%	0.7%	2.2%
42	Wholesale Trade	44	194	\$37,955	1.0%	-6.9%	1.2%
44-45, 722, 99	Retail & Dining	218	2,933	\$21,202	0.9%	1.0%	1.9%
52-53	Finance, Insurance, & Real Estate	103	660	\$46,612	0.6%	-0.5%	2.9%
51, 54-56, 62, 71-72	Services	468	4,320	\$34,274	4.4%	4.3%	2.0%
61, 92	Institutional	38	2,349	\$40,036	1.6%	2.2%	2.9%

Notes: Information is for jobs covered by unemployment insurances and excludes some sole proprietors, including farm operators. AAGR denotes annual average growth rate. Sectors are defined by NAICS classifications replacing the Standard Industrial Classification (SIC) system.³

Source: Oregon Employment Department (OED).

The following observations are noted with this more detailed dataset:

- As of 2010, service businesses accounted for 44% of the establishments (or firms) and 32% of all *covered employment* in the McMinnville UGB. As a service-related sector, finance, insurance and real estate (FIRE) represents only a 5% share of jobs in the UGB, but when added to services represents a combined 37% share of all jobs. Of the industrial sectors, manufacturing employs the largest share, at 13% of all jobs within the McMinnville UGB.
- From 2003-10, *employment increased* above the 1.8% overall average growth rate for agriculture and mining, services, and institutional (including education and government). Job growth was also positive for retail trade and transportation and utilities, but flat in manufacturing. Job losses occurred in construction, wholesale trade, and FIRE.
- Not only do service businesses account for a substantial share of all firms in McMinnville, the number of businesses increased rapidly, by more than 4% each year through 2010. Slower rates of net growth in the number of firms (at or below 1% annually) are noted for wholesale trade, retail/dining, and FIRE.
- While average *firm size* across all establishments in the McMinnville UGB is about 12 employees, firm size varies considerably by sector. The typical institutional use employs over 60 persons on average; firm size for manufacturers averages 25, while retail and dining

³ With the transition in employment classification from SIC to NAICS, dining is no longer included with retail trade but is shown with services. For purposes of this analysis, dining is shown again with retail based on similar land use characteristics. Most education including K-12 and higher education is also included with service sector activity. According to NAICS, the vast majority of Education is in Sector 61. There is some Education-related employment in Government/Public Administration (Sector 92) pertaining to the Administration of Education Programs, but these are not teachers. This is similar in SIC, where the majority of Education is in Sector 82 and SIC Sector 91-97 Public Administration has sub-sector 9411 for Administration of Educational Programs.

establishments average just over 13 employees per establishment. Sectors that average fewer than 10 jobs per establishment include services (at 9), followed by FIRE, wholesale trade and construction (at 4 per firm).

- With total community-wide payroll of \$468 million as of 2010, the *average wage* was just under \$35,000 per year – below comparable wage figures for the 10-county region (\$45,100), state (\$41,700) and nation (\$46,800). The highest average wages locally are noted for transportation/utilities and construction (both at over \$47,000), followed by the FIRE, manufacturing and institutional sectors.
- One reason for lower average wages is a sectoral mix with fewer industrial jobs than is the case elsewhere. However, wage levels in manufacturing (averaging \$43,200 in McMinnville) are low relative to comparables – less than 70% of the average \$63,800 manufacturing for the 10-county region. By comparison, local retail including dining wages (averaging \$21,200 for the McMinnville UGA) are fairly comparable to wage rates for the county, region, state, and nation (all of which have wage rates averaging between \$21,100 to \$22,500 per year).
- Overall, *wages increased* at an average rate of 1.8% annually from 2003-2010 for establishments in the McMinnville UGB, but with considerable differences between sectors. Above average gains were experienced for FIRE, institutional, service and transportation/utility sectors. Flat to lowered wages affected construction and agriculture/mining.

Sources of Personal Income. Information regarding sources of personal income is available at county and statewide levels, but not for individual cities (as detailed by the Appendix to this report). Wage and salary income represents less than half of total personal income in Yamhill County – as well as for all of the comparison geographies considered:

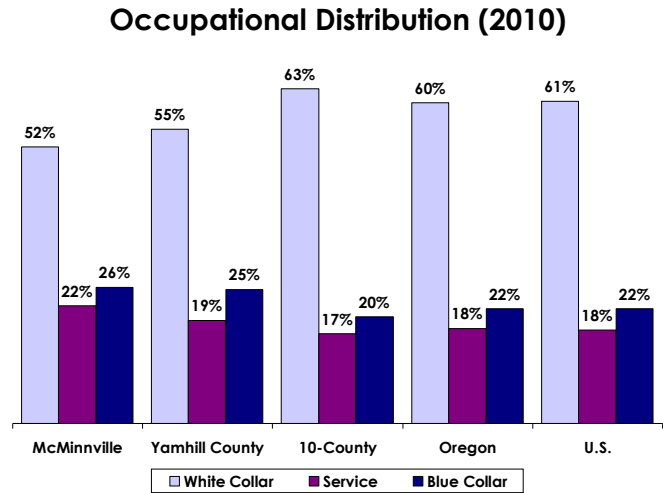
- Compared to the 10-county region, state and nation, a relatively high percentage (22%) of personal income comes from transfer payments. Nationally and for the 10-county region, transfer payments account for about 18% of personal income; for Oregon, the comparable figure is 21%. *Note:* transfer payments cover a range of federal and state programs including Social Security, workers compensation, Medicare, family assistance and food stamps, earned employment tax credits, unemployment insurance, veterans and federal education benefits.
- By comparison, a relatively low 5% of personal income in Yamhill County comes from proprietor and investment incomes – as compared with 6% for the 10-county region and state and 7% for the nation.
- The economic recession and slow recovery to date placed considerable pressure on all sources of income. Wage and salary incomes were affected by job loss and unemployment. Investment income was affected both by stock market and real estate prices. Proprietor's incomes have also shrunk as a share of total personal income. Transfer payments – from sources such as unemployment insurance and public assistance – have increased.
- These trends are observed for the county, region, state, and nation. **A resulting policy question addressed with this EOA is whether and in what fashion to aim for increasing wage and salary income in conjunction with provision of more jobs for Yamhill County and the immediate McMinnville community.**

Occupations, Household Incomes and Commuting. Summary data is illustrated for McMinnville, Yamhill County, the 10-county region, state and U.S. on the following page.

Occupation Distribution:

- For employed persons age 16+, white collar jobs account for the largest share of the occupational mix in McMinnville at 52%, followed by blue collar (26%) and then service jobs (22%).
- While white collar workers account for the majority of McMinnville’s job base, the proportion is below comparable county, regional, state, and U.S. averages – indicating a workforce with more diverse employment skills and needs.

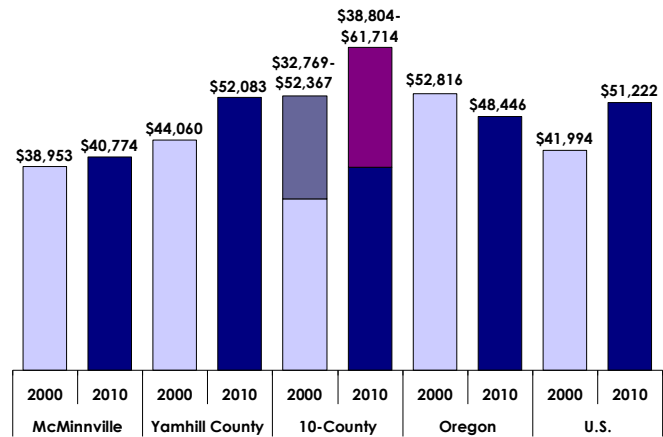
Figure 9. Other Economic Indicators



Median Household Incomes:

- At under \$40,800 per household (as of 2010), median income for local residents is well below that of all comparison geographies – and only 82% of the U.S. median.
- From 2000-10, incomes countywide increased (despite the recession) to now exceed statewide and U.S. medians. Smaller income gains were experienced in McMinnville, but better than the state, which saw declining incomes.

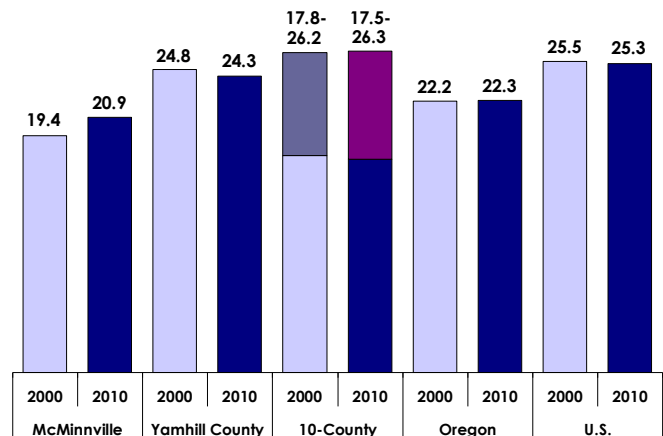
Median Household Income (2000, 2010)



Work Commutes:

- Average travel time to work from McMinnville is close to 21 minutes, an 8% increase in the last decade. However, over one-quarter (26%) commute 30 or more minutes to other places of employment.
- 82% of employed McMinnville residents work in Yamhill County. Only 64% of workers countywide are finding jobs in Yamhill County. Overall, Oregonians tend to be working in their home county the same or more than was the case a decade earlier.

Average Travel Time to Work (2000, 2010)



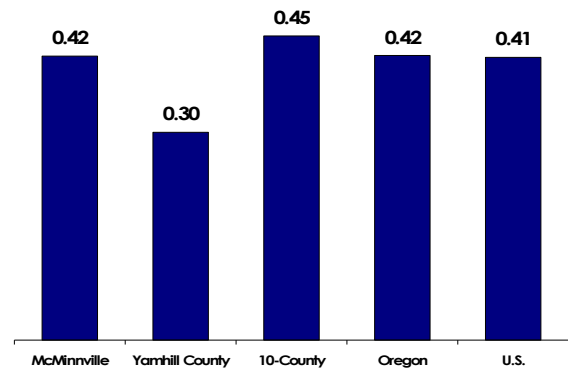
Note: 2010 data is from American Community Survey 3-year averages. For the 10-county area, median and average figures are noted as a *range* of low to high.

Source: U.S. Census Bureau.

Jobs to Population. An added and potentially useful indicator of economic performance and/or employment need can be provided by assessing the current ratio of local jobs to population. With this EOA, a jobs-to-population ratio is calculated for McMinnville and compared to similar ratios for Yamhill County, the 10-county economic region, state of Oregon, and nation.

As illustrated by the graph to the right, McMinnville has an estimated 0.42 covered jobs per capita as of 2010, which is comparable to the statewide average and slightly above that of the nation. The larger 10-county region has an above average ratio of jobs per capita, which is a reflection of high labor force participation coupled with in-commuting from surrounding, more rural counties without substantial local employment opportunities.

Figure 10. Jobs / Capita (2010)



Note: Based on covered employment data; McMinnville employment is for UGB.

Source: Portland State University Population Research Center and Oregon Employment Department.

McMinnville’s UGB covered job ratio as of 2010 is slightly below the 0.43 ratio estimated as of 1999. A somewhat reduced 0.41 ratio of covered jobs per capita ratio was forecast with the 2001 EOA; a similar forecast jobs to population ratio is anticipated with this EOA update to 2033.

With only 0.30 covered jobs per capita, Yamhill County is substantially underrepresented with employment relative to population. In-county employment is about 30% less than what would be expected if the jobs-to-population ratio were comparable to that of the entire state.

McMinnville clearly plays an economic role as a *jobs engine* for the rest of Yamhill County. **The extent to which that role continues or is further enhanced to make up more of the countywide employment shortfall was addressed as part of the EOA forecast update and associated commercial/ industrial policy options.**

III. NATIONAL, STATE & REGIONAL OUTLOOK

Consistent with Oregon Administrative Rules (OAR 660), McMinnville’s Economic Opportunities Analysis is set within the context of broader nationwide, state and regional trends and projections for future employment. Recent trends and forecast conditions are considered first for total employment, then with more detailed discussion of employment by sector.

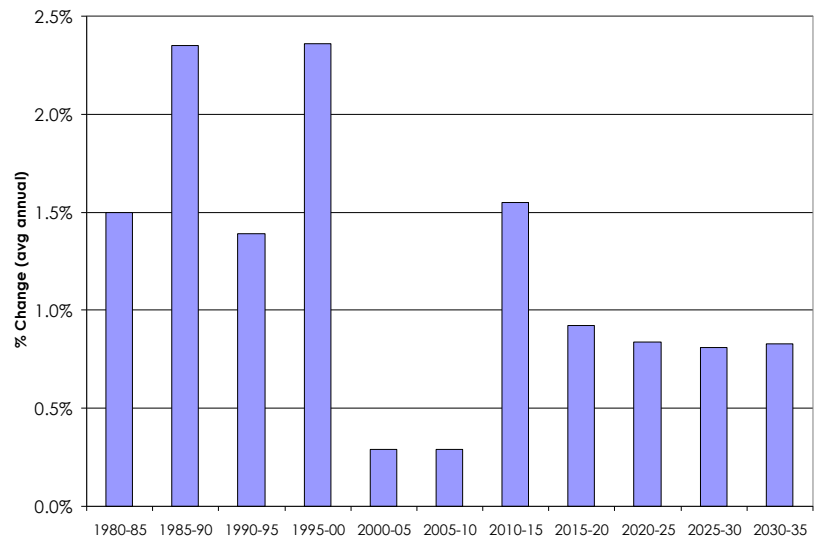
NATIONAL EMPLOYMENT TRENDS & FORECAST

The following graph illustrates national economic trends and future year forecasts over a 55-year time period in 5-year increments. Much of this discussion focuses on the time period of 1980-2005 (prior to the most recent recession), and then from 2005-2035 (through the recession and post-recovery).

As of 2005, the U.S. had an estimated 133.7 million non-farm jobs – an increase of 48% over the 1980 nationwide job count of 90.5 million:

- Over the 25-year period of 1980-2005, employment across the U.S. increased at an average annual rate of 1.6% per year, reflecting a particularly rapid 1.9% rate of job growth during the 1980s. The 1980-90 time period also coincided with entry of a large baby boom age cohort into the job market.

Figure 11. U.S. Non-Farm Employment Growth Rates (1980-2035)



Source: Global Insight, 2008 QR US Long-Term Outlook, as compiled by Metro as a basis for its current regional employment forecast.

- Since 1990, job growth nationally has slowed to a more modest 1.3% annual rate from 1990-2005. During the first half of the last decade (2000-2005) job growth was even more modest, averaging just 0.3% per year and reflecting a post-2001 period of economic contraction followed by a slow recovery.
- In the last half of the decade, national job growth remained at a similarly anemic pace through 2010 (reflecting rapid run-up to 2007 followed by a severe economic recession).
- The fastest period of estimated job growth has been anticipated for 2010-2015, assuming stronger economic recovery (at 1.5-1.6% employment growth per year) – then declining over time to a rate of about 0.9% by 2025-2035. At these rates of projected employment growth,

the U.S. would have about 173.5 million non-farm jobs by 2035, an increase of just under 40 million jobs (or 30% gain) compared to 2005 conditions.

- With the relatively anemic pace of recovery experienced until recently, much of the economic recovery earlier anticipated for the 2010-15 period may be pushed toward the middle of the 2010-20 decade or beyond. If recovery back to relatively full employment is substantially delayed, longer term forecast expectations might also need to be similarly adjusted. However, current forecast modeling generally anticipates a return to relatively full employment over the long term (of 2030-35).

Sectoral Employment Growth. When viewed by major employment sector, the most noteworthy change has been the continued shift of the nation's economy from industrial to service-related employment. This trend has been forecast to continue over the 20-year time frame of this updated EOA.

The following generalized trends are forecast nationally for manufacturing, other industrial-related employment, and service-related jobs.

Manufacturing:

- Nationally, manufacturing has declined from just over 16% of all non-farm jobs in 1990 to between 10-11% in 2005, and is projected to decline further to between 6-7% of employment across the U.S. by 2035. To the extent that manufacturing that went off-shore can be recaptured in the years ahead, it is generally expected to occur with more productive, high value operations often requiring comparatively fewer employees.
- Manufacturing has been declining not just as a share of the total but also in terms of numbers of jobs – from close to 18 million jobs across the U.S. in 1990 to just over 14 million in 2005, with further decline anticipated to a projected figure of about 11 million manufacturing jobs by 2035.
- Every major manufacturing category except lumber experienced job losses nationally between 1990 and 2005 (prior to the recession). All manufacturing sectors have been forecast for further job loss through 2035. Durable goods manufacturing, which tends to be more capital intensive, has experienced less rapid job loss than non-durables (including many consumer products).

Other Industrial-Related Employment:

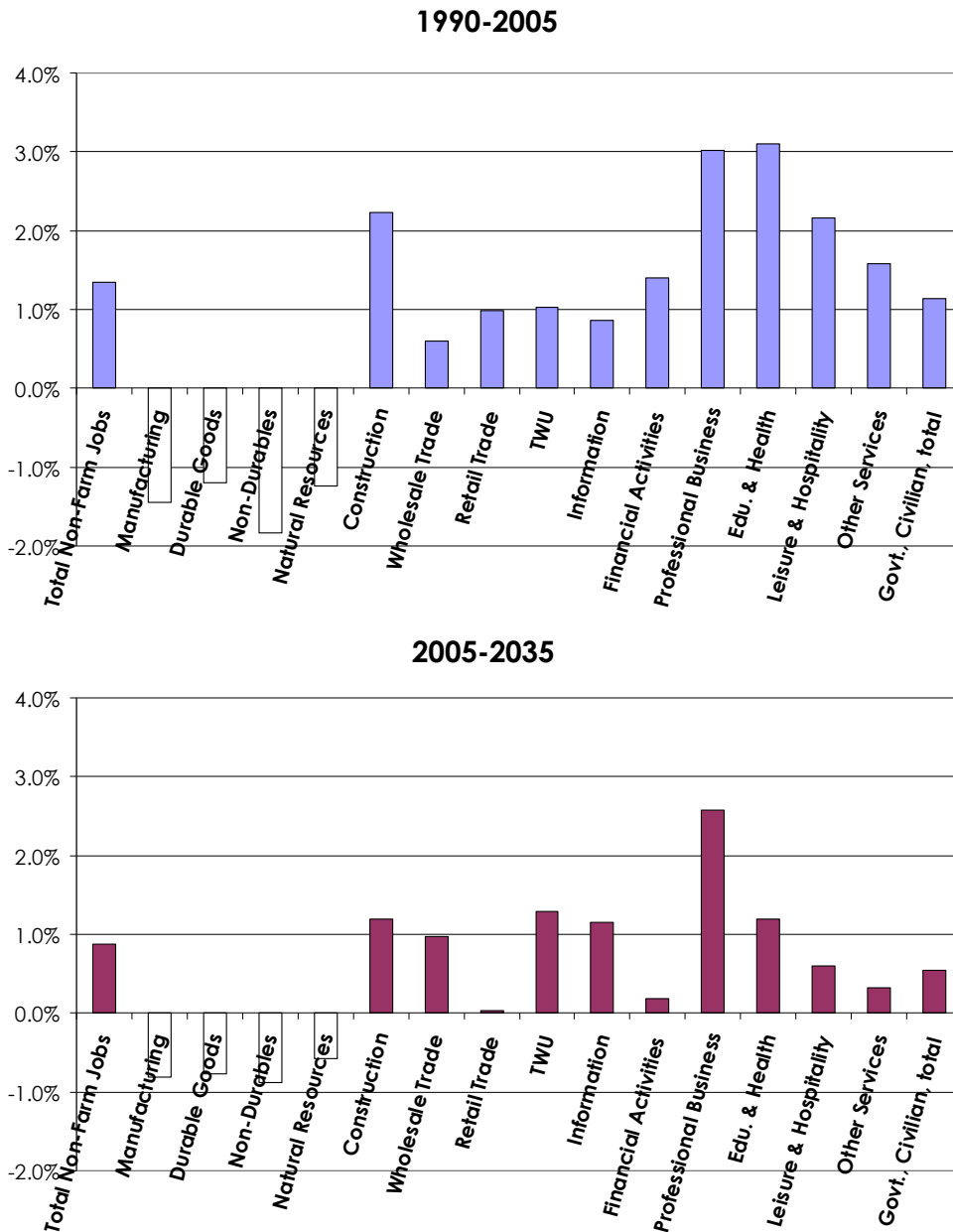
- With the added exception of natural resources, all other *industrial-related* sectors experienced job growth from 1990-2005 and are projected for continued job growth through 2035. These other industry-related sectors include construction, wholesale trade, transportation/warehousing/utilities (IWU), and information.⁴
- Between 1990 and 2005, these other industrial sectors declined somewhat in their share of total employment, from 16.6% to 16.2%, as growth was below rates experienced in non-

⁴ Information is a new sector defined by NAICS that includes some previous industrially related SICs such as printing combined with more service sector-related functions such as internet and software.

industrial (service) sectors. However, the non-manufacturing industrial sectors are projected to increase their share of the nation's employment to 17.4% by 2035.

- From 1990-2005, the fastest growing industrial sector was construction, with jobs increasing an average of 2.5% per year. From 2005-2035, the biggest gains are forecasted for jobs in transportation/warehousing/utilities (at 1.3% annually), followed closely by the construction and information sectors. A return to growth in construction employment will be linked not only to economic recovery, but to renewed financing availability and industrial and infrastructure investment, as well as continued pick-up in private sector construction activity.

Figure 12. U.S. Job Growth Rates (1990-2035)



Note: The category abbreviated as TWU denotes Transportation, Warehouse and Utilities.

Source: Global Insight, 2008 QR US Long-Term Outlook, as compiled by Metro for the Portland MSA.

Service Sector Employment:

- Service sector jobs have increased rapidly since 1990. The most rapid growth rates are reported for education and health (up by 3.1% per year) and professional services (3%). Slower growing service-related job sectors have been retail (up by just 1.0% per year) and government (1.1%).
- Taken together, these service sectors have increased from about two-thirds (67%) of the nation's non-farm employment in 1990 to 73% as of 2005. The largest single service-related sector was government, followed by professional services and then retail.
- While all service sectors are expected to add jobs, only professional services, education and health are projected to increase their share of the employment base across the U.S. through 2035. Declining shares of total employment are projected for retail trade, financial activities, leisure and hospitality, and government.

OREGON EMPLOYMENT OUTLOOK

Each year, the State of Oregon Office of Economic Analysis (OEA) updates 10-year employment growth projections. Of particular note is that expectations of anticipated job growth have been substantially ratcheted down in recent years due to the unforeseen and severe effects of the economic recession.

To illustrate, OEA's statewide non-farm employment projections indicated a projected job growth rate averaging 1.2% per year from 2006-15 (as of December 2008). One year later, the December 2009 forecast had been cut in half to just 0.6% per year of average annual job growth over the same period.

A more recent OEA forecast (as of September 2012) indicates an even further reduced growth expectation – of only 0.2% annually over this nine year period of steep recession followed by a prolonged slow period of economic recovery. With recent forecast updates, statewide employment is not expected to return back to pre-recession levels until about 2014-15.

The current OEA forecast covers a period extending through 2020. The Oregon Employment Department (OED)/Workforce Oregon employment forecast (as of 2011) covers the 2010-20 period for economic regions of Oregon as well as for the entire state.⁵

While this is only a portion of the McMinnville EOA time horizon (to 2033), the OEA/OED analyses are of use as indicators of potential growth expectations both statewide and regionally:

- Recent OEA forecasts of 2012 reflect the continued fragility of economic recovery from the recession of 2008-09. At least **near-term**, the national and statewide regional outlook is described as extremely vulnerable to potential “external shocks” ranging from energy prices to global economic growth (especially Europe and China) to U.S. federal fiscal policy. The state's forecast indicates that these trends have created a high level of uncertainty about the future,

⁵ The OEA statewide forecast is provided on a year-by-year basis but does not include farm employment. OED forecasts published by region as well as statewide include farm employment, but provide data for only 2010 and 2020 and not for intervening years.

meaning that “future plans are being delayed with businesses and individuals holding off on making long-term investments.”

- To date, the pattern of **economic recovery** also has been uneven across economic sectors. Manufacturing and farm income led the early phases of economic recovery together with recovery in the professional/business services and leisure/hospitality sectors. Construction and local public sector school-related employment have lagged, though an upturn in construction activity has been noted recently. There are signs of housing recovery even as the global demand for U.S. and Oregon manufactured goods has faltered. This pattern of uneven sectoral performance can be expected to continue for some time, with some sectors doing well for a time, then replaced by other high performers.
- From a **regional perspective**, OEA’s analysis indicates that “Portland is driving the statewide employment growth while the other metropolitan areas and more rural areas have yet to fully share in the recovery.” This experience of the Portland metro area is similar to that of other major urban areas nationally, which generally have been realizing more rapid recovery than the rest of the nation. It is unclear if the stronger outlook for larger metro areas should be considered as a near-term or longer term expectation; OEA forecasts that regional differences in Oregon could be expected to lessen in the years ahead; this expectation is also borne out by OED’s more detailed regional projections.
- **Nearby counties** of significance to McMinnville include the north coast area covering Lincoln and Tillamook Counties, which outperformed much of the state through the recession, but have lagged recently. The Willamette Valley region of the state, particularly Salem, is identified by OEA as facing a “difficult recovery” with no sustained job gains to date.⁶
- Post recession, statewide employment growth has occurred at only about half the pace of the prior periods of economic recovery. Following employment declines in 2009 and 2010, employment growth is forecast to be positive **longer term** over the rest of the current decade, peaking in the range of 2% per year by 2015-16, and tapering back thereafter. Overall, statewide employment is forecast to increase from 1.6 million in 2010 to a range of 1.9 million by 2020. The OED forecast is slightly more bullish than that of OEA – with average annual growth rates projected at 1.7% versus 1.6% over the full 2010-20 time period.
- When viewed by **employment sector**, the strongest growth over the 2010-20 time period is forecast by OEA to be with professional and business services (up by 3.5% per year), followed closely by construction (rebounding from a cyclical low). OED’s forecast indicates a less robust pattern of growth for these sectors, with the highest rates of growth anticipated for education and health services.

OED’s forecasts also assume stronger rates of growth for some employment sectors, including wholesale/retail trade and leisure and hospitality, than is indicated by the OEA projection. OEA forecasts the rate of manufacturing job growth to be above the overall rate of job growth across all sectors statewide; OED forecasts that manufacturing jobs will increase more slowly than for all job sectors combined. Relatively slow growth (averaging only 0.3% per year for OEA / 0.7% with OED) is anticipated for governmental agencies.

⁶ OEA defines the Willamette Valley region as including Benton, Lane, Linn, Marion and Polk Counties while OED analysis is focused on a mid-valley region of Yamhill, Marion and Polk.

Job growth realized may also be affected by state and local economic development initiatives. Statewide economic development programs are managed through Business Oregon. The Oregon Business Development Commission oversees the activities of Business Oregon to “ensure a coherent, integrated approach to economic development and a continuous policy direction that can transcend changes in executive and legislative leadership.”

Over the last two decades, state economic development programs have focused on key industries for which there is recognition of global competitive advantage. Currently, Business Oregon is focused on the five key business and industry clusters of advanced manufacturing, clean technology, forestry and wood products, high technology, and outdoor gear and apparel.

REGIONAL TRENDS & OUTLOOK

As previously described, the relevant economic region for McMinnville and Yamhill County is not as readily defined as for many communities elsewhere in the state. For purposes of reviewing demographic and economic trends, a 10-county economic region is utilized.

OEA has defined a Portland metro area comprising Yamhill together with the other Oregon-side MSA counties of Clackamas, Columbia, Multnomah, and Washington. However, OEA does not provide detailed forecast analysis of its own for these regions.

Metro’s regional employment forecasts (to 2040) encompass the full 7-county MSA that also includes Clark and Skamania Counties in the state of Washington. And WorkSource Oregon (a part of the Oregon Employment Department) includes Yamhill with Marion and Polk Counties with its 10-year employment projections. The primary focus of this regional outlook is with the OED 3-county analysis together with supplemental discussion of the Portland MSA and northern Oregon coast outlook as also important to regional economic potentials of significance to McMinnville.

Three-County Economic Profile. In 2007, a *Regional Economic Profile & Strategic Assessment* was prepared for a 3-county mid-valley region comprising Yamhill together with Polk and Marion Counties under the auspices of SEDCOR as a regional economic development organization.⁷ While economic data compiled for the regional report is now somewhat dated and Yamhill County no longer is directly affiliated with SEDCOR, the analysis is useful for describing mid-valley competitive strengths and opportunities.

Key findings from the 2007 report of continuing significance included the following:

- Of the major employment sectors in the region, government represented the single largest source of **employment** (with 42,800 jobs as of 2005), followed by manufacturing and then retail. The three-county region accounts for 27% of Oregon’s agricultural sales value – with Marion as the #1 county in the state. Manufacturing was also noted as showing exceptionally strong job growth during the last economic cycle – from about 2003 up to the recession.

⁷ The March 2007 *Marion, Polk & Yamhill Counties Regional Economic Profile & Strategic Assessment* was prepared for the Marion, Polk & Yamhill County region by E. D. Hovee & Company, LLC under the auspices of SEDCOR. Yamhill County participation was through the Board of Commissioners.

- However, pre-recession **incomes** were lagging the state – at 95% of the household average for all of Oregon. By 2004, wage and salary income represented less than half (44%) of total personal income in the region. And work commutes typically have been longer than elsewhere in the state, with a higher proportion working outside their county of residence.
- As of 2007, a major regional advantage was that, taken together, the three counties have more than 2,260 acres of vacant **industrial land** – of which two-thirds is comprised of what are considered *first tier* industrial sites. Over 40% of the *first tier* land supply was associated with the nearly 650 Mill Creek industrial area directly adjacent to the I-5 corridor in Salem. By comparison, the Oregon side of the Portland metro area had only an estimated 1,042 acres of **Tier A industrial sites** (as of 1999) – 30% less than the supply of Tier A sites identified for the 3-county region. This has made the mid-Willamette Valley increasingly well-positioned as an attractive alternative to the Portland metro area in recent years for industrial development, with opportunity for major industrial and business park sites in close proximity to the I-5 corridor and with Yamhill County prospects linked to Highway 99W road improvements – including the bypass noted as a project of “statewide economic significance.”

For the 3-county mid-valley region, more detailed analysis also was conducted using multiple economic measures of **comparative advantage** – including jobs concentration (relative to Oregon), number of jobs, average wage, value-added, output per worker, economic multiplier, change in job concentration, and change in sectoral employment since 1990.

From this SEDCOR analysis, five existing business and industry clusters were identified as offering strong regional comparative advantage. Recommended was that the 3-county mid-valley region continue to focus on a short list of five existing clusters plus two emerging cluster opportunities:

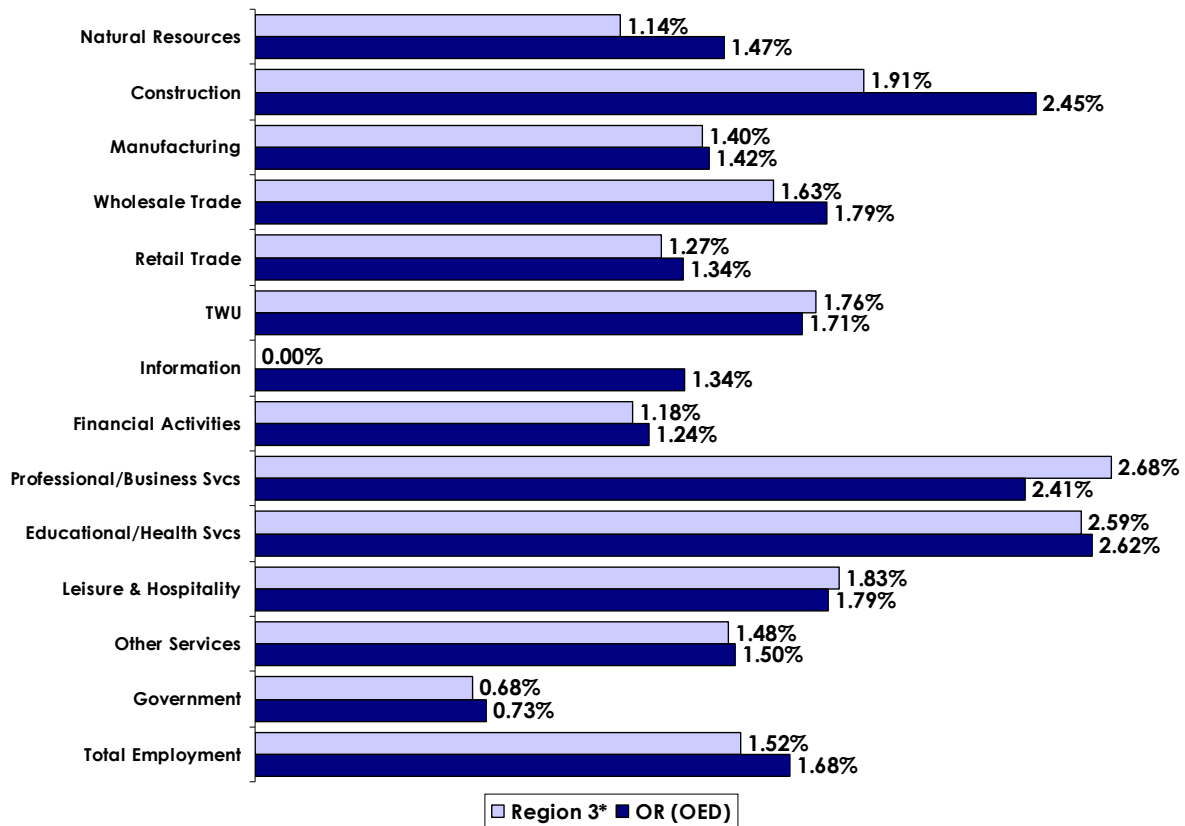
<u>Existing Clusters</u>	<u>Emerging clusters</u>
✓ Metals, machinery & equipment	✓ I-5 business park development
✓ Value-added forest products	✓ Small business entrepreneurship
✓ Agriculture, food & beverage products	
✓ Specialty materials manufacturing	
✓ Traded sector services	

Key recommendations of this regional analysis were to pursue an economic development strategy aimed to both **strengthen and diversify** the mid-valley economy – as an approach offering the greatest potential to bring regional wages more in line with the overall Oregon economy. Added supporting recommendations were to foster business technology and workforce innovation, build livability and diversity of community, and advocate for first tier transportation access and mobility.

3-County Employment Forecast. As of 2010, OED’s Region 3 also comprised of Yamhill, Polk and Marion Counties had a combined employment base of 185,100 jobs. This represents close to 12% of statewide employment of just over 1.6 million.

OED's WorkSource Oregon program forecasts that employment of this mid-valley region will increase to 215,300 jobs by 2020, for an average annual growth rate of 1.5% per year. This compares with a somewhat higher employment growth rate in the range of 1.6% - 1.7% for the entire state.

Figure 13. Comparison of Region 3 & Oregon Statewide Job Growth (2010-20)



Note: Region 3 comprises Marion, Polk and Yamhill Counties.

Source: WorkSource Oregon/Employment Department (OED), *Employment Projections by Industry and Occupation: 2010-2020*, December 2011. OED rather than OEA statewide employment forecast growth rates are shown as most comparable to regional job projections.

As illustrated by the above graph, this mid-valley region is forecast to have stronger rates of growth than are anticipated statewide in the employment sectors of professional/business services and in transportation/warehousing/utilities. Regional rates of job growth are forecast as comparable to what is expected statewide for manufacturing, as well as for most service sector activities including retail trade. Regional job gains are forecast at below statewide rates for sectors including natural resources/mining, construction, wholesale trade, and information.

Portland Metro Job Growth Forecasts. A 7-county employment forecast for the Census designated Portland Metropolitan Statistical Area (MSA) has been prepared by Metro. The 7-county region covers five Oregon side counties including Yamhill plus two counties in Washington state.

As with OEA forecasts for the state of Oregon, Metro starts with forecast datasets prepared by the national economic forecasting firm of IHS Global Insights. However, while OEA only forecasts 10

years into the future, Metro’s analysis has extended to 2040 (with 2035 serving as an appropriate forecast endpoint useful in the context of the McMinnville EOA update).

For its updated *Urban Growth Report*, Metro initially began with a set of three alternative – low, moderate and high growth – employment forecast alternatives. Due in part to experience of the recession, Metro selected an official forecast slightly less than the moderate scenario.

With this baseline forecast, Portland MSA non-farm employment would increase from a recession dampened figure of less than 1 million jobs in 2010 to nearly 1.5 million in 2035. This represents a gain of over 520,000 jobs – with an employment growth rate averaging in the range of 1.7% per year over this 25-year forecast period. Employment in the 7-county metro region (including Yamhill County) is forecast by Metro to increase at a rate of 2.1% annually from 2010-20, slowing thereafter to an overall average growth rate of 1.5% annually from 2020-35.

As is the case with the entire state and mid-valley region, OED/Workforce Oregon has prepared a shorter term (10-year) employment forecast for Oregon portions of the metro region. The core urban counties that comprise the Metro designated urban growth boundary are included with OED Region 2 (Multnomah and Washington Counties) and Region 15 (Clackamas County).

OED forecasts that these three core urban counties will experience employment growth at an average rate of 1.9% per year over the next 10 years. This is a more aggressive rate of growth than is indicated longer term for the full 7-county metro area, but also reflects generalized assumptions regarding a relatively rapid pace of job growth as economic recovery takes hold through the mid to latter portion of the current decade.

Benton-Linn & North Coast Job Growth. Two added OED-defined economic regions are of interest for this EOA due to economic linkages to the McMinnville area. These are what OED defines as Region 4 (of Benton, Lincoln and Linn Counties) plus Region 1 (including Tillamook, as well as Clatsop and Columbia Counties). Taken together, these “ring” counties account for 72% of the 2010 employment of the mid-valley region and 17% of the Portland tri-county area.

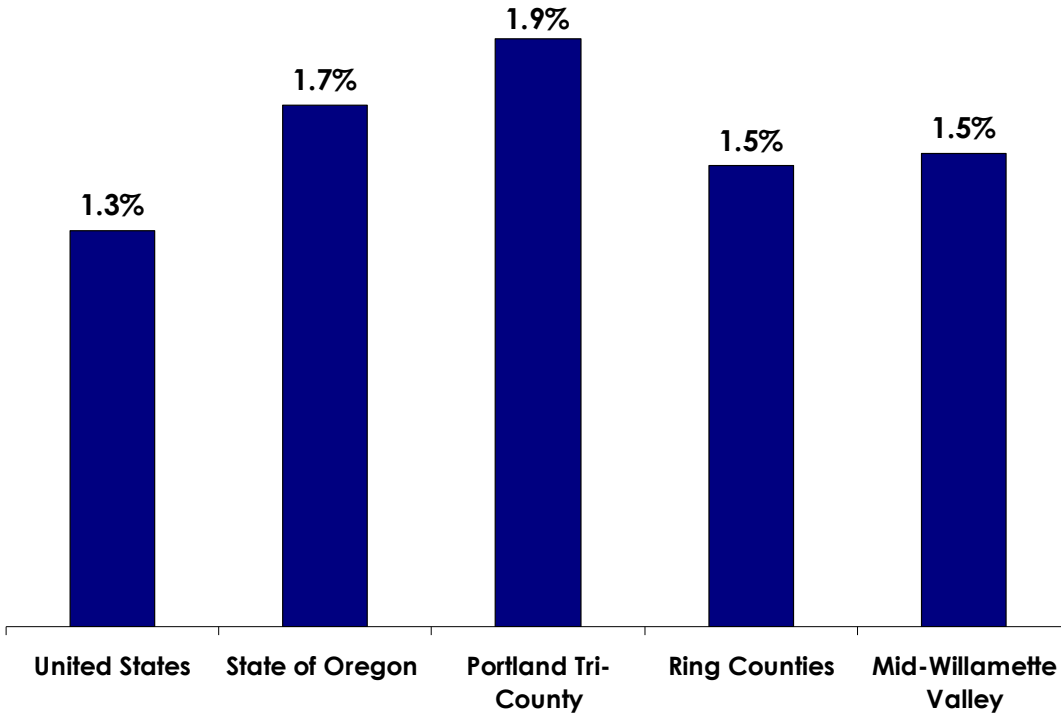
OED forecasts that these counties may experience employment growth averaging about 1.5% per year over the 2010-20 time period. This rate of growth is comparable to that anticipated for the mid-valley region (with little difference for job growth between the Benton-Linn and coastal counties).

EMPLOYMENT OUTLOOK SUMMARIZED

In summary, it is useful to provide an *overview comparison* of projected employment growth for the employment geographies of the economic region(s) with which McMinnville is most directly linked, with growth rates anticipated for the Oregon and U.S. economies. This is followed by a summary discussion of implications for this McMinnville EOA update.

Employment Outlook Summarized. Of the geographies evaluated with this EOA, the fastest job growth is anticipated for the core (tri-county) portion of the Portland metro area. This growth is consistent with recent experience and that of other major metro areas nationally – which are currently experiencing more rapid growth than their less urban counterparts. Also noted is that job growth is expected to slow post-2020 nationally, due to retirement of baby boomers and a resulting older U.S. population.

Figure 14. Forecast National, State & Regional Job Growth Rates (2010-20)



Notes: The Portland tri-county region encompasses Washington, Multnomah and Clackamas Counties. The ring region includes Benton, Lincoln and Linn Counties. The mid-valley region comprises Marion, Polk and Yamhill Counties. Note that posted job growth rates have been rounded to the nearest 1/10th percent.

Source: WorkSource Oregon/Employment Department (OED), *Employment Projections by Industry and Occupation: 2010-2020*, December 2011. OEA non-farm employment data is utilized as the source of the national employment projection (from IHS Global Insight).

Employment growth for the mid-valley and ring counties is forecast at rates below those of the entire state. In large part, this is because the faster growing Portland tri-county area accounts for about half of employment statewide. All Oregon geographies evaluated are forecast to experience employment growth through 2020, at rates above the national average.

Implications for McMinnville EOA. The previously adopted 2001 EOA was predicated on a Yamhill County employment forecast with an average annual job growth rate of 1.59% from 1999-2020. Because population in McMinnville has grown more rapidly than countywide and because the ratio of jobs to population has increased since 1990, McMinnville’s job growth rate through 2020 was forecast to occur at a somewhat higher rate of 2.06% annually.

Looking to the future (through 2033):

- Maintenance of a countywide job growth rate of in the range of 1.5-1.6% per year through 2033 appears consistent with available OED shorter term forecast data, indicating that Yamhill County should be expected to increase its job base at rates above those of the rest of the mid-valley region, but below those of the Portland tri-county urban core area.
- Some reduction of McMinnville’s employment growth from the prior EOA rate of 2.06% appears warranted to remain consistent with the 2012 downward adjusted population growth

rate for Yamhill County jurisdictions. A corresponding reduction for employment would lead to an approximate 1.7% annual job growth rate for the McMinnville UGB over the extended 2013-33 forecast period. This growth rate would essentially position McMinnville about mid-way between anticipated job growth for the Portland tri-county area and the mid-Willamette Valley.

- The sectoral mix of employment could continue to shift in ways that, while sometimes volatile from year-to-year, is generally expected to involve an increasing share of service sector jobs and proportionately less manufacturing activity. This is counterbalanced by a continuing policy objective to stabilize or increase McMinnville's manufacturing and industrial traded sector wage base in the years ahead.
- Forecast and policy options as to the mix of employment are considered in more detail with the Section V discussion of employment and land needs. Before getting to detailed forecasts, this EOA turns to a more detailed consideration of factors affecting economic development potential for the McMinnville UGB.

IV. ECONOMIC DEVELOPMENT POTENTIAL

This chapter of the EOA updates prior assessments that have been conducted regarding McMinnville's comparative advantages for economic development as may be applicable over the 20-year period of the EOA update. As stipulated by Oregon Administrative Rules (OAR 660-009-0015 as recently amended effective January 2007), the purpose of this assessment is to provide an understanding of economic advantages and disadvantages or factors that currently or prospectively affect economic development opportunities in McMinnville.⁸ Based on this discussion, employment forecast methodologies are then identified and evaluated as described with the subsequent Section V quantitative assessment of employment and land needs.

This review and assessment of community economic development potential for McMinnville draws from information as compiled from a variety of sources including:

- The previously adopted November 2001 *McMinnville Economic Opportunities Analysis, as updated in 2003*.
- A *Marion, Polk & Yamhill Counties Regional Economic Profile & Strategic Assessment*, prepared for the tri-county region under the auspices of SEDCOR, March 2007.
- A *Current Economic Analysis* together with a *Strategic Plan* prepared for the public-private McMinnville Economic Development Partnership in October 2007.⁹
- A *Yamhill County Agri-Business Economic and Community Development Plan* completed for Yamhill County in 2009.
- The *Northeast Gateway Plan* completed in final draft form for the City of McMinnville as of March 2012.¹⁰
- A *McMinnville Urban Renewal Feasibility Study* completed in April 2012 for the downtown core and Northeast Gateway areas.

⁸ As defined by OAR 660-009-0015(4), the assessment of relevant advantages and disadvantages that may be considered may include but are not limited to such factors as:

- a) Location, size and buying power of markets;
- b) Availability of transportation facilities for access and freight mobility;
- c) Public facilities and public services;
- d) Labor market factors;
- e) Access to suppliers and utilities;
- f) Necessary support services;
- g) Limits on development due to federal and state environmental protection laws; and
- h) Educational and technical training programs.

⁹ The McMinnville Economic Development Partnership involves representatives of McMinnville Water and Light, the McMinnville Area Chamber of Commerce, McMinnville Industrial Promotions, private industry, and the City of McMinnville. As of 2012, the Partnership helped to retain 500+ jobs and over 200 new jobs to the City's employment base. In addition, MEDP has provided over 170 business consultations and managed several site visits and expansion projects. Starting in 2012 and continued in 2013, the partnership is participating in the state-led food processing recruitment efforts with TEAM Oregon. Per web site: www.mcminnvilleedp.com, as of March 2013.

¹⁰ Also conducted in conjunction with the *Northeast Gateway Plan* was Memorandum#2 addressing *Market Study Current Conditions*, May 23, 2011.

FACTORS AFFECTING COMMUNITY ECONOMIC DEVELOPMENT POTENTIAL

OAR 660-009-0015(4) stipulates that relevant economic advantages and disadvantages considered with the EOA “may include but are not limited to” factors of: location, size and buying power of markets; availability of transportation facilities for access and freight mobility; public facilities and public services; labor market factors; access to suppliers and utilities; necessary support services; limits on development due to federal and state environmental protection laws; and educational and technical training programs.” This 2013 EOA update is organized to address these considerations together with other factors distinctive to economic development in McMinnville.

Location, Size & Buying Power of Markets. Location is an economic factor that is prominently mentioned in prior planning documents. The 2001 EOA notes that employment and population growth in the nearby metro areas of Portland and Salem “will create an opportunity to attract firms and households.”

The 2007 MEDP Strategic Plan identifies both strengths and weaknesses related to McMinnville’s location and associated transportation factors. Comparative advantages and disadvantages and their implications for economic opportunity in McMinnville are drawn from the 2001 EOA together with more recent MEDP, SEDCOR and related industry analyses, summarized as follows.

Advantages:

- *Ease of access – with proximity to Portland, Salem & the Oregon coast.* McMinnville is only 40 miles from Portland, 27 miles from Salem, and 51 miles from Lincoln City on the Oregon coast.¹¹
- *Central location to serve local community and regional employment and commercial service needs.* McMinnville is well situated to serve the employment and commercial needs of the local community and a larger regional trade area of nearly 160,000 residents. This economic region extends north to Newberg, south toward Monmouth, and west to the Oregon coast. McMinnville has a substantial jobs-to-population ratio, due in part to its ability to attract workforce both locally and regionally. As noted by the 2007 MEDP, McMinnville offers potential for commercial retail uses that often require a substantial trade area base of 50,000-100,000 or more customers for market viability.¹² The competitive viability of service uses such as regional professional, business, financial and medical facilities also benefits from the ability to serve a market area extending beyond the immediate community.
- *Proximity to regionally recognized destination attractions including Yamhill and Willamette Valley wineries, Evergreen Museum & downtown McMinnville as specialty destinations.* The Willamette Valley region – comprised of Chehalem Mountains, Dundee Hills, Eola-Amity Hills, McMinnville, Ribbon Ridge and Yamhill-Carlton District – has been identified with 255 wineries and 6,511 acres of grapes in Yamhill County as of 2010. Yamhill is the #1 county in the state in terms of number of vineyards, acres planted and wine-related employment (estimated at 2,429 full time equivalent jobs).¹³

¹¹ Source is www.maps.google.com.

¹² Population standards for a regional center are included in sources such as the Urban Land Institute, *Shopping Center Development Handbook*, 1999. Minimum population size can vary by type of retail or service commercial business.

¹³ Full Glass Research, *The Economic Impact of the Wine and Wine Grape Industries on the Oregon Economy*, July 2011.

In addition to recognition as the leading production area for Oregon’s wine industry, Yamhill County agricultural production adds to both local and visitor appeal. The area is known for quality fresh-to-market products including berries, nuts, milk, eggs, fruits and vegetables – and increasingly for custom/organic livestock production. Nursery crops, grass and legume seeds, Christmas trees, grain and hay add to the diversity of Yamhill County agricultural production – as the 7th leading county in terms of value of production (while only 32nd in geographic area).¹⁴

The Evergreen Air Museum complex attracted an estimated 425,000 visitors in 2009 – a figure that has since increased with opening of the state’s largest IMAX theater and water park. With over 3 million annual visitors, the Spirit Mountain Casino located 24 miles from downtown McMinnville is widely cited as one of the top visitor draws in the state.¹⁵

McMinnville also is recognized statewide for its remarkable comeback and current vitality of its historic downtown core area. Promoted as “Oregon’s favorite main street,” the McMinnville Downtown Association characterizes the appeal of downtown in these terms:

“Quaint boutiques, unique shops, and local galleries abound. Music fills the air from our farmers’ market performers and outdoor concerts all summer long, and pours out of our restaurants and pubs on winter evenings.”¹⁶

Disadvantages:

- *Retail sales leakage occurring due to lack of major comparison retail.* As described by the 2007 MEDP Strategic Plan, there is considerable retail sales leakage of an estimated \$192 million annually throughout Yamhill County – as residents travel to other counties for a significant 23% of their shopping needs. Full recapture of this sales leakage together with anticipated population growth that was anticipated through 2011 was estimated to support as much as 800,000 square feet of added commercial retail space in Yamhill County. Recapture is dependent on the ability to identify sites and attract retailers that could serve much of the county’s population from locations readily accessible to major travel corridors.

Sites in the McMinnville UGB offer the potential to serve a local and regional market extending to Sheridan/Willamina, Polk County and even some coastal communities – with improved opportunity to also serve the Newberg-Dundee area with planned bypass construction. Centrally located sites with good highway access and street visibility can be instrumental to attract commercial businesses that may require market areas of 50,000-100,000+ population.

- *Limited duration of tourism visitation & low expenditure capture.* While the McMinnville area and Yamhill County can now boast some of the state’s top tourism attractions, visitor spending does not appear to match visitation. This is because visitors tend not to stay overnight (but are often day visitors) and do not appear to be making substantial expenditures while in the

¹⁴ Detailed information regarding winery and broader agricultural production in Yamhill County is from the *Yamhill County Agri-Business Economic and Community Development Plan*, prepared for Yamhill County by the economic consulting team of Barney & Worth, Inc. in association with Globalwise, Inc., and E. D. Hovee & Company, LLC, Spencer & Kupper, June 2009.

¹⁵ As cited by *Memorandum #2, Market Study Current Conditions*, prepared as part of Northeast Gateway Plan by Leland Consulting Group for the City of McMinnville, May 23, 2011.

¹⁶ As cited by www.downtownmcminnville.com, as of September 2012.

area. A key challenge for the future is to provide more and better value added opportunities for visitors to spend more time and money while visiting the McMinnville area.

Availability of Transportation Facilities for Access & Mobility. Location, size and buying power of markets are substantially affected by current and planned transportation facilities. This is particularly the case in Yamhill County which increasingly has experienced the negative economic development effects of highway congestion on the 99W corridor.

Economic development opportunities may be substantially enhanced with planned transportation improvements – as with the now committed initial phase of the Newberg-Dundee bypass. A broader look at the role transportation plays in shaping McMinnville’s economic opportunities is outlined as follows.

Advantages:

- *Western & mid-valley cross-roads.* McMinnville is directly served by Highway 99W – as a historically significant central organizing spine to access commercial and industrial businesses throughout the community. Highway 18 has come to play an increasingly important role, not only as a by-pass route for through traffic traveling between the Oregon coast and the Portland metro area but also as a means of accessing more local and regional employment/institutional uses as well as the McMinnville airport. While not directly in McMinnville, Highway 22 (via 99W) provides access to Salem and to Interstate 5 (within approximately 30 miles).

- *Changing traffic patterns.* While serving as one indicator of overall economic activity, this is of particular importance for retail and service businesses as well as tourism oriented destinations reliant on high traffic counts. As of 2005, an estimated 15,900 vehicles per day traveled Highway 18 in the vicinity of the McMinnville airport – an increase of 16% over 2000 counts. As of 2010, traffic counts had increased further to 20,200.

On Highway 99W, up to an estimated 18,900 vehicles traveled daily through McMinnville in 2010, (representing a decline in 99W in-town traffic with 27,100 vehicles in 2005 and 20,209 in 2000).¹⁷ This shift in traffic toward the Highway 18 corridor is being accompanied within McMinnville by recent developments ranging from education to recreation facilities.

- *Air and rail accessibility.* As a general aviation airport, McMinnville Municipal Airport has the capacity to handle corporate jet aircraft – together with availability of aircraft rentals, flight instruction, aircraft maintenance, and fuel. The Portland International Airport (PDX) is located 36 miles from McMinnville, offering daily direct flights with passenger and freight service to Asia, Europe and Mexico as well as cities throughout the U.S.

The Willamette and Pacific Railroad maintains freight service to McMinnville industrial users. This short-line carrier connects to the Burlington Northern Santa Fe and Union Pacific carriers for transcontinental shipments to and from McMinnville. Consideration has been given to potential passenger service to the Portland area; however, a recent rail study found the improvements necessary to make this viable for passenger use cost prohibitive.

¹⁷ McMinnville traffic counts are for the peak volume location on Highway 99W. Source is the Oregon Department of Transportation, *Traffic Flow Map 2000 and 2005*.

Disadvantages:

- *Poor linkages to Interstate freeway access.* Congestion on the 99W corridor in the area of Dundee and further north is cited as a disincentive to business investment from existing and prospective new firms in documents including the 2001 EOA, a 2007 regional Marion-Polk-Yamhill strategic economic development planning process and the MEDP strategic plan. Of particular concern is the approximate 30-mile distance from McMinnville to the Interstate 5 corridor, exacerbated by substantial congestion affecting connecting routes during much of the business day, especially for the segment of the 99W corridor extending from the Highway 18 merge north of McMinnville through Newberg.
- *Challenging Air & Rail Service.* While the distance to PDX for scheduled air service is less than 50 miles, regional roadway congestion makes travel times unpredictable during business hours and about half this distance from McMinnville occurs on two-lane roadways. With increasing regional traffic congestion, access to Portland International Airport is ever more problematic both for freight shippers and employees who must travel for their jobs. As described by the 2001 EOA, “lack of convenient and efficient access to Portland International Airport was one factor cited by Hewlett-Packard in its decision to leave McMinnville, and it may discourage other existing or prospective firms from expanding or locating in McMinnville.” Also noted is that rail traffic bound for Portland has been routed south, then north, due to the unsuitability of existing trackage north of McMinnville. As learned via focus groups conducted with the 2007 MEDP Strategic Plan, McMinnville has “lost large companies because of transportation issues.” The most cited transportation issue in Yamhill County has been congestion on 99W between Dundee and Newberg.

The Oregon Department of Transportation (ODOT) is now proceeding to construction of Phase 1 of the Newberg-Dundee Bypass which will greatly affect economic opportunities in coming years. This improvement is expected to have the effect of greatly reducing travel times on the 99W corridor north of McMinnville to Newberg.

ODOT has identified the purposes of the Bypass as relieving congestion through Newberg and Dundee (and improving downtown livability in both communities).¹⁸ This long-awaited transportation improvement also may benefit McMinnville and the greater Yamhill County economy in three added ways: a) reducing work trip commutes and increasing the market labor-shed for area firms including those in McMinnville; b) providing greater certainty and reduced travel times for freight deliveries; and c) making it more possible for customer-serving commercial uses ranging from retail to business to health and education service facilities to better serve the population base needed for sustainable business operations.

¹⁸ Background information is from sources including ODOT, *Newberg-Dundee Bypass* informational brochure dated June 2012 and the NDTIP (02) Transportation Technical Report prepared by Kittelson and Associates in 2006.

Newberg-Dundee Bypass Forecast Effects on Regional Travel Time

The first phase of the Newberg-Dundee Bypass is planned to be completed by the end of 2016, providing a new 2-lane arterial extending about four miles between Oregon 219/Springbrook Road in Newberg to Highway 99W south of Dundee. Existing travel times have been compared to 2030 conditions with either a build-or no build alternative:

- Driving from *Rex Hill to Oregon 99W/Oregon 18*, existing pm peak travel time is 31 minutes – with travel time increasing to 54 minutes by 2030 under no-build conditions versus being reduced to 21 minutes with the build alternative.
- Driving in the opposite direction from *Oregon 99W/Oregon 18 to Rex Hill*, existing travel time is 21 minutes – a figure that would increase to 34 minutes by 2030 under no build conditions versus a reduction to 17 minutes with the build alternative.

Public-Private Facilities, Services & Environmental Factors. This discussion combines related items of OAR 660-009-0015(4) as related to public facilities and public services, access to suppliers and utilities, necessary support services, and environmental limitations. This is due to the inter-connected roles of these factors in affecting overall economic activity for both industrial and commercial business activities.

The availability and cost of both public and private support services can affect the costs of living or doing business in McMinnville. Environmental factors can similarly serve to constrain or, in some cases, benefit economic development investments. A firm's location decision may reflect consideration of the comparative value versus cost of doing business in McMinnville or other potentially viable locations in Oregon or elsewhere.

Advantages:

- *Low public utility rates.* McMinnville is recognized as offering low electricity and water rates compared with other public and private utilities region-wide and statewide. The public utility provider, McMinnville Water and Light, was founded in 1869 and continues to provide low cost, reliable water and power services.¹⁹
- *Water & sewer capacity for growth.* Water supply is from the Yamhill and Nestucca River basins. In 2005, McMinnville Water and Light completed expansion of McGuire Reservoir, more than doubling reservoir capacity, providing ample water supply through at least 2025.²⁰

¹⁹ This utility rate advantage was also described by the 2001 EOA, which noted that commercial and industrial electric rates were at least 20-30% below those of Portland General Electric (PGE). As of the 2001 EOA, McMinnville water rates were also well below those in nearby jurisdictions of Lafayette, Newberg and Salem. A current water and electric rate comparison is provided by McMinnville Water & Light, per web site <http://www.mc-power.com/pdf/news19.pdf>, as of Summer 2012.

²⁰ See, for example, information as provided by an editorial in the McMinnville *News-Register* titled “Efficiently keeping the water, power flowing,” July 9, 2011.

The sanitary sewer system covers approximately 90% of the City with delivery to a water reclamation facility providing advanced treatment. The plant is currently equipped to handle city growth through the next decade. Further expansion of the plant is currently in the planning stages.

- *Internet Services.* Multiple providers offer broadband services ranging from traditional dial-up service to DSL, T-1s, fiber and regional wireless. A Fiber Expansion partnership is being led by Online NW/Pacific Wave Communications, joined by McMinnville Water & Light, the City of McMinnville and McMinnville Industrial Promotions.

The partnership is aimed to provide high-speed internet access and telecommunication services to the public participants. Also planned is funding of a full service fiber optic communication system expansion into the McMinnville Industrial Park located between Riverside Drive and Lafayette Avenue.

- *Local business entrepreneurship – with a record of technological innovation.* Focus groups conducted in 2007 for the MEDP strategic economic development plan coupled with interviews for the Marion-Polk-Yamhill County regional economic development strategy have pointed to this factor as a major distinctive strength of the mid-Willamette Valley region.²¹

Perhaps less readily recognized is the diversity of other small manufacturing and industrial companies that serve global markets through technological innovation and astute market positioning. Examples range from area aerospace and metals component manufacturers to technology companies to wineries.

- *Comparative property tax rates.* While the significance of property and other taxes to business investment decisions is debated nationally and regionally, there is no question that McMinnville's relative tax burden has changed appreciably in a more favorable direction in recent years. The 2001 EOA observed that: "All other things equal, high property tax rates may discourage people and firms from locating in McMinnville."

Of 14 cities in the mid-to-north Willamette Valley area, McMinnville in 1999-00 had the third highest property tax rates, exceeded only by Salem and Woodburn. However, this previously identified issue has been turned from disadvantage to advantage as McMinnville now has the 4th lowest property tax rate of the same 14 communities (as documented by data provided with the Appendix to this report).

- *Economic development assistance.* A public services advantage noted with the 2001 EOA is the presence of the McMinnville Downtown Association, providing economic development assistance for businesses locating or expanding in the historic downtown. Since its formation in 1976, the association has been recognized for successful downtown revitalization and leadership among Oregon *Main Street* communities.

To this can be added the subsequent public-private formation of the McMinnville Economic Development Partnership (MEDP) as a single point of contact for economic development assistance for industrial and other firms throughout the McMinnville community. A more detailed discussion of resources for public/private implementation is provided with Section VI of this EOA report.

²¹ As noted by the 2007 MEDP Strategic Plan, the community's largest manufacturing employer – Cascade Rolling Mills – has been cited by sources such as the Wall Street Journal as an innovator in re-using scrap steel to serve domestic and international markets. More recent examples include the recent expansions of Betty Lou's food and Meggitt Polymers manufacturing operations.

Disadvantages:

- *Long-Term Water Supply.* While recent expansions to McGuire Reservoir are expected to provide ample supply through at least half of the updated EOA forecast period, long-term supply is more uncertain. A 2008 *Yamhill County Water Supply Analysis* concluded that most providers in Yamhill County have adequate water rights to meet projected maximum day demands to 2050; exceptions are noted for Dayton, Lafayette, McMinnville Water and Light (MWL), and Yamhill. As a result, MWL is partnering with the Cities of Carlton, Dayton and Lafayette in an application to the state to secure a water permit to the Willamette River as a potential second municipal source.
- *Environmental Effects on Land Supply.* The City of McMinnville has identified lands in steep slopes (of 25% or greater), floodplains, and wetlands identified in the National Wetlands Inventory (NWI) as environmental constraints. With the 2001/03 EOA and this 2012 update, lands with any of these characteristics are considered as constrained or unbuildable and have been deducted from lands identified as available whether vacant or partially vacant.

The 2001 EOA noted a public services deficiency as including the lack of a well-developed economic development program for McMinnville. Issues cited included the lack of a single point of contact for firms that want economic development assistance, and lack of coordination between the City, Chamber and others involved in economic development. This concern has been remedied by the formation of the McMinnville Economic Development Partnership (MEDP) and hiring of an executive director in 2006.

Labor Market Factors (including Training). This discussion combines two factors listed by OAR 660-009-0015(4) – notably items (d) labor market factors and (h) education and technical training programs – due to their mutual interdependence.

The availability of adequate, qualified labor is critical for economic development. This labor force is not limited to local McMinnville residents as local firms can draw workers from surrounding communities situated within a reasonable commute distance. Similarly, a portion of the McMinnville adult population may find employment in other communities – both nearby as well as extending into the Salem and Portland metro areas.

As was noted in the 2001 EOA, while direct information on the quality of the workforce is not always readily available, demographic characteristics that are typically used to indicate the quality of the labor force include age distribution, educational attainment, employment by occupation or industry and race/ethnicity. Also of importance are opportunities for workforce training.

Advantages:

- *Favorable workforce demographics.* As detailed with the comparative demographic and economic data in Chapter II of this EOA update, factors conducive to adequacy of abundant labor supply in McMinnville include above average population growth rates, low median age of population, and high proportion of McMinnville residents who are able to find work locally. A well-represented Latino population also offers advantages for businesses that benefit from greater cultural diversity in accessing customers in a more diverse marketplace both regionally and nationally.

- *Ability to access much larger metro area workforce pool.* With an in-city labor pool of just over 14,000, McMinnville employers have ready access to a countywide labor market of nearly 45,000. For some specialty positions in which the local market may not have adequate depth, there is an even larger 10-county regional labor pool of over 1.1 million on which to draw – much of which is located within a 20-40 mile drive from McMinnville.
- *Moderate local & countywide unemployment.* The 2001 EOA noted that McMinnville unemployment in McMinnville (in 1997) was 12% below the countywide rate and 25% below the statewide average. Comparatively moderate unemployment has been maintained despite the recession. As of the 2010 U.S. Census, McMinnville had an unemployment rate of 9.3% – somewhat above that of the U.S. (at 9.0%) but below the 10.4% rate statewide.
- *The Linfield/Chemeketa Community College connection.* As a top-ranked U.S. News & World Report college in the western U.S., Linfield College has established a west coast if not national reputation for academic excellence and value. In September 2012, Linfield was ranked #112 among national liberal arts colleges by the national magazine U.S. News & World Report. A question for the future may be how best to leverage this reputation for greater community and economic benefit.

The Chemeketa Community College – Yamhill Campus offers increasing opportunity for linkages with economic development, particularly through workforce training targeted to the needs of local employers. Another example of a partnership opportunity would be the creation of an entrepreneurship program – marketed cooperatively to area businesses. The Yamhill Valley Campus was expanded to a new location directly adjacent to the Highway 18 corridor in 2011.

- *Workforce training resources.* Programs are available through Job Growers, Incorporated (as for skills training and school-industry partnerships) and WorkSource-Yamhill Center (for labor needs matching). The Center is a partnership between the Oregon Employment Department, Job Growers, Inc, Chemeketa Community College (Yamhill Valley Campus), Oregon Department of Human Services, and the Yamhill County Community Action Agency. The Center is aimed to improved business productivity and profitability by providing access to labor market information, workforce retention, selection, hiring, customized training, retention and layoff assistance.

Disadvantages:

- The most significant labor force disadvantage is indicated by relatively low rates of college graduates. Only 22% of McMinnville adults have college degrees, a figure that is only two-thirds the 33% college graduation rate for the larger 10-county region.
- A related disadvantage may lie with relatively high proportions of service and blue collar workers – as compared with the entire county, 10-county region, entire state and U.S. This is one reason that McMinnville household incomes are also below those of the comparison geographies.

However, in some cases this available labor force will constitute a comparative advantage for firms that depend on service and/or blue collar occupations. This is especially the case if local work force skills can also be enhanced over time to allow for improved wages and career options.

Other Factors. In addition to the factors identified in conjunction with OAR 660-009-0015(4), there are other factors of importance specifically to the McMinnville community. These relate to local demographics and also land availability. Key advantages and disadvantages as noted from this and other similar analyses pertinent to McMinnville are outlined below.

Advantages:

- *Stability of population & economic growth – with less boom-bust than much of Oregon.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 2.0% per year average rate which City services have been able to match without experiencing major fiscal issues. Continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.84% per year is now forecast through 2033.
On the economic side of the ledger, McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Industrial Promotions (MIP) and, more recently, the McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA and with the 2007 MEDP Strategic Plan is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.
- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is four years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 34). Companies looking for youthful workforce can find it in McMinnville.
McMinnville is at the leading edge of Oregon’s population transformation. The community’s Latino population increased from less than 15% of the city-wide total in 2000 to nearly 21% in 2010 (well above the statewide proportion of 12%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.
- *Small-town residential charm including a walkable downtown.* While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.
The 2001 EOA noted that “McMinnville’s small-town character may make the city attractive to some households and businesses, particularly to family households with children and businesses that seek a quality community for their employees that have families.”²² As described by the website of the McMinnville Area Chamber of Commerce, “McMinnville is located in the western portion of Oregon’s agriculturally rich Willamette Valley on U.S. Highway 99W.”

²² Developers contacted in the process of preparing the 2001 EOA also commented that McMinnville’s desirability as a good place to live is a “major driver of economic development in the community.”

The quiet, friendly city enjoys a central location to Pacific Ocean beaches (50 miles), the big city (Portland - 30 miles to the northeast), and the state capitol (Salem - 25 miles southeast), with an easy scenic drive to Mt. Hood and other ski areas. “McMinnville offers small-town charm in a full-service city.”²³

- *Adequacy of buildable industrial land.* The 2001 EOA concluded that the McMinnville UGB had 98.5 acres more of buildable industrial land than would be in demand over the time horizon of 1999-2010. This estimate was updated in 2003 to arrive at a somewhat decreased surplus of 46 acres through an extended forecast period to 2033. Added documentation of current industrial land adequacy – both currently and with an updated EOA forecast – is provided with Section V to this report.

Disadvantages:

- *Vulnerability to eroding incomes & standard of living.* As of 2010, median household incomes for McMinnville are only 78% of Yamhill County and 84% of statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but well below comparable regional, county statewide and national figures.
As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.
Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.
- *Tentative integration of Latino population into community & business leadership.* As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment.
- *Inadequacy of commercial buildable land.* The 2001/03 EOA processes both concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. Due to increased efficiencies associated with target employment densities, redevelopment and less encroachment of non-employment related public/semi-public uses, this commercial land deficiency may be reduced in the years ahead – but with a resulting 36 acre shortfall experienced from 2013-33. This factor is considered in more detail as part of Section V to this EOA report.

²³ Cited from www.mcminnville.org, as of September 2012.

ECONOMIC DEVELOPMENT POTENTIAL SUMMARIZED

The 2001 EOA included a summary observation that “McMinnville’s primary comparative *advantage* is its small-town character and desirability as a place to live, coupled with its proximity to the metropolitan Portland and Salem areas.” In contrast, the 2001 EOA concluded that “McMinnville’s primary *disadvantage* for economic development is its poor access to I-5 and congestion on commuting routes to the Portland metropolitan area.”

A challenge for the future will be to maintain the community’s small-town character while providing improved economic opportunities and addressing transportation issues that have put McMinnville at some competitive disadvantage for key segments of industrial and commercial development. The Newberg-Dundee bypass offers the potential to improve McMinnville’s attractiveness for industries dependent on regional access and for commercial services that benefit from the draw of a larger population base conveniently served from a central location.

McMinnville’s relatively young and more diverse labor force represents added economic opportunity. Economic development over the next generation will be increasingly linked to continued enhancement of educational and training programs linked to changing needs of local industrial and commercial employers.

V. FORECAST EMPLOYMENT & LAND NEEDS

A focus of this EOA is on industrial and commercial land use needs over a 2013-33 forecast period. Forecast job growth is translated into demand for commercial and industrial land, then compared the supply of non-residential lands for future employment uses in the McMinnville UGB. Also addressed are questions related to short-term needs, parcel sizes and policy options.

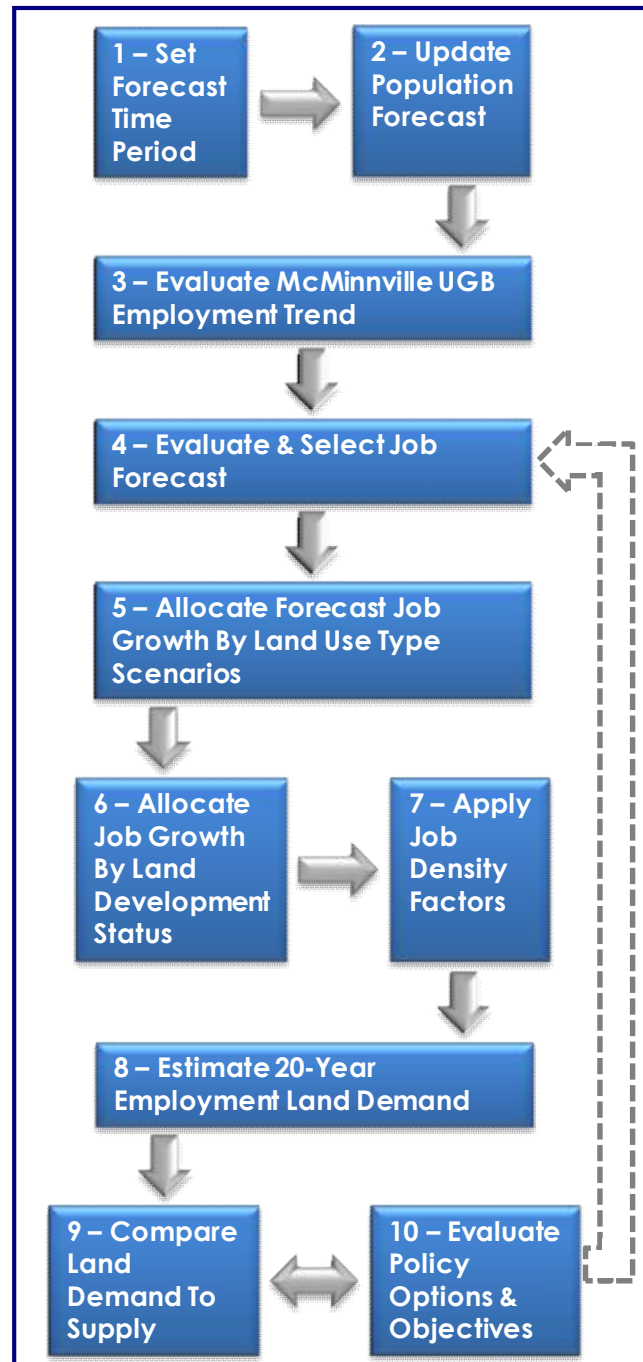
EOA UPDATE PROCESS

The chart to the right illustrates a 10-step planning process taken to evaluate employment changes and resulting demand for commercial and industrial land over a 20-year time frame. In consultation with the EOA Advisory Committee, this has been an *iterative process*. Preliminary forecast scenarios were reviewed with the Committee in terms of economic outcomes and policy objectives. The feedback received served to refine the policy objectives and forecast options considered.

The Goal 9/EOA process offers multiple options for the forecasting of employment and determination of future land needs for commercial and industrial uses. Consistent with EOA Advisory Committee discussion, the approach taken for this EOA update has involved three primary considerations:

- A common approach statewide has been to utilize population growth as a major driver to determine future employment. This is the approach taken with the 2001/03 EOA process for McMinnville and again utilized as a primary (though not the only) forecast variable for this EOA update.
- A starting point with this was to apply forecast assumptions as previously applied with the 2001/03 EOA. Using the feedback loop (as illustrated), the Committee then tested and refined prior assumptions as supported by economic and land use data and as consistent with identified policy objectives.

Figure 15. McMinnville EOA Forecast Methodology



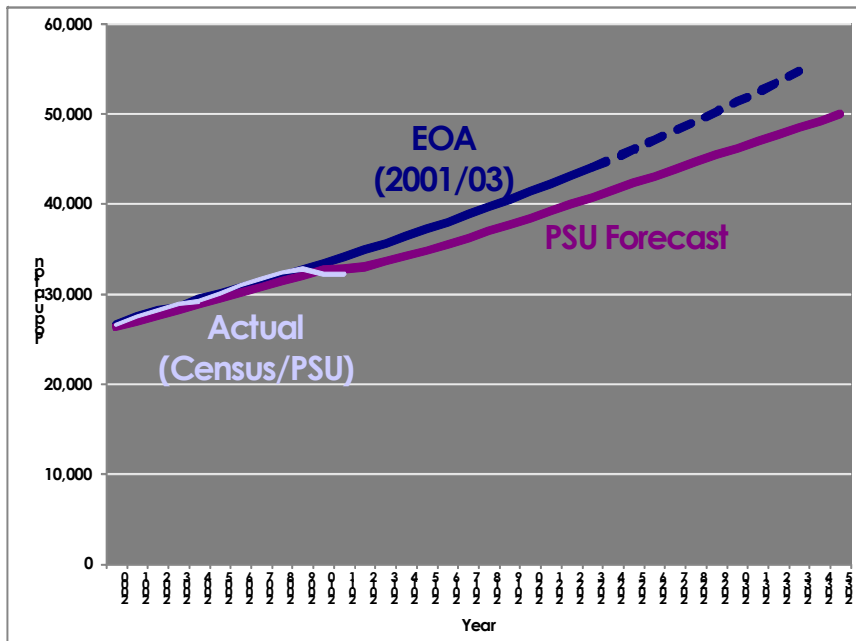
- Of particular importance to this EOA update are conditions for which substantial change could be documented over the last dozen years – as with respect to job growth rates, the changing mix of commercial and industrial employment, job density, developable land supply, ‘other uses’ not directly related to employment growth for non-residential lands, and updated community aspirations or policy objectives for economic opportunity in McMinnville.

LONG-TERM EMPLOYMENT LAND NEEDS

The *step-by-step* methodology as illustrated on the preceding page has been taken to evaluate commercial and industrial land needs for the McMinnville UGB. Data sources and key assumptions utilized are as identified with each step of this forecast approach. Also noted are key conclusions for each forecast step reached in consultation with the EOA Advisory Committee (shown in *italics*).

Step 1 – Set Forecast Time Period. Required with the Goal 9/EOA process is a 20-year forecast planning period. The time frame covered by the 2001 EOA was actually a 21-year period, from 1999 to 2020. Further population and employment analysis prepared in 2003 moved the planning time frame forward to cover the 2003-2023 time period. *For purposes of this updated EOA report, the new 20-year forecast time period is from 2013-33.*

Figure 16. Population Trend & Forecasts (2000-35)



Notes: The “actual” Census/PSU line shown above reflects a downward adjustment as the 2010 Census figure came in below the prior year (2009) PSU population estimate for the City of McMinnville. Note that the 2012 PSU forecast projections for McMinnville are provided in five-year time increments. Intervening year estimates are interpolated from the PSU dataset by E. D. Hovee & Company, LLC.

Sources: U.S. Census and Portland State University (PSU) Center for Population Research & Census.

Step 2 – Update

Population Forecast. As noted, the 2001/03 EOA processes were predicated on a coordinated countywide population forecast process leading to a projected 2.2% annual growth rate for the City of McMinnville. The 2012 coordinated population forecast process (prepared by Portland State University) results in a population growth rate, which would average approximately 1.84% per year over the 2013-33 time horizon for the City of McMinnville.

The County adopted 2012 coordinated forecast results in a projected population of 48,435 McMinnville residents as of 2033. This represents a net increase of an estimated 14,815 residents between 2013 and 2033.

Since the earlier 2001/03 EOA forecast period ended at 2023, extrapolating forward at a continued 2.2% population growth rate would have led to a forecast population of 54,765 residents by 2033. In effect, the revised 2012 PSU forecast results in about 6,330 fewer residents for McMinnville than would have been anticipated with extrapolation of the earlier 2001/03 EOA growth rate.

As noted, the updated 2012 coordinated countywide population forecast has now been adopted by Yamhill County and serves as a guiding assumption for preparation of this 2013 EOA update.

In summary, with this updated analysis McMinnville UGB population growth is forecast to increase by some 14,815 residents (from 33,620 to 48,435), which reflects a growth rate averaging approximately 1.84% per year over the 2013-33 time horizon applicable to this updated McMinnville EOA.

Step 3 – Evaluate McMinnville UGB Employment Trend. The 2001 EOA involved a detailed evaluation process to define and categorize employment in a manner most useful to forecast future job-related land needs. Using this methodology, the 2001 EOA arrived at estimates of total UGB employment (by sector) for the years 1990 and 1999.

To the extent possible, the methodology for the 2013 updated employment forecast mirrors that of the initial 2001 EOA report. Key components of this work step have been to:

- Begin with customized covered employment data as provided by the Oregon Employment Department (OED) for the McMinnville 97128 zip code (encompassing an area extending beyond the McMinnville city limits and UGB). The 2001 EOA included covered employment data for 1990 and 1999; this has been supplemented by more recent 2003 and 2010 data as compiled this EOA update process.²⁴
- Adjust covered employment (for persons covered by unemployment insurance) to total employment using sector specific ratios based on a comparison of U.S. Bureau of Economic Analysis (BEA) and OED data.²⁵ Employment sectors with high proportions of non-covered employees (notably services) tend to be experiencing higher rates of job growth, boosting the total employment growth above rates indicated by covered employment alone.
- Further adjust for the proportion of 97218 zip code employment located within the McMinnville UGB. With this updated EOA, OED data has allowed for employer specific geo-coding by address.²⁶

²⁴ Subsequent to 2000, industry classifications were altered by the U.S. Department of Commerce from Standard Industrial Classification (SIC) employment coding to the North American Industry Classification System (NAICS). The most significant change for purposes of this analysis involved recoding of restaurant and fast food dining from retail to a service classification. For comparability with the 2001 EOA and greater consistency with McMinnville land use coding, dining-related employment is re-included with retail with this updated forecast analysis.

²⁵ Because sector specific total non-farm employment was not available for Yamhill County in 1999, the 2001 EOA used information on sector specific statewide ratios of BEA total to OED covered employment, adjusted for the difference between Yamhill County to statewide ratios of wage and salary (covered) to total non-farm employment. With this update, more detailed BEA data was available by county, allowing application of ratios more specific to the mix of employment in Yamhill County.

²⁶ The 2001 EOA relied on an analysis of 1995 covered employment in the 97128 zip code that was allocated within the UGB area.

With this EOA update, the prior 2001 methodology has been replicated, using updated employment datasets as provided by the Oregon Employment Department (OED) for 2003 and 2010. This is combined with U. S. Bureau of Economic Analysis (BEA) provided county-level data indicating the relationship between covered and total employment by sector.

Resulting estimates of employment by sector within the UGB for these three points in time are depicted by the following chart.

Figure 17. McMinnville Total UGB Employment by Sector (1999, 2003, 2010)

Employment Sector	1999	2003	2010
Agriculture & Mining	790	281	460
Construction	402	631	573
Manufacturing	2,283	2,024	2,033
Transportation & Utilities	495	567	601
Wholesale Trade	269	365	223
Retail (w/Dining)	3,043	3,390	3,673
Finance, Insurance, & Real Estate	1,231	1,331	1,297
Services (w/o Dining & Education)	3,484	4,652	6,308
Public + Education Institutional	1,588	2,024	2,349
Total Employment	13,585	15,264	17,517

Note: Employment estimates are adjusted to include persons not covered by unemployment insurance.

Sources: ECONorthwest, 2001 EOA, Oregon Employment Department, U.S. Bureau of Economic Analysis, and E. D. Hovee & Company, LLC.

From 1999-2010, total McMinnville UGB employment has increased by an average of 2.3% per year. Over the somewhat shorter time frame of 2003-10, the average rate of job growth has been somewhat less at 2.0% per year.

Just as the 2001 EOA considered changes in employment by sector from 1990-99, this update involves evaluation of employment changes since 1999. Historical employment trends are of importance with Steps 4 and 5 of the forecast methodology which now follow.

Step 4 – Evaluate and Select Updated Job Forecast. The 2001/03 EOA was predicated on a forecast job growth rate of 2.06% per year for the McMinnville UGB. The selected growth rate was based on two primary factors – anticipated population growth coupled with the expectation that employment in McMinnville would represent a slightly lower proportion of total residential population over the 20 year planning period.

The purpose of this forecast step is to determine a job growth rate to apply to the updated 2013-33 forecast period. If the revised population forecast for McMinnville is used as the primary determinant of future job growth as with the 2001 EOA, the job growth rate would similarly be adjusted down from the prior forecast rate of 2.06% to a new rate of 1.7% job growth per year, extending over this new 20-year forecast horizon.

As discussed with the EOA Advisory Committee, other forecast options are available to consider. Drawing on information from the new 2012 coordinated population forecast together with observed employment growth locally and forecast growth regionally, three optional employment forecast scenarios for the McMinnville UGB were provided for EOA Advisory Committee consideration, as outlined below.

Employment Growth Forecast Options for EOA Advisory Committee Input

UGB Employment Scenario Options Summarized. Three alternative employment growth forecasts were presented as reasonably plausible alternatives for the updated 2013 EOA update:

- A **mid-growth** (or baseline) forecast of 1.7% per year – described above as the approach most consistent with that taken in the 2001 EOA, but updated in conjunction with the new 2012 coordinated population forecast process. With this scenario, an estimated **7,385 net new jobs** would be added within the McMinnville UGB from 2013-33.
Note: the McMinnville UGB had an estimated total job base of over 17,500 as of 2010.
- A **low-growth** scenario of 1.5% per year – equivalent to what has been forecast by the Oregon Employment Department (OED) for mid-valley and coastal counties. This scenario results in **6,455 net added jobs** over a 20-year updated forecast horizon to 2033.
- A **high-growth** scenario of 1.9% per year – assuming that job growth in McMinnville occurs at the same rate as forecast by OED for the Portland tri-county area. This scenario results in **8,470 net added jobs** over a 20-year updated forecast horizon to 2033.

After discussion, the EOA Advisory Committee recommended application of a mid-growth or baseline forecast for this 2013-33 update. This scenario is most consistent with the approach taken with the previously adopted 2001 EOA and reflects McMinnville's position between the lower growth mid-valley/ coastal regions of Oregon and the more rapidly growing portion of the Portland tri-county region to which McMinnville is linked as part of the Portland-Vancouver MSA.

Step 5 – Allocate Forecast Job Growth by Land Use Type Scenarios. This next step is to forecast the changing mix of job growth by employment sector and land use type. As with Step 4 determination of an overall forecast job growth rate, this step has been identified by the EOA Advisory Committee as important for consideration of optional outcomes – based not only on observed trends but also comparable regional forecasts and policy objectives as may be considered with update of McMinnville’s Comprehensive Plan. This job allocation step involves:

- a) **Reviewing changes in the mix of employment by sector** covering the time period since the 1999 data used with the last EOA. These changes together with designations of predominant land use types associated with each sector are illustrated by the following chart.

Figure 18. Changing McMinnville UGB Job Distribution (1999-2010)

Employment Sector	1999	2003	2010 Use Type
Agriculture & Mining	5.82%	1.84%	2.62% Industrial
Construction	2.96%	4.14%	3.27% Industrial
Manufacturing	16.81%	13.26%	11.61% Industrial
Transportation & Utilities	3.64%	3.72%	3.43% Industrial
Wholesale Trade	1.98%	2.39%	1.27% Industrial
Retail (w/Dining)	22.40%	22.21%	20.97% Commercial
Finance, Insurance, & Real Estate	9.06%	8.72%	7.41% Commercial
Services (w/o Dining & Education)	25.65%	30.47%	36.01% Commercial
Public + Education Institutional	11.69%	13.26%	13.41% Institutional
Total Employment	100.00%	100.00%	100.00%

Notes: Note that 1999 data is not fully comparable to information for subsequent years due to reclassification from SIC to NAICS based employment categorization occurring post-2000.

Source: E. D. Hovee & Company, LLC from 2001 EOA and OED/BEA datasets per 2001 EOA methodology.

- b) **Allocating employment sectors to three overall land use categories** similar to those used with the 2001/03 EOA. Land use categories applied are intended to match with generalized distinctions of Comprehensive Plan and zoning designations between industrial and commercial uses – as indicated by the chart above.

The employment sectors of agriculture/mining, construction, manufacturing, transportation/utilities and wholesale trade typically are expected to occur primarily on industrially designated lands within the UGB. With this update, commercial retail and service activities are combined as both are covered by common commercial zoning designations. Institutional uses (notably government and public/private education) may be accommodated with a mix of commercial, industrial and, in some cases, residential lands – as is further elaborated with the Step 8 discussion of ‘other uses.’

Commercial and institutional uses have increased their shares of employment in the McMinnville UGB since 1999 (the data point for the last EOA). Since 1999, industrial employment has declined as a proportion of all UGB employment. Declining shares of industrial employment were noted with the 2001 EOA during the decade of the 1990s and are consistent with national experience for industrial employment since the 1990s as well.

c) **Forecasting future shares of total employment** based on trends observed by land use type combined with national/regional forecasts and local policy objectives. Over the course of several meetings, three alternative job mix forecasts were reviewed with the EOA Advisory Committee as a basis for discussion and review:

- **Trending of employment shares to 2033** – an approach that would result in commercial and institutional uses accounting for an increasing share of employment while industrial employment continues to decline as a proportion of all UGB jobs.
- **Maintenance of existing shares of employment at 2010 employment ratios** – but at the risk of understating the implications of continued shifts in the composition of employment in McMinnville (as well as regionally and nationally).
- **A policy-driven approach to stabilize and slightly increase McMinnville’s share of industrial employment** – reflecting an objective to continue focusing on higher wage industrial activity and taking advantage of potential future opportunities for “re-shoring” or re-invigoration of American manufacturing activity.

After consideration, the Advisory Committee recommended a balanced approach in recognition of changing employment patterns, but with a continued policy focus on industrial stabilization and continued vitality for the McMinnville community. This approach also involves a slight decrease in the institutional share of all employment consistent with the likelihood of constrained public sector budgets coupled with more modest increases in the commercial share of employment activity than has been the case over the prior decade.

Changes in the mix of McMinnville UGB’s job distribution coupled with the recommended 2033 EOA forecast scenario are as depicted by the following chart.

Figure 19. Changing & Forecast McMinnville UGB Job Mix by Land Use Type

Land Use Type	1999	2003	2010	2033
Commercial	57.1%	61.4%	64.4%	65.0%
Industrial	31.2%	25.3%	22.2%	23.0%
Institutional	11.7%	13.3%	13.4%	12.0%
Total	100.0%	100.0%	100.0%	100.0%

Source: E. D. Hovee & Company, LLC from 2001 EOA and subsequent OED/BEA datasets per 2001 EOA methodology and EOA Advisory Committee recommendation.

In summary, the EOA Advisory Committee has recommended a forecast 2033 employment distribution of 65% commercial, 23% industrial and 12% institutional as a basis for determining 2013-33 job targets and associated commercial and industrial land use needs. This recommendation reflects both consideration of past trends and a policy objective consistent with the 2001 EOA to encourage traded sector industrial employment.

Step 6 – Allocate Job Growth by Type of Land Utilized. The 2001 EOA involved detailed analysis to allocate anticipated job growth between four categories of land use:

- Non-employment land – including land designated for residential and/or open space use.
- Existing developed land – via added employment on sites with existing substantial building improvements.

- Reused land – involving redevelopment and intensified use of already developed sites.
- Vacant employment land – involving available commercial and industrial land in the McMinnville UGB.

As shown by the following chart, the prior 2001/03 EOA assumed that between 13-17% of added job growth would occur with redevelopment or on sites not requiring use of vacant commercial or industrial land. Depending on the land use type, 83-87% of employment was forecast to require accommodation on currently vacant employment land.

Figure 20. Allocation of Job Growth by Land Use Type

Land Use Type	2001 / 03 EOA		2013 EOA Update	
	% Vacant Employment Sites	% Other Sites	% Vacant Employment Sites	% Other Sites
Commercial	85%	15%	83%	17%
Industrial	83%	17%	83%	17%
Institutional	87%	13%	83%	17%

Source: ECONorthwest, 2001 EOA and 2013 EOA Advisory Committee recommendation

With this 2013 EOA update, redevelopment rates are increased to a recommended 17% across all employment land use types. The EOA Advisory Committee made this recommendation after requesting further research to assist in determining whether the vacant land allocations remain valid or should be adjusted.

Of particular interest was the question of whether increased commercial and/or industrial space vacancies experienced during the recession might offer more opportunity to refill existing space before developing vacant land. Based on a listing of vacant commercial and industrial building space MEDP compiled, it would appear that the current pattern of vacancies are not appreciably different than normalized vacancy rates typically needed to support new construction.²⁷

A review of redevelopment and building reuse rates as are being applied by other communities from the Portland metro area and mid-Willamette Valley was also conducted. From this review, the 83-87% development rate applied to vacant land that has been applied with the prior EOA appears generally consistent with, if not below, greenfield site development rates being used by other comparable communities. The exception would be in the more urbanized portions of the Portland

²⁷ Based on data provided by MEDP in January 2013, there is less than an estimated 70,000 square feet of identified vacant commercial space and just over 163,000 square feet of vacant industrial space in McMinnville. While there is no detailed commercial/industrial building inventory available for McMinnville, the employment and space utilization estimates provided with the 2011 EOA and this update make it possible to estimate current inventories. Resulting space vacancies are estimated to be in the range of 2% for commercial space and about 6% for industrial space – both of which are consistent with relatively healthy vacancy rates and normal business turnover. This would indicate that there is not excessive vacancy in the McMinnville area and that the 83% recommended allocation of jobs to vacant lands recommended with this update represents a reasonable target for this EOA update.

metro rate which generally assume higher rates of redevelopment than is the case elsewhere in Oregon including the mid-valley region.²⁸

Also noted from this review is what has been described in other EOAs as the challenge associated with attempting to quantify redevelopment rates in jurisdictions throughout the state.²⁹ Detailed results of this comparable jurisdiction review are provided by the Appendix to this report.

In summary, the EOA Advisory Committee recommended that some modest adjustment be made in assumed redevelopment rates as a policy objective and to reflect redevelopment anticipated, for example, with the Granary District. Assumed with this updated EOA analysis is that redevelopment rates can be increased with commercial and institutional uses to match the more aggressive rates already assumed for industrial – with an overall redevelopment rate of 17% applied across all employment uses.

Step 7 – Apply Job Density Factors. Employment density factors are applied to the approximately 83% of job growth that is anticipated to require use of primarily vacant industrial and commercial sites – defined in terms of employees per acre. The following chart shows *job per acre* assumptions were previously applied with the 2001 EOA and acknowledged by the State of Oregon, followed by recommended density assumptions with this 2013 EOA.

Figure 21. Employment Density Assumptions (2001, 2013 EOAs)

Land Use Type	Employees per Acre	
	2001/03 EOA	2013 EOA Update
Commercial	22.0	26.0
Industrial	11.0	11.0
Institutional	35.0	35.0

Source: ECONorthwest, 2001 EOA and EOA Advisory Committee recommendation.

With this update, the EOA Advisory Committee discussed whether the density assumptions applied with the 2001 EOA remain valid in 2013. Of particular interest were questions as to: a) whether commercial job density factors should be adjusted upward as a means for greater intensity of land use; and b) whether there should be a distinction between commercial retail and office/service density factors, recognizing that office use densities are often greater than for retail commercial activity.

²⁸ A related question is whether there is evidence of a higher proportion of employees working at home. However, that does not appear to be the case based on data available. The share of all McMinnville residents who work and work at home declined somewhat from 2.8% in 2000 to 2.6% as of the 2010 Census. While data specific to McMinnville is not available, it is also noted that proprietor's income (for persons who often work out of home locations) dropped from 8% to 5% of personal income for all Yamhill County residents from 2001-10.

²⁹ The *Salem-Keizer Metro Area Regional EOA 2012-2032*, as prepared by ECONorthwest, May 2011, notes that “there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.”

As with redevelopment rates, there is little detailed empirical analysis readily available for jurisdictions outside the urbanized portion of the Portland metro (tri-county) area. However, in conjunction with updating its non-residential buildable lands inventory (BLI), it has been possible to assess current employment densities for commercial uses in McMinnville's UGB. Based on review of the updated BLI together with employment data, the job density for commercial retail and service/office uses is estimated at an overall average of approximately 22 employees per acre.³⁰

In discussion with the EOA Advisory Committee, four criteria were identified as a means to address employment density questions for commercial uses:

- **Meet at least the minimum DLCD Goal 9 Guidebook guidelines for employment densities.** Both the prior EOA and alternative commercial job density methods considered with this update are well above the DLCD range of 14-20 jobs per acre for commercial uses.
- **Use locally driven information.** Comparison to other communities can be useful as a general guide to bracket a potential range of alternatives. This EOA process has included comparisons to a diversity of other western Oregon communities – including Salem-Keizer, Corvallis, Albany, Newberg, Beaverton and the Portland metro area.³¹ Each comparable is associated with its own pros and cons; none appears as directly applicable to McMinnville's economic profile or opportunities. DLCD input indicates that McMinnville need not compare itself with any other city, so long as EOA data and accompanying narrative clearly describe why a McMinnville-specific density figure is being selected.
- **Provide empirical support for EOA findings whenever possible.** Coming up with valid empirical employment density information has proven to be one of the more daunting data challenges with EOAs across Oregon. However, the updated BLI coupled with employment data have made it possible to provide a reasonable quantitative estimate of existing McMinnville commercial employment densities. To the extent that the forecast process reflects this data as a basis for findings, the resulting adopted EOA should also prove to be more defensible in the event of potential challenges.
- **Balance historic community trends with current conditions and aspirations.** As DLCD representatives have noted throughout the Committee discussion process, the Goal 9 process allows for considerable local community discretion so long as final recommendations and findings are clearly explained and supported by EOA documentation.

Based on supplemental analysis and discussion, the EOA Advisory Committee has recommended that 2001/03 employment densities for industrial and institutional uses remain at 11 and 35 employees per acre, respectively. Commercial retail and service job densities are recommended to increase from an overall average of 22 jobs per acre to 26 jobs per acre to encourage increased utilization of land with future employment growth. This job density target also recognizes that there may be considerable diversity of commercial densities experienced, with retail uses generally at densities below and office densities generally above the overall 26 jobs per acre average.

³⁰ As of 2013, employment associated with commercial lands is estimated at 12,197 jobs. Developed commercial property is indicated by the updated BLI at just under 563 acres. This works out to approximately 22 jobs per acre. Because the BLI does not differentiate commercial retail from office/service uses, it has not proven readily possible to quantitatively separate observed density factors for retail versus service commercial.

³¹ Further information as to results of this research regarding employment density factors applied by these jurisdictions is provided by the Appendix to this EOA report.

Step 8 – Estimate 20-Year Employment Land Demand (with adjustment for ‘other uses’). Taken in combination, the results of steps 4-7 can be used to forecast 20-year demand for commercial and industrial land in the McMinnville UGB. This land allocation process has involved:

- a) **A re-assessment of the methodology previously used to allocate institutional or ‘other uses’ to vacant commercial and industrial land.** Instead of estimating ‘other use’ needs of public agencies for non-residential land based on forecast employment densities (as with most industrial and commercial uses), the 2001/03 EOA processes calculated acreage requirements based on forecast McMinnville population growth (on a jobs per acre basis).³²

Detailed analysis of actual added institutional expansion has indicated relatively minimal demand for non-employment or similar ‘other use’ demand from 2000 to 2012. Many of the land extensive public and related institutional land uses now appear to be accounted for – with much less demand anticipated in the updated forecast period through 2033.

Consequently, this updated EOA replaces the previous *per capita* forecast method with a *per employee* methodology that is consistent with the estimation process for commercial and industrial uses. In effect, the calculated demand for future commercial and industrial acreage is predicated solely on employment growth directly associated with institutional acreage, assuming that 62% of job growth continues to be allocated to employment land.

Application of the 83% share of employment growth anticipated for commercial and industrial lands consistent with Step 7 job density factors. As depicted by the following chart, the land demand forecast also includes a forecast 5% vacancy factor as was included previously with the 2001 EOA. As this chart illustrates, an estimated 5,921 jobs of the 7,385 net added jobs forecast from 2013-33 are anticipated to require location on fully or partially vacant sites designated for commercial or industrial use.

Figure 22. Forecast Demand for Vacant Employment Land (2013-33)

Land Use Type	Forecast Job Growth	Added Jobs on C/I Land	Employees per Acre	Acreage Need	% of Total
Commercial	4,898	4,065	26.0	164.6	51%
Industrial	1,826	1,516	11.0	145.1	45%
Institutional	660	340	35.0	10.2	3%
Total All Uses	7,385	5,921	19.5	319.9	100%

Notes: Added jobs on currently vacant commercial/industrial (C/I) land are forecast at 83% of total job growth. Institutional uses are further adjusted with the assumption that just under 62% will be on employment lands, with the remainder on residentially designated lands. For all uses, a 5% normalized vacancy factor is included, consistent with the 2001 EOA.

Source: ECONorthwest, 2001 EOA and E. D. Hovee & Company, LLC.

In effect, this EOA update is aimed to provide continuity with the prior 2001/03 analyses but with revisions made as recommended by the EOA Advisory Committee with respect to factors of forecast growth and mix of employment together with adjusted rates of redevelopment, employment density and demand methodology for institutional uses.

³² Of the total acreage need, just under 62% was forecast to occur on non-residential (or employment) lands, with the remaining demand accommodated on residential land (as for K-12 schools). The 2001 per capita methodology resulted in more forecast demand for non-residential (or employment) land than the employment density approach.

Step 9 – Estimate & Compare Land Demand to Supply. There are two components to this pivotal step of the EOA forecast analysis – updating the Buildable Land Inventory (BLI) and then comparing this inventory with forecast commercial and industrial land demand:

a) Update the supply of commercial and industrial land within the McMinnville UGB.

As of October 2013, City planning staff have used tax parcel data to finalize an updated non-residential Buildable Land Inventory (BLI) for the McMinnville UGB. The methodology is similar to that of the prior 2000/03 BLI inventories – with distinctions indicated for land that is already developed or otherwise unavailable and land that is available as vacant or partially vacant.³³

Land assumed to be available for future commercial and industrial development comprises both fully vacant and partially vacant parcels. As depicted by the following chart, the 2012 BLI encompasses:

- An updated commercial inventory of close to 131 available acres – of which 83% comprises fully vacant parcels and the remainder as partially developed properties.
- An industrial inventory of 389 available acres – of which 97% consists of vacant parcels.
- A combined commercial/industrial available inventory of approximately 520 acres.

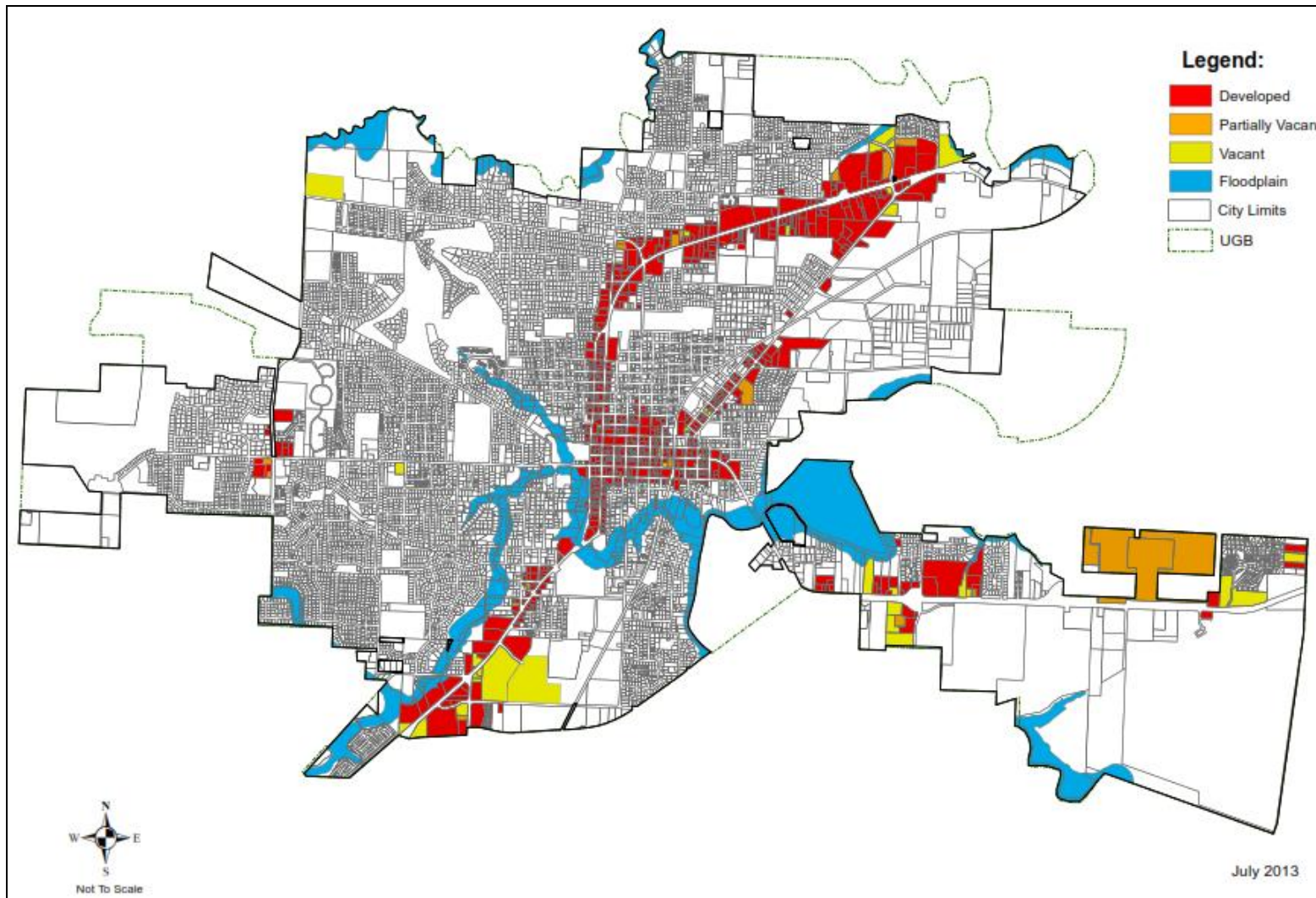
Figure 23. McMinnville Commercial & Industrial BLI (2012)

BLI Category	# of Parcels	Land Area (in acres)		Total
		Unavailable	Available	
Commercial Inventory				
Developed	793	464.36	0.00	464.36
Partially Developed	18	84.13	22.46	106.59
Vacant	43	14.28	108.46	122.74
Subtotal Commercial	854	562.77	130.92	693.69
Industrial Inventory				
Developed	174	1,154.63	-	1,154.63
Partially Developed	6	4.54	12.36	16.90
Vacant	49	20.51	376.71	397.22
Subtotal Industrial	229	1,179.68	389.07	1,568.75
Commercial + Industrial	1,083	1,742.45	519.98	2,262.43

Source: City of McMinnville Planning Department, updated as of October 2013.

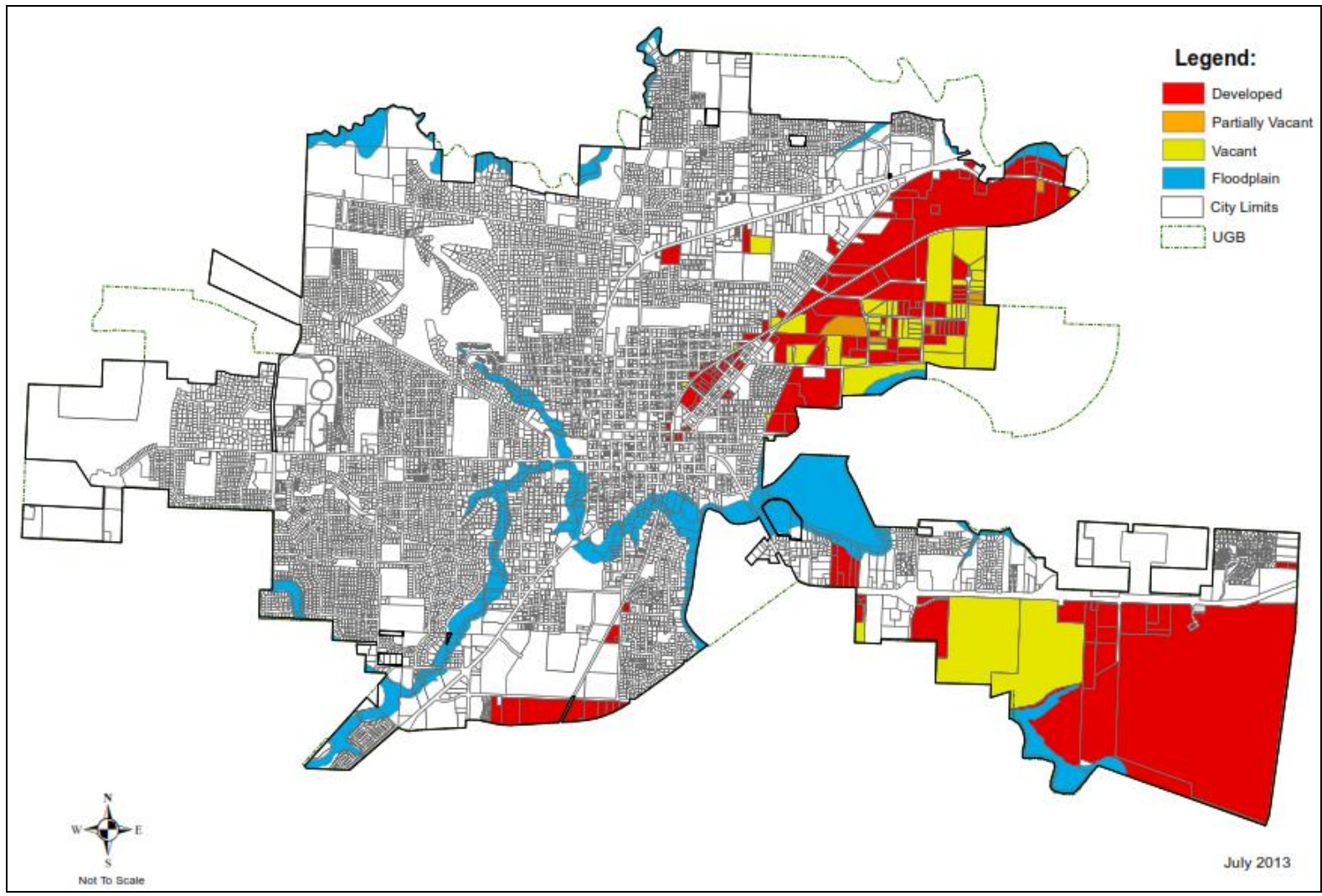
³³ With the 2000 detailed base inventory, non-residential lands were classified as vacant, partially vacant, undevelopable, developed, public, religious or land committed to other uses. Areas with steep slopes (of 25%+), floodplains, wetlands (as defined by the National Wetlands Inventory, without access, and/or identified for future public facilities were considered as constrained or unbuildable.

Figure 24. Commercial Buildable Lands Inventory (2012)



Source: City of McMinnville Planning Department, updated as of October 2013.

Figure 25. Industrial Buildable Lands Inventory (2012)



Source: City of McMinnville Planning Department, updated as of October 2013.

- b) **Compare the demand for commercial and industrial land with the updated available BLI acreages.** As indicated by the following chart, the combined demand for industrial and commercial land is estimated at 320 acres through 2033. This compares with vacant land supply estimated of approximately 520 acres for a net overall surplus of 200 acres.

Figure 26. Comparison of Land Demand to Supply (2013-33)

Acres by Plan Designation				
	Commercial	Industrial	Total	Comments
Vacant Land Demand				Based on 2013-33 jobs forecast
Commercial	164.6	-	164.6	Commercial retail & service need
Industrial	-	145.1	145.1	Manufacturing & related sectors
Institutional	2.2	8.0	10.2	62% of need w/per job method
Totals	166.8	153.2	319.9	Employment land demand
Available Land Supply				Fully & partially vacant sites
2013 BLI Update	130.9	389.1	520.0	Revised per BLI update 7/13
Surplus/(Deficit)	(35.8)	235.9	200.1	As of 2033 forecast year

Notes: All acreage figures are rounded to nearest 1/10th of an acre.

Source: E. D. Hovee & Company, LLC.

However, the balance of land demand and supply is different for commercial than for industrial uses. As with the prior 2001/03 EOA projections, an anticipated surplus is indicated for industrial lands versus a shortfall associated with commercial lands:

- Commercial land demand is expected to exceed supply – resulting in a forecast shortfall of an estimated 36 acres through 2033.
- Industrial land demand is anticipated to come in well under the BLI supply – resulting in a surplus forecast at close to 236 acres over the 20-year planning horizon.

In summary, this EOA update indicates that industrial land needs can be more than amply met over the next 20 years while commercial land supply will fall short of meeting anticipated demand. Policy options that might be available to address this mismatch between anticipated supply and demand represent the next and final step in the EOA forecast allocation process.

Step 10 – Evaluate Policy Options & Objectives. To address EOA requirements for commercial and industrial lands, several following options were discussed and evaluated with the EOA Advisory Committee. Options considered were to:

- Reduce the overall employment forecast to a level that can be accommodated by the existing designated inventory of developable commercial and industrial sites (but not recommended due to the Advisory Committee’s expressed goal of maintaining an appropriate balance between forecast job growth and population growth).
- Aim for more redevelopment (as subsequently reflected by Committee recommendations as noted with Step 6).
- Increase employment density targets (also recommended for commercial uses per Step 7).

- Reduce the allocation of employment-designated land for institutional ‘other uses’ by switching from a population-driven to an employment-driven approach to forecasting future employment land needs (as recommended by the EOA Advisory Committee with Step 8).
- Expand McMinnville’s urban growth boundary (not recommended with this updated EOA).
- Leave the commercial/industrial imbalance unaddressed (not recommended due to the DLCDC Goal 9 requirement for the City to carry an adequate supply of land to meet the full range of employment growth needs over the adopted planning horizon).
- Redistribute commercial/industrial land supply with Comprehensive Plan and resulting zoning re-designations (recommended by the EOA Advisory Committee to occur as needed to accommodate forecast commercial and industrial land demand as consistent with Step 9).
- Consider strategic growth initiatives for remaining land that may be surplus to forecast commercial and industrial needs (with an EOA Advisory Committee recommendation to provide for industrial or commercial reserves to the extent that EOA forecast commercial and industrial uses are first fully addressed).

Assuming that the Step 9 estimated commercial land shortfall of approximately 36 acres is addressed by re-designating at least this amount of acreage from industrial to commercial use, there would still remain an industrial surplus of up to 200 acres (above and beyond forecast 20-year industrial land needs). Per the Advisory Committee, this excess inventory is recommended to be allocated as a strategic reserve for currently unforeseen industrial and commercial development opportunities that might arise over the 20-year time horizon. This represents an increase from the 46-acre industrial land reserve provided with the most recent prior (2003) EOA update.

Considerations for Conversion of Industrial to Commercial Land

As recommended by the EOA Advisory Committee, the determination of which sites to re-designate from industrial to commercial use may involve consideration of suitability factors such as transportation access, compatibility with neighboring uses, infrastructure capacity, and site size distribution. Conversion should occur to the extent required to assure inventories at least adequate to meet forecast 20-year land demand both for commercial and industrial lands.

Also recommended is that hybrid industrial-commercial zoning be considered in existing developed areas that appear to be in transition from industrial to a broader mix of employment uses. Hybrid zoning might be considered as part of a strategic industrial/commercial land reserve.

In summary, the EOA Advisory Committee recommends a mix of policy options to assure adequacy of commercial and industrial lands from 2013-33 – including increased redevelopment rates and commercial employment density objectives, reduced allocation for institutional uses, redistribution of land supply to meet remaining unmet forecast commercial demand, and a strategic growth initiative for the remaining excess inventory of industrial land. In addition to policies related to overall commercial and industrial land supply, the EOA should also address more detailed policy questions as for short-term land needs and parcel size configuration (topics to which this EOA now turns).

SHORT-TERM NEED DETERMINATION

In addition to a review of long-term 20-year needs, OAR 660-009-0005 requires identification of a short-term supply of land meaning “suitable land that is ready for construction within one year of an application for a building permit or request for service extension.” OAR 660-009-0025 also stipulates that cities must provide “at least 25 percent of the total land supply within the urban growth boundary designated for industrial and other employment uses as short-term supply.”

Based on the updated BLI, the short-term need appears to be relatively well satisfied for commercial sites as well as industrial land – at least in terms of gross acreage needs:

- The short-term need for commercial and industrial lands combined is calculated as 25% of the long-term (20-year) need estimated at 320 acres – equaling 80 acres. This is well within the combined commercial and industrial BLI indicated serviceable supply of 513 buildable acres.
- Similarly, there is more than ample short-term supply of industrial land as 25% of the long-term need of 153 acres represents just over 38 acres of required short-term supply. This is well within the current BLI figure of 389 acres of available vacant industrial land within the McMinnville UGB.
- The short-term supply of commercial land also appears adequate to meet 25% of anticipated demand in terms of gross acreage need. The short-term commercial land need is calculated as 25% of 167 acres of long-term demand – equaling close to 42 acres of short-term need. This existing potential short-term demand represents just under one-third (32%) of the identified inventory of 131 acres for commercial use.

While there appears to be adequate inventory to meet the statutory short-term need in gross acreage terms, two questions remain as to the short-term suitability of the potentially available commercial and industrial inventory.

The first question is whether the existing inventory is adequately accessible to required urban infrastructure and free of environmental issues that might substantially constrain commercial or industrial development. This concern appears to be addressed with the standards applied to the initial 2000 EOA non-residential lands inventory, now updated to 2012 – as acreage with substantial environmental or infrastructure limitations has been excluded from the inventory. In effect, all of the land within the updated 2012 inventory should be viewed as having the capacity to accommodate allowed commercial and industrial uses as appropriate to each plan and zoning designation.

A second question is whether the existing inventory has the right mix of parcels sizes to meet anticipated commercial and industrial land demand – both short and long-term. It is to this added question of parcel size that this EOA now turns.

In summary, there appears to be an adequate inventory to accommodate overall acreage sites needs for commercial and industrial sites, although there may be issues of parcel size distribution to consider with short as well as long-term site needs.

PARCEL SIZE EVALUATION

A review of parcel sizes required by McMinnville businesses is important to ascertain the extent to which the gross acreage inventories of commercial and industrial land will appropriately meet anticipated needs of area employers with diverse site needs. While this parcel size discussion is of principal importance in assessing long-term (20-year) commercial and industrial acreage demand, it may also be of value in considering short-term needs.

Updated BLI Distribution. At the time of the 2001 EOA, the BLI covered 122 sites comprising close to 474 acres of commercial and industrial land deemed as available for development over a 20-year planning period. As a result of a combination of land reclassifications (as with zone changes) and development, the current 2012 inventory is now estimated at 520 acres.

Figure 27. Parcel Size Distribution of McMinnville Employment Lands (2012)

Use Type	Distribution of Parcels by Acreage Size					Total
	< 1	1-4	5-9	10-19	20 +	
Number of Tax Lots						
Commercial	35	22	1	1	2	61
Industrial	16	25	7	2	5	55
Total Tax Lots	51	47	8	3	7	116
Acreage						
Commercial	12.6	57.2	7.3	11.0	42.9	130.9
Industrial	9.8	40.6	47.0	32.0	259.7	389.1
Total Acres	22.3	97.7	54.4	43.0	302.6	520.0

Note: The parcel size inventory includes both vacant and partially vacant sites, per the updated McMinnville BLI.

Sources: City of McMinnville and E. D. Hovee & Company, LLC, updated as of October 2013.³⁴ This inventory was conducted in October 2013, but is current to December 31, 2012..

As depicted by the above chart, the updated 2012 BLI for non-residential lands indicates that:

- There are 61 identified parcels (or tax lots) totaling 131 acres of commercially designated vacant and partially vacant property in the McMinnville UGB – representing an average parcel size of just over two acres. There are only four identified as yet vacant and partially vacant commercially designated parcels of 5+ acres indicated with the 2012 inventory update. Less than half (47%) of the vacant commercial site acreage comprises parcels of 5+ acres in size.

³⁴ The parcel size categories are the same as were considered with the 2001 EOA, with the exception that 20-49 and 50+ acre categories shown previously have been combined to a single 20+ acre category as per the recommendation of the EOA Advisory Committee.

- There are 55 parcels totaling over 389 acres of industrially designated vacant and partially vacant property in the McMinnville UGB – for an average parcel size of over seven acres. The industrial inventory includes 14 parcels indicated at 5+ acres in size including five parcels of 20+ acres. Fully 87% of the vacant industrial site acreage consists of parcels that are 5+ acres in size.

Anticipated Parcelization Needs. Future parcelization needs can be considered from several perspectives including recent trends, needs of target business and industry clusters, and the parcel size configuration of the existing non-residential BLI. Recent trends indicate varied patterns of parcelization demand for commercial and industrial lands. From 1993-2012, demand for commercial land has been demonstrated across the spectrum of parcel site sizes. By comparison, over 90% of the acreage demand for industrial sites has been focused on parcels of 1-9 acres in size.³⁵

This record of observed demand represents one indicator but not necessarily the best predictor of future parcel size demand. A second consideration relates to the needs of business and industry clusters that may be targeted for priority emphasis over the next 20 years. As described further by Section VI to this updated EOA, recommended cluster targets for McMinnville are focused on advanced manufacturing and healthcare/traded services.

While many manufacturers suited for a community of McMinnville’s size fall into a small-mid size range well suited for 1-9 acre uses, there are other advanced manufacturing firms that could require substantially larger sites. A strategic economic development priority of the City has been to provide the capacity to accommodate larger industrial uses that provide significant new employment and high wage opportunities for McMinnville area residents. Viable sites for these mid-larger manufacturing firms can range from 10 to 50+ acres.³⁶

Health care and traded sector service firms typically require commercial sites. While a range of site sizes can be involved, traded sector firms that serve regional, national or international markets will more often be associated with greater employment and associated site size requirements than those serving primarily the immediate McMinnville area.³⁷

A third factor affecting future parcelization relates to the configuration of the existing non-residential BLI. With more than an adequate supply of industrial sites to meet projected demand, the greatest need may be for parcelization of some of the larger sites to meet needs of small-mid size industrial firms requiring sites of 1-9 acres – while preserving the strategic capacity to serve larger advanced manufacturing users that might be recruited to McMinnville over the 20-year forecast horizon.

³⁵ Observed demand for commercial and industrial uses has been based on a review of City of McMinnville non-residential building permits issued from 1993-2012.

³⁶ The 2001 EOA indicated that parcel sizes of 10-20 acres are typically required for uses such as fabricated metals and industrial machinery firms. Site size needs can range up to 30 acres for some electronics and transportation equipments and to 50+ acres for electronic/semiconductor fabrication plants.

³⁷ Larger service-related site needs previously referenced by the 2001 EOA included light-industrial/office sites (5-20 acre parcels) and health services (up to 10 acres), retail centers (20+ acres), and campus research and development (20-40 acre parcels).

Because the commercial BLI inventory is inadequate to fully serve projected demand, the shape of the future commercial inventory will reflect both the existing inventory plus parcel sizes of other lands within the present McMinnville urban growth boundary (residential or industrial) that may be considered for redesignation to commercial use. Future commercial demand can be expected across the full range of parcel size configurations.

EOA Implementation Response. Characteristics of the existing inventory combined with anticipated future demand indicate that forecast industrial demand can be met with some added parcelization of the existing inventory plus reservation of some large sites for major manufacturing employment opportunities. Commercial demand can be met through utilization of existing available commercial sites together with properties that may be redesignated to commercial use to meet overall acreage requirements, with added parcelization to the extent that shortages within existing parcel size categories are demonstrated.

Both for commercial and industrial uses, the capacity to address changing or unanticipated site size needs may be facilitated through tracking of development activity as permits are issued. Regular BLI inventory updates will better assure an on-going ability to meet the full range of commercial and industrial site needs over the course of the 20-year planning period.

Recognizing that parcel size needs may change in the future, the EOA Advisory Committee has recommended that parcel size be considered as a general guide rather than as an absolute determinant of the distribution of commercial and industrial lands. Individual business or property owners would be encouraged to make their own best case for parcel sizes that best fit their particular development requirements – as with Comprehensive Plan map and zoning changes that may be proposed in the future. In addition, the Advisory Committee recommends that the City maintain a strategic reserve of larger 20+ acre sites above the forecast need as surplus commercial/industrial lands are available and as a means to serve needs of larger employers not yet identified.

POLICY MEASURES WITH COMMERCIAL & INDUSTRIAL LAND DESIGNATIONS

Step 10 of the overall EOA forecast methodology described policy options considered to address long-term employment land demand, supply shortfalls and related policy objectives. Based on additional considerations of short term needs and parcel size distribution, the following specific policy measures are outlined with respect to objectives and issues distinctive to commercial and industrial lands in McMinnville's UGB.

Commercial Lands. As was the case with the 2001/03 EOA documents, all of the land supply shortfall is attributable to commercially designated uses. In effect, BLI supply is estimated to be approximately 36 acres short of forecast demand by 2033. Based on past experience and continuing business expansion needs including prioritization for trade sector services, shortfalls can be expected across a wide range of parcel sizes.

In addition to overall measures as outlined with the initial Step 10 discussion, additional remedies specific to better accommodating projected commercial use needs that might be considered include:

- Increased focus on redevelopment and/or increased density of vacant site development (especially for office commercial use). Successful implementation could require market economics supportive of more 2+ story buildings, reduced parking ratios, and/or added

public financial incentives as through urban renewal with tax increment financing (e.g., the work currently underway for the historic downtown and NE Gateway district).

This updated EOA assumes an approximate 18% increase in overall commercial employment density – with the most of the density gains likely to be associated with service-related including office employment functions. Also assumed is a greater rate of redevelopment for commercial and institutional uses than was forecast with the 2001 EOA.

- Reducing allocated demand for ‘other uses’ including non-employment functions of some institutional uses on commercial land. This is reflected in the updated EOA forecast methodology by converting from a per capita population method of forecasting institutional land needs to a per employee method consistent with forecast land needs for other commercial and industrial employment uses.
- Re-designation of excess industrial or other lands to commercial use (focused on those sites with greatest suitability for commercial development). In addition to other policy options identified with Step 10, re-designation to match the current projected industrial demand is recommended as a means to eliminate the remaining commercial lands deficit while still maintaining opportunity for excess (or strategic) reserves of larger industrial sites.
- Focus on providing a competitive supply of commercial sites across the full range of acreage size classes. The need for added sites will likely involve a combination of added parcelization together with re-designating some industrial to commercial sites in accordance with considerations for conversion of industrial to commercial land as identified with Step 10 of the forecast process.
- Greater flexibility of development codes for mixed commercial/industrial use in transitional areas trending away from industrial toward increasing demand for commercial activity. The recently adopted Northeast Gateway Planned Development Ordinance provides an example of how this approach might be tailored to other district-specific needs and opportunities.

Industrial Lands. Currently projected with this update is that the existing BLI supply of industrially designated land may exceed anticipated demand to 2033 by an estimated 236 acres. If approximately 36 acres are re-designated for commercial development, industrial land supply may still exceed forecast demand by 200 acres. In addition to measures previously identified including potential re-designation of a portion of excess industrial lands for commercial use, other policy measures recommended for consideration would be to:

- Reaffirm the existing policy objective to maintain an excess inventory of industrial sites above and beyond what is projected to support McMinnville’s economic development strategy. For example, the previous 2003 Revised Buildable Land Analysis indicated that an approximate planned 46 acre surplus of buildable industrial land not be factored against deficits identified at the time for residential and commercial uses. As a result of the updated BLI, this potential surplus increases to an estimated 200 acres, even with some re-designation to meet forecast commercial land needs.
- Encourage parcelization of larger 10+ acre industrial sites for which demand has not been readily apparent over the last 20 years, as a means to meet demonstrated needs for smaller industrial sites. As noted, the demonstrated need for net added industrial sites in recent years appears to be particularly pronounced for sites of 1-9 acres in size.

Policy Measure Summary. This updated EOA indicates that there is more than an adequate BLI supply of employment land to meet combined commercial and industrial land demand to 2033, without the need for expansion of McMinnville's Urban Growth Boundary (UGB). However, there is a shortage within the commercial BLI that can be offset by re-designation of a portion of excess industrial inventory within the existing UGB. In addition, there are issues to be addressed regarding appropriate parcel size for both commercial and industrial uses.

As recommended by the EOA Advisory Committee, the determination of which sites to re-designate from industrial to commercial use should involve consideration of suitability factors such as transportation access, compatibility with neighboring uses, infrastructure capacity, and site size distribution. Maintenance of a large site commercial-industrial strategic reserve and the potential for introduction of hybrid industrial-commercial zoning are also recommended. These and related implementation steps are anticipated to occur subsequent to Planning Commission and City Council approval of this updated Economic Opportunities Analysis.

20-YEAR ECONOMIC OPPORTUNITY IMPLICATIONS

Based on the EOA analysis of employment growth and resulting industrial and commercial land needs short- and long-term, it is possible to provide a summary assessment of McMinnville's economic development potential to 2033. Consistent with documentation guidelines of the Oregon Department of Land Conservation and Development (DLCD), this assessment covers:

- Reasonableness of employment forecast
- Identification of employment sites needed for the planning period
- Industrial and other uses most likely to occur in the City of McMinnville and its UGB
- Evaluation of planning, market, cost and risk factors critical to EOA implementation

Reasonableness of Employment Forecast. The employment growth rate proposed with this 2013 updated EOA is consistent with the approach of linking forecast job growth to population growth as included with the 2001 acknowledged EOA and as continued with the updated 2003 *Population and Employment Justification Analysis* conducted for the City of McMinnville. Recent downward revisions of forecast Yamhill County and McMinnville population growth rates are reflected in a similarly reduced employment growth rate.

Employment Sites Needed for the Planning Period. As documented with the updated Buildable Lands Inventory (BLI), the McMinnville UGB has an estimated 520 acres of buildable commercial and industrial lands within the UGB as of 2012. On a combined basis, this is 200 acres more than the 320 acres of forecast commercial and industrial land demand estimated from 2013-33:

- As with the 2001 EOA, this update indicates that McMinnville will continue to have a shortage of commercial lands offset by a more than adequate inventory of industrial lands. Even with other efficiency measures related to employment densities, redevelopment rates and institutional uses, the commercial land supply will fall short of projected demand by an estimated 36 acres through 2033. By comparison, the existing supply of available industrial land exceeds forecast demand by 236 acres.
- The shortage of commercial parcels appears to be distributed across the full spectrum of commercial sites. While there is more than ample industrial land in the aggregate, site

shortages do appear in the 1-9 acre size classes with more than ample offsetting industrial BLI for parcels 10+ acres in size.

- The short-term need requirement of DLCDD appears to be met in terms of aggregate acreage requirements, both with respect to total land need and adequacy of parcel size distribution. This assumes that commercial and industrial land needs are realized in relatively even year-to-year fashion over the full 20-year forecast horizon. BLI shortages that occur generally do so over the longer term (5-20 years), although spot issues could occur as with a single large employment-related development that might materialize within a shorter 5-year time period.

If sites meeting commercial and industrial needs are not able to be provided, it may become increasingly difficult to achieve McMinnville's employment forecast – especially in the latter part of the updated 20-year planning horizon. This could result in future jobs-population imbalance and increased inability to provide locally required goods and services from businesses situated within the local community.

Industrial & Other Employment Uses Likely to Occur in the Planning Area. As is the case in communities both regionally and nationally, the mix of industrial and other employment uses (including retail and service commercial) activities has changed in recent years. Whether and to what extent these changes continue will substantially affect job prospects with resulting effects to industrial and commercial land needs through the updated 2033 EOA planning horizon.

Commercial retail and service land uses account for an estimated 64% of total employment in McMinnville's UGB as of 2010 – the most recent year for which detailed employment data has been compiled. The commercial share of total UGB employment has increased from 57% in 1999.

Industrial uses of agriculture/mining, construction, manufacturing, transportation/utilities and wholesale trade represent an estimated 22% of McMinnville's job base as of 2010 – down from 31% in 1999. Institutional uses including government and education activities constitute more than 13% of UGB employment, up from not quite 12% as of 1999.

A key question for the EOA Advisory Committee has been whether and to what extent these trends in sectoral mix of employment will continue to change over the next 20 years. The Committee has recommended an approach that assumes the current (2010) distribution of employment will stabilize with slower growth in commercial employment, including some resurgence of industrial employment share and a reduction in institutional jobs as a proportion of the total over the 2013-33 forecast horizon. This approach will involve a greater allocation of industrial land and lesser allocation of commercial land than if recent trends toward a higher percentage of commercial employment were to continue in the years ahead.

Planning, Market, Cost & Risk Factors. As is indicated by the 10-step methodology outlined with the EOA forecast process, there are multiple factors which may affect future changes in employment and development of already designated McMinnville employment lands. Considerations of particular importance to address in the context of EOA requirements include:

- Planning factors address the degree to which zoning and the regulatory/permitting process will be flexible enough to accommodate a full range of commercial and industrial uses consistent with resident and visitor needs, public safety, avoidance of nuisances, and

predictable process outcomes. To the extent possible, future growth should be aimed to align with realistic population and employment potentials.

While generally expected to require less added employment land than in the past, there may be the need to separately plan for ‘other’ public and related institutional uses that are not employment oriented but still compete for a portion of the available industrial/commercial land inventory. Providing for hybrid industrial-commercial (or business park) zoning may also offer greater flexibility to accommodate unforeseen economic development opportunities in the years ahead.

- Market and related financial/real estate factors of potential significance relate to uncertainty regarding the pace and predictability associated with continuing national and regional economic recovery. These external factors can be coupled with more localized factors such as the degree to which McMinnville may be perceived and marketed as a desirable community for business investment – better capitalizing on attributes of proximity to the Portland and Salem metropolitan areas as well as central coast markets, low cost utilities and small town residential charm with a relatively young and diverse population. Potential issues to address include improved regional transportation infrastructure, retail sales leakage, vulnerability to eroding incomes, lack of sites for commercial development across a range of size classes, need for smaller-mid size industrial sites, and likely need for increasing emphasis on redevelopment in the years ahead.
- Critical cost and implementation factors may be focused on securing funding for improved regional transportation connections, on-site infrastructure development to improve market viability of industrial sites, redevelopment funding, and continued cooperative local and regional economic development marketing.

Some factors – such as the pace and predictability of continuing economic recovery – are largely beyond the influence of the local community. Other factors – as in providing a planning framework favorable to business investment, an adequate and diverse inventory of sites that are *shovel-ready* for development, and economic development marketing – are subject to local and regional influence.

Economic Development Potential Summarized. This EOA indicates that the updated employment forecast appears reasonable and *in synch* with the 2012 updated McMinnville population forecast. A need for added employment sites is identified for the next 20 years across a wide range of commercial site sizes, less so for industrial except for industrial land parcels in 1-9 acre size classes. Forecast needs could change depending on future trends in the mix of commercial, industrial and institutional employment. And a range of risk factors – many of which are not subject to local control – could affect future outcomes in ways not readily foreseeable.

In response, it is recommended that adoption of this EOA be accompanied by periodic monitoring to assess the degree to which forecast needs and opportunities are being met and to make mid-course planning and implementation corrections in response to unforeseen opportunities and challenges as they arise.

VI. IMPLEMENTATION POLICIES

OAR 660-009-0020 outlines requirements for industrial and other economic development policies. Local comprehensive plans are to provide a commitment to provide a competitive short-term supply together with a commitment to provide adequate sites and facilities. With this EOA, also identified are prospective resources for public and private implementation and fulfillment of community economic development objectives.

ADEQUATE SITES & FACILITIES COMMITMENTS

A major finding of this updated EOA relates to the increasing demand for designation of net added commercial lands in an amount and at locations that will prove adequate to meet community economic development needs and objectives over the next 20 years. The need extends across a wide range of parcel sizes.

In contrast, the anticipated overall demand for industrial acreage appears to be more than met by the BLI. However, there appears to be the need and opportunity to re-orient some of the industrial land inventory to better serve the needs of small to mid-size users, as with more 1-9 acre sites.

The need for additional commercial lands in McMinnville has been recognized for some time, extending back before the 2001 EOA. For example, the city concluded as far back as 1991 that an added 98 acres of commercially designated land would be needed to accommodate McMinnville's commercial land needs to year 2010. This led the City Council to adopt changes to the Comprehensive Plan Map within the City's UGB and adopt corresponding changes to the zoning map in order to bring the City into compliance with statewide planning policies. Other plan and policy refinements have included standards for planned development overlay zoning on the Highway 18 corridor, NE Gateway district, and various commercial zoned parcels throughout McMinnville.³⁸

The City of McMinnville is currently taking steps that may address a portion of the changing needs for commercial and industrial activities in already developed areas of the City. The 2012 adopted NE Gateway Plan was followed by 2013 City Council adoption of a Northeast Gateway Planned Development Overlay Ordinance (PDO). The PDO is designed to guide the transition of what has been a light and heavy industrial area to a vital, mixed-use and pedestrian friendly neighborhood.

In 2013, an Urban Renewal Plan was also adopted as a means to provide tax increment financing for projects in support of the Downtown Commercial Core and revitalization and to begin implementation of the NE Gateway Plan. The intent of the plan is to encourage "active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity."

As a general condition, no major deficiencies have been identified through this EOA update process to date with respect to adequacy of public transportation and utility facilities to serve vacant and underutilized commercial and industrial properties. For example, the 2012 buildable lands inventory

³⁸ This addition of commercial inventory to the City's Comprehensive Plan and zoning map occurred by Ordinance No. 4506, dated December 10, 1991. Subsequently, provisions of the Three Mile Lane Plan Development Overlay were amended by Ordinance No. 4572, as approved by the City Council November 22, 1994.

(BLI) for this update is aimed to replicate an initial 2000 acknowledged inventory that excluded properties from the inventory without transportation access or sites substantially affected by environmental constraints.

There may be transportation or utility issues to be addressed, for example, related to Transportation System Plan (TSP) improvements for several major roadways in McMinnville. Site specific issues may also arise either as the result of changes in access or utility infrastructure conditions or unique needs of prospective users. In many instances, these site specific issues can be addressed at the time of master plan or permit application.

Of greater importance is the need to secure a more adequate overall inventory of buildable employment lands to meet identified site needs, particularly for commercial use. Steps considered and recommended by the EOA Advisory Committee to address overall inventory needs have included adjusting down employment forecasts (but with reduced jobs-population balance), increased efficiency and density of employment land use, and focusing on public and semi-public uses that have a significant employment component requiring use of commercial or industrial land.³⁹

Additional long-term actions recommended to better match the commercial inventory to current and anticipated needs include re-designating a portion of the excess industrial inventory to commercial use including focus on needs for commercial sites across a range of size classes, increasing emphasis on redevelopment and density of development, and greater flexibility of use for mixed commercial/industrial areas. Also needed may be parcelization of some larger 20+ acre industrial sites for which there is no readily apparent demand to meet demonstrated needs for smaller industrial sites, especially in the 1-9 acre size ranges.

Short-term needs as stipulated by DLCD generally expect to be met, assuming that commercial and industrial land demand emerges at a relatively even pace over the full 20-year forecast horizon. Land supply shortages could appear in the short-term if a major commercial or industrial development occurred in a manner that essentially “front-loaded” the long-term forecast expectation.

Additional remedies to consider could include encouragement of private parcelization of larger properties or development of master planned commercial and industrial developments to better accommodate the needs of small to mid-size firms. Parcelization as needed to assure a balanced inventory might also be facilitated through revisions to zoning and site development standards.

RESOURCES FOR PUBLIC/PRIVATE IMPLEMENTATION

Within Oregon and for McMinnville, a variety of resources are currently or potentially available for consideration with economic development project implementation. These funding and related resource mechanisms include state and federal resources, city resources, and partnerships – briefly described as follows:

³⁹ OAR 660-009-0025(6) addresses compatibility questions for employment lands as follows: “Cities and counties are strongly encouraged to manage encroachment and intrusion of uses incompatible with industrial and other employment uses. Strategies for managing encroachment and intrusion of incompatible uses include, but are not limited to, transition areas around uses having negative impacts on surrounding areas, design criteria, district designation, and limiting non-essential uses within districts.”

State & Federal Resources:

- *Business Recruitment & Site Development* – includes the TEAM Oregon coalition in cooperation with multiple economic development organizations statewide including MEDP. The group markets Oregon advantages for specific industries with a current focus on the clean technology and food processing sectors. Oregon’s workforce, established supply chain, affordable power and incentives are viewed as advantages for further industry investment. The 2011 Legislature created the Economic Recovery Review Council (ERRC) to streamline the process for getting to *shovel-ready* industrial lands for businesses. Oregon’s industrial site certification program is already recognized as “one of the most comprehensive shovel-ready programs in the country.” Certified sites are intended to be ready for construction within six months or less. Sites become certified by going through a more recent *decision-ready* designation as a fast-track tool to quickly assess site readiness before achieving full certification.

As of September 2012, there were 10 certified industrial sites in Oregon, ranging in size from 15 to 113 acres. McMinnville has a state certified site of 26 acres with rail access located on Orchard Avenue.

- *Infrastructure Finance* – comprising programs administered through Business Oregon by the independent Infrastructure Finance Authority (IFA). IFA was created to ensure that community infrastructure needs – especially for water and wastewater system – are better identified and prioritized. Specific state and federal infrastructure programs that are supported by IFA include community development block grants (CDBG), the marine navigation improvement fund, port revolving fund, port planning and marketing fund, safe drinking water revolving loan fund, special public works fund, special public works emergency projects and water/wastewater system financing.
- *Enterprise Zones* – authorized as of early 2013 in 49 rural and 13 urban Oregon communities for property tax abatement as an incentive for eligible business investment, job creation and employee compensation (currently not including McMinnville).⁴⁰ A separate but related designation involves electronic commerce zones for assets that serve e-commerce operations within an enterprise zone. To date, McMinnville has not met income standards for designation; however, this might be reconsidered if eligibility conditions change.
- *Other Funding & Tax Incentive Programs of Business Oregon* – including a business development fund, capital access program, credit enhancement fund, industrial development bonding, entrepreneurial development loan fund, business retention program, Oregon New Market tax credit, and brownfields redevelopment fund. Business Oregon can also serve as a source of information and referral for other agency resources and programs including those of the Oregon Innovation Council, U.S. Small Business Administration (SBA), Department of Agriculture (USDA), Farm Service Agency (FSA), Oregon Small Business Development Centers and SCORE as counselors to small businesses.
- *Federal Funding Support* – is noted with use of federal Community Development Block Grant (CDBG) for infrastructure improvements that emphasize downtown redevelopment and job creation. Other potential resources include federal economic development, transportation

⁴⁰ Communities closest to McMinnville with Oregon Enterprise Zone designations include Dallas/Independence / Monmouth, Salem, and Woodburn.

and/or stimulus funding programs available for infrastructure improvements that support economic development investment including downtown redevelopment and job creation. Recent examples of stimulus programs have included the American Reinvestment and Recovery Act (ARRA) and the Local Jobs for America Act (LJAA).

City Resources:

- *City Incentives* – that conceivably could range from reductions in Systems Development Charges (for locations with in-place infrastructure) to regulatory streamlining to consideration of an incentives tool-kit for high priority economic development initiatives as for commercial district improvements or target industry marketing. The City of McMinnville currently has SDCs in place for sewer connections, transportation and park fees. Funds can be used to pay for approved improvements and may be used as dedicated funding stream to repay revenue bonds.
- *Local Improvement District (LID) and Economic/Business Improvement District (E/BID) Assessments* – with the LID mechanism based on property owner assessments to pay for infrastructure benefitting a specific set of properties (as might be possible with the downtown area, interchange development and/or industrial district). Related tools include an economic improvement district (EID) or business improvement district (BID) to pay for ongoing operating costs as for business district marketing, management and maintenance. BIDs can also include a fee or surcharge to benefitting business owners.

The McMinnville Downtown Association currently sponsors a successful EID which raises in the range of \$50,000-\$55,000 annually. Future application of this tool has been identified as a potential resource for the Northeast Gateway area. LID funding also has been suggested as a potential implementation tool (as for street paving) with the Alpine portion of the NE Gateway Plan.

- *Urban Renewal* – adopted in 2013 by the City of McMinnville in conjunction with the financing tool of tax increment financing to assist in the development and redevelopment of the downtown core and NE Gateway area. As adopted, the entire urban renewal district encompasses just under 117 acres of property, or 175 acres including public rights of way. As adopted, urban renewal provides a funding mechanism to continue implementation of the various projects and programs noted in the current master plans for the downtown that have yet to be funded, as well as implement the NE Gateway Plan. The NE Gateway area adjoins the downtown core and includes the Granary District and properties to the north along Alpine and Lafayette Avenues.

As described by an urban renewal feasibility study completed in April 2012, “urban renewal is one of the few remaining tools for encouraging local economic development.” Tax increment financing could serve to provide a more reliable source of funding for projects to support the Downtown Retail Core and to begin implementation of the NE Gateway Plan.

- *General Obligation and Revenue Bonding* – General obligation (GO) bonds are backed by the full faith and credit including taxing power of the issuing jurisdiction, and must be approved by ballot election. Revenue bonds may be issued by the City of McMinnville and repaid by a dedicated funding stream – typically without voter approval and without requiring backing by the full faith and credit or taxing power of the City. Also noted are full faith and credit bonds, which may be issued and backed by the full faith and credit of the city without a specific revenue source being identified other than the City’s general fund. Bonding is issued

for capital improvement projects that typically cannot be funded on a one-time annual budget basis.

Partnership Opportunities:

- *Public–Private Partnerships* – often led by the McMinnville Economic Development Partnership (MEDP) with services include business consultations, a “McMinnville Advantage” program promoting LEAN high performance systems in local businesses, and participation in state-led manufacturing recruitment efforts with TEAM Oregon. McMinnville Industrial Promotions (MIP) has been actively involved in providing *shovel-ready* industrial sites for lease or purchase – with recent success stories including Franz Bakery, Meggitt Polymer Solutions, the William Henry Studio and Betty Lou’s.

Public-private opportunities also may be stimulated by private sector initiatives for job-creating investment including consideration of master planning and development agreements that specify City and other public funding support in exchange for negotiated private development and redevelopment commitments.

Partnership opportunities also may extend on a project-by-project basis to other public-public collaborative efforts as might occur between the City of McMinnville and other state or regional public and non-profit entities such as Business Oregon, the Oregon Department of Transportation, Yamhill County, the Mid-Willamette Valley Council of Governments, Mid-Valley Community Development Partnership, and SEDCOR.

As the City has relatively limited local financial resources for new community infrastructure, it can be expected to look for outside public and private sector support for major catalyst projects that can leverage economic development – whether in the downtown, on the Highway 18 corridor or in the city’s industrial areas.

FULFILLMENT OF COMMUNITY ECONOMIC DEVELOPMENT OBJECTIVES

As noted at the outset of this EOA update report, community objectives for economic development can be found as part of the City of McMinnville’s mission statement of “achieving prosperity and job creation” together with more detailed goal statements contained within the currently adopted Comprehensive Plan.

This EOA update proposes no specific wording changes to the goals as currently stated. However, as with past Comprehensive Plan updates and amendments, revisions may become appropriate to consider with either the goal statements or more detailed implementing policies subsequent to EOA adoption. What follows is a current listing of existing goal statements accompanied by discussion of new findings or refinements as suggested by this EOA update.

Goal IV 1: To encourage the continued growth and diversification of McMinnville’s economy in order to enhance the general well-being of the community and provide employment opportunities for its citizens.

Discussion: This 2013 EOA update suggests that McMinnville’s goal of increasing the UGB’s job base at a rate of 1.7% per year represents a viable target for a 20-year forecast period now extended to 2033. This job growth rate is also consistent with recently adopted revisions to coordinated population forecasts for local jurisdictions in Yamhill County.

Since adoption of the 2001 EOA, experience also indicates the importance of addressing changes that have been and are continuing to occur in the composition of employment both nationally and regionally, with increasing shares of employment being realized with commercial retail and service uses and lesser shares (but still job growth potential) across industrial uses. This EOA update embodies a policy objective of stabilizing and slightly increasing the industrial share of all jobs while also de-emphasizing institutional job growth.

For McMinnville, an added need has been to address the substantial role that non-employment uses with public and semi-public functions have played in competing for a portion of the commercial and industrial buildable lands base. Prioritizing use of non-residential lands for private investment is also important to assure a balanced tax base for support of local governmental services.

By addressing each of these changing conditions and priorities, this updated EOA together with a subsequent Comprehensive Plan revision can serve to allow for continued growth and diversification more *in synch* with national and regional opportunities together with local policy priorities in the years ahead.

Goal IV 2: To encourage the continued growth of McMinnville as the commercial center of Yamhill County in order to provide employment opportunities, goods, and services for the city and county residents.

Discussion: As described with this updated EOA, the geographic area from which McMinnville businesses may draw workers and customers extends across an up to 10-county economic region. Whether for comparison shopping or for professional, business, financial and medical services where consumer and business purchases are often made on the basis of selection and cost, McMinnville may be the most convenient place to travel for residents that live in an area that reaches north to Newberg, east to between McMinnville and Salem, south to Monmouth and west to the Lincoln City area.

The ability to provide a full range of commercial services in McMinnville may reduce the need for out-shopping from this trade area – with area customers at present often traveling further to more distant destinations as in the Portland Tri-County or Salem area. This expanded trade area coupled with opportunities for capture of visitor travel (as to the coast or area wineries) increases local retail and commercial service potential above what would be supported by McMinnville residents alone. More detailed and site-specific assessment of market potential may be appropriate through public need analysis as an implementation measure associated with an updated Comprehensive Plan.

Goal IV 3: To ensure commercial development that maximizes efficiency of land use through utilization of existing commercially designated lands, through appropriately locating future neighborhood and community serving commercial lands and discouraging strip development.

Discussion: This goal statement reads as modified to reflect *Proposed Plan Policy Amendments* dated May 2003 which included specification of neighborhood and community serving commercial lands. Consistent with the analysis of this EOA update, the goal statement (or

implementing policies) might be further modified to encompass regional serving commercial lands developed on a master planned basis.

Because much of the recent and anticipated continued demand for commercial uses will come from office-related uses including professional, financial, consumer, and health care service activities, the goal statement and/or implementing policies might also be modified to more explicitly address needs for a broad range of service-related functions including professional, business, financial and medical services. Due to the increasing shortage of commercial land, it can be anticipated that future development may begin to involve more redevelopment sites at higher densities of site utilization than has occurred in the past – as reflected in revised forecasts for higher overall commercial employment densities than previously targeted.

Goal IV 4: To promote the downtown as a cultural, administrative service, and retail center of McMinnville.

Discussion: Downtown McMinnville has received regional if not statewide recognition as a specialty destination attraction – as well as serving administrative functions for private businesses and public agencies. Continued revitalization may prove instrumental to providing urban amenities that often are difficult to achieve in a smaller community – but important to attract entrepreneurial businesses, students and continued visitor attention.

In the years ahead, the scope of the greater downtown is being expanded with the NE Gateway area for inclusion together with the downtown as part of one urban renewal area.⁴¹ Urban renewal adoption provides new financial tools to encourage continued local improvement of public spaces and mixed use redevelopment for these adjoining urban districts.

Goal IV 5: To continue the growth and diversification of McMinnville's industrial base through the provision of an adequate amount of properly designated lands.

Discussion: While industrial development in recent years has been more muted than previously, demand has been focused on 1-9 acre sites – leading to a resulting shortage in this size category. Encouragement of private parcelization of larger sites or master planned business parks accommodating multiple industries offer two potential means to facilitate continuing business investment by smaller to mid-size firms.

Conversion of lands at locations for which commercial use is more appropriate than industrial could serve to *right-size* the industrial inventory while addressing part of a continuing commercial lands deficit. As recommended by the EOA Advisory Committee, the determination of which sites to re-designate from industrial to commercial use should

⁴¹ The NE Gateway Plan includes a recommendation for designation of a Northeast Gateway District – as a special subarea in the Comprehensive Plan. This designation would include a Planned Development Overlay and be accompanied by added policy language in the Comprehensive Plan text under “Land Use Development Tools.” Zoning map changes are also proposed including re-designations of some properties from industrial to commercial and others from commercial to industrial.

involve consideration of suitability factors such as transportation access, compatibility with neighboring uses, infrastructure capacity, and site size distribution. This process can be expected to involve more detailed evaluation of location factors that are of most importance for each use considered in conjunction with the Comprehensive Plan update process resulting from this EOA.

McMinnville has one industrial site already certified with the State of Oregon. Creation of an additional certified site potentially could be useful to provide an added competitive large site option and better position McMinnville in the running for the relatively limited number of large traded sector site investments occurring regionally and statewide.

Given the apparent oversupply of industrial versus commercial land within the McMinnville UGB, this large site opportunistic industrial opportunity will need to be at least counterbalanced with the need for additional commercial sites. However, even with some re-designation of industrial to commercial land use, it is anticipated that there will be more than ample supply to meet forecast industrial demand and provide for a continuing strategic reserve over the 20-year planning horizon of this EOA update.

Assuring the continued availability of an inventory of sites over the full spectrum of commercial and industrial site size categories also can be facilitated by on-going City tracking of non-residential development and parcelization activity within the McMinnville UGB. Where unanticipated land shortages occur, these could be addressed by plan amendments, subject to Comprehensive Plan and public review policies of the City.

Goal IV 6: To insure industrial development that maximizes efficiency of land uses, that is appropriately located in relation to surrounding land uses, and that meets necessary environmental standards.

Discussion: This final economic development goal is particularly relevant to assessment of site needs for target industries. The 2001 EOA identified 13 target industries, accompanied by a listing of typical locational issues for firms in these target industries. Updating of the target industry list is recommended with this EOA. More detailed target sector refinement represents an initial implementation step suggested with adoption of an updated Comprehensive Plan in cooperation with key marketing partners such as MEDP and MDA.

This goal is also important to guide public policy for long-standing industrial areas that may now be underutilized or in transition. The City of McMinnville is now taking steps to bring these legacy areas into alignment with current market demand as evidenced by the recently adopted NE Gateway Plan.

Similar planning for other established industrial areas may be appropriate over the duration of the Comprehensive Plan update. This planning is best facilitated if conducted as a cooperative initiative involving existing businesses in conjunction with other interested private, public and community stakeholders.

Updating EOA Target Clusters

2001 EOA Target Industries. Of 13 target industries identified with the 2001 EOA, nine were in industrial sectors: printing and publishing, stone/clay/glass, fabricated metals, industrial machinery, electronics-fab plants, electronics-other, transportation equipment, trucking and warehousing, and wholesale trade. Another four commercial service target industries were identified: non-depository institutions, business services, health services, and engineering/management.

Locational issues identified with the 2001 EOA for these industries included land use buffers, flat sites, parcel configuration and parking, soil type, building density, air transportation, fiber optics and telephone, potable water, power requirements, transportation, transit, pedestrian and bicycle facilities, and employee training.

2013 Updated Cluster Targets. Recommended as an updated *short list* of target industry sectors with this 2013 EOA are the following cluster targets:

- **Advanced Manufacturing** – corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department). In McMinnville, this cluster is exemplified by major McMinnville employers including Cascade Steel, Meggitt Polymers and Composites, NW Unmanned Aerial Systems, Betty Lou's, Inc., and Freelin-Wade Co. Also included are agricultural producers ranging from employers in the emerging breweries to small boutique wineries as in the Granary district which also serve to complement the Yamhill County Agri-Business Economic and Community Development Plan.
- **Healthcare/Traded Sector Services** – Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community. Willamette Valley Medical Center and associated health care facilities can be expected to continue to experience employment growth in the years ahead. Examples of traded sector service activities are diverse, ranging from Linfield College to Evergreen International Airlines to Oregon Mutual Insurance. Also included is a significant component of small firms as the export-focused portion of McMinnville's fast growing and entrepreneurial service business sector such as Precision Analytical, Hurst Berry Farms Corporate Headquarters and NW Rapid Manufacturing.

As is evident from this updated listing, target clusters most suitable for McMinnville today are defined less by traditional industrial classifications such as SIC or NAICS. Rather, they are more defined by commonalities in terms of such factors as the range of customers served, inter-business relationships, locational and physical space requirements.

APPENDIX. SUPPLEMENTAL EOA DATA TABLES

Figure 28. Comparative Local to National Population Trends (1960-2010)

Jurisdiction	1960	1970	1980	1990	2000	2010
McMinnville	7,656	10,125	14,080	17,894	26,499	32,187
Yamhill County	32,478	40,213	55,332	65,551	84,992	99,193
10-County Region	1,049,599	1,275,026	1,569,728	1,740,363	2,126,388	2,404,502
Oregon	1,768,687	2,091,533	2,633,105	2,842,321	3,421,399	3,831,074
U.S.	179,323,175	203,302,031	226,545,805	248,709,873	281,421,906	308,745,538

	Average Annual Growth Rate				
	1960-70	1970-80	1980-90	1990-00	2000-10
McMinnville	2.8%	3.4%	2.4%	4.0%	2.0%
Yamhill County	2.2%	3.2%	1.7%	2.6%	1.6%
10-County Region	2.0%	2.1%	1.0%	2.0%	1.2%
Oregon	1.7%	2.3%	0.8%	1.9%	1.1%
U.S.	1.3%	1.1%	0.9%	1.2%	0.9%

Note: With this and subsequent tables, the 10-county economic region used for comparison comprises Yamhill County plus the Portland metro tri-counties of Washington, Multnomah and Clackamas, the Salem metro counties of Marion and Polk, the Corvallis/Albany area counties of Linn and Benton, and the coastal counties of Lincoln and Tillamook.

Source: U.S. Census Bureau.

Figure 29. Population Trends of Cities in Yamhill County (1960-2010)

Jurisdiction	1960	1970	1980	1990	2000	2010
Amity	620	708	1,092	1,175	1,478	1,614
Carlton	959	1,126	1,302	1,289	1,514	2,007
Dayton	673	949	1,409	1,526	2,119	2,534
Dundee	318	588	1,223	1,663	2,598	3,162
Lafayette	553	786	1,215	1,292	2,586	3,742
McMinnville	7,656	10,125	14,080	17,894	26,499	32,187
Newberg	4,204	6,507	10,394	13,086	18,064	22,068
Sheridan	1,763	1,881	2,249	3,979	5,561	6,127
Willamina (part)*	960	1,193	1,749	1,194	1,128	1,180
Yamhill	407	516	690	867	794	1,024
Unincorporated	N/A	N/A	N/A	21,586	24,642	23,548

Jurisdiction	Average Annual Growth Rate				
	1960-70	1970-80	1980-90	1990-00	2000-10
Amity	1.3%	4.4%	0.7%	2.3%	0.9%
Carlton	1.6%	1.5%	-0.1%	1.6%	2.9%
Dayton	3.5%	4.0%	0.8%	3.3%	1.8%
Dundee	6.3%	7.6%	3.1%	4.6%	2.0%
Lafayette	3.6%	4.5%	0.6%	7.2%	3.8%
McMinnville	2.8%	3.4%	2.4%	4.0%	2.0%
Newberg	4.5%	4.8%	2.3%	3.3%	2.0%
Sheridan	0.6%	1.8%	5.9%	3.4%	1.0%
Willamina (part)*	2.2%	3.9%	-3.7%	-0.6%	0.5%
Yamhill	2.4%	2.9%	2.3%	-0.9%	2.6%
Unincorporated	N/A	N/A	N/A	1.3%	-0.5%

Note: Willamina population in 1960-1980 is the entire city, including the portion outside Yamhill County.

Source: U.S. Census Bureau, Portland State University Population Research Center.

Figure 30. Comparative Local to National Demographic Trends (2000-10)

	McMinnville	Yamhill County	10-County	Oregon	U.S.
Median Age (years)					
2000	31.5	34.1	31.1-44.1	36.3	35.3
2010	34.0	36.8	32.1-49.6	38.4	37.2
Total (2000)	100.0%	100.0%	100.0%	100.0%	100.0%
Under 20	30.9%	30.6%	27.8%	27.6%	28.6%
20-34	23.6%	20.7%	22.2%	20.5%	20.9%
35-54	24.5%	29.0%	30.5%	30.2%	29.4%
55-64	6.7%	8.0%	8.2%	8.9%	8.6%
65+	14.3%	11.7%	11.3%	12.8%	12.4%
Total (2010)	100.0%	100.0%	100.0%	100.0%	100.0%
Under 20	30.0%	28.5%	26.0%	25.4%	21.7%
20-34	21.2%	19.3%	21.3%	20.3%	21.7%
35-54	23.5%	26.8%	27.7%	27.1%	29.9%
55-64	10.7%	12.1%	12.7%	13.3%	12.7%
65+	14.6%	13.4%	12.3%	13.9%	14.0%
Population 25+ by Educational Attainment					
Total (2000)	15,782	52,645	1,387,244	2,250,998	182,211,639
Less than 9th Grade	7.0%	6.4%	5.2%	5.0%	7.5%
9th - 12th Grade, No Diploma	11.2%	10.9%	8.9%	9.9%	12.1%
High School Graduate	30.9%	30.8%	23.9%	26.3%	28.6%
Some College, No Degree	25.7%	26.1%	26.9%	27.1%	21.0%
Associate Degree	4.4%	5.2%	6.6%	6.6%	6.3%
Bachelor's Degree	13.4%	13.4%	18.8%	16.4%	15.5%
Graduate/Professional Degree	7.4%	7.2%	9.7%	8.7%	8.9%
Total (2010)	19,615	63,512	1,599,344	2,580,193	202,053,193
Less than 9th Grade	6.7%	5.3%	4.5%	4.1%	6.2%
9th - 12th Grade, No Diploma	8.0%	6.9%	6.4%	7.0%	8.5%
High School Graduate	29.8%	28.7%	22.5%	24.9%	28.4%
Some College, No Degree	27.5%	28.2%	25.9%	27.1%	21.3%
Associate Degree	6.0%	7.9%	7.8%	8.1%	7.6%
Bachelor's Degree	14.1%	15.1%	21.1%	18.4%	17.6%
Graduate/Professional Degree	7.9%	8.0%	11.8%	10.4%	10.4%
Population by Race					
Total (2000)	100.0%	100.0%	100.0%	100.0%	100.0%
White	89.0%	91.2%	87.5%	89.3%	77.1%
Black or African American	1.0%	1.1%	3.0%	2.1%	12.9%
American Indian & Alaska Native	2.4%	2.5%	2.1%	2.5%	1.5%
Asian & Pacific Is.	2.4%	1.9%	5.6%	4.2%	4.5%
Some Other Race	8.3%	5.8%	6.0%	5.2%	6.6%
Total (2010)	100.0%	100.0%	100.0%	100.0%	100.0%
White	85.4%	88.5%	84.3%	87.1%	74.8%
Black or African American	1.1%	1.4%	3.4%	2.6%	13.6%
American Indian & Alaska Native	2.5%	2.9%	2.4%	2.9%	1.7%
Asian & Pacific Is.	3.0%	2.8%	7.3%	5.5%	6.0%
Some Other Race	11.7%	7.9%	7.0%	6.1%	7.0%
Population by Hispanic origin					
Total (2000)	100.0%	100.0%	100.0%	100.0%	100.0%
Hispanic or Latino	14.6%	10.6%	9.0%	8.0%	12.5%
Non-Hispanic or Latino	85.4%	89.4%	91.0%	92.0%	87.5%
Total (2010)	100.0%	100.0%	100.0%	100.0%	100.0%
Hispanic or Latino	20.6%	14.7%	13.0%	11.7%	16.3%
Non-Hispanic or Latino	79.4%	85.3%	87.0%	88.3%	83.7%

Note: 2010 Educational Attainment data is from American Community Survey 3-year averages.

Source: U.S. Census Bureau.

Figure 31. Comparative Local to National Household Trends (2000-10)

	McMinnville	Yamhill County	10-County	Oregon	U.S.
Population					
2000	26,499	84,992	2,126,388	3,421,399	281,421,906
2010	32,187	99,193	2,404,502	3,831,074	308,745,538
Population/Household					
2000	2.83	2.96	2.59	2.57	2.67
2010	2.76	2.86	2.56	2.52	2.65
Median Household Income					
2000	\$38,953	\$44,060	\$32,769-\$52,367	\$52,816	\$41,994
2010	\$40,774	\$52,083	\$38,804-\$61,714	\$48,446	\$51,222
Household Type					
Total households (2000)	9,367	28,732	822,074	1,333,723	105,480,101
Family households	69.0%	74.4%	64.6%	65.8%	68.1%
With own children under 18 years	35.4%	37.4%	31.4%	30.8%	32.8%
Husband-wife family	53.5%	60.0%	50.7%	51.9%	51.7%
With own children under 18 years	25.1%	28.2%	22.9%	22.2%	23.5%
Female householder, no husband present	10.8%	9.9%	9.9%	9.8%	12.2%
With own children under 18 years	7.5%	6.5%	6.2%	6.2%	7.2%
Nonfamily households	31.0%	25.6%	35.4%	34.2%	31.9%
Householder living alone	23.9%	19.7%	26.6%	26.1%	25.8%
Householder 65 years and over	11.5%	8.4%	8.4%	9.1%	9.2%
Households with individuals under 18 years	38.3%	40.4%	33.9%	33.4%	36.0%
Households with individuals 65 years & over	26.6%	23.1%	20.6%	22.9%	23.4%
Total households (2010)	11,674	34,726	938,140	1,518,938	116,716,292
Family households	66.6%	72.0%	62.9%	63.4%	66.4%
With own children under 18 years	32.4%	32.3%	28.6%	27.3%	29.8%
Husband-wife family	48.2%	56.0%	47.8%	48.3%	48.4%
With own children under 18 years	20.5%	22.8%	20.1%	18.7%	20.2%
Female householder, no husband present	13.0%	11.1%	10.5%	10.5%	13.1%
With own children under 18 years	8.6%	6.7%	6.1%	6.1%	7.2%
Nonfamily households	33.4%	28.0%	37.1%	36.6%	33.6%
Householder living alone	26.4%	21.7%	27.4%	27.4%	26.7%
Householder 65 years and over	12.4%	9.4%	8.9%	9.7%	9.4%
Households with individuals under 18 years	35.5%	35.8%	31.3%	30.1%	33.4%
Households with individuals 65 years & over	28.7%	26.7%	22.5%	25.3%	24.9%

Note: 2010 Median Household Income data is from American Community Survey 3-year averages.

Source: U.S. Census Bureau.

Figure 32. Comparative Local to Statewide Employment Mix (2003-10)

NAICS	Aggregated Industry Sectors	2010			AAGR 2003-10		
		Firms	Jobs	Avg Wage	Firms	Jobs	Avg Wage
McMinnville UGB							
	Total Employment	1,074	13,383	\$34,976	2.7%	1.8%	1.8%
11-21	Agriculture & Mining	17	268	\$26,635	11.4%	7.2%	-6.4%
23	Construction	97	381	\$47,175	1.6%	-1.5%	0.0%
31-33	Manufacturing	71	1,790	\$43,163	3.2%	0.0%	1.8%
22, 48-49	Transportation & Utilities	18	488	\$47,731	2.6%	0.7%	2.2%
42	Wholesale Trade	44	194	\$37,955	1.0%	-6.9%	1.2%
44-45, 722, 99	Retail & Dining*	218	2,933	\$21,202	0.9%	1.0%	1.9%
52-53	Finance, Insurance, & Real Estate	103	660	\$46,612	0.6%	-0.5%	2.9%
51, 54-56, 62, 71-721, 81	Services	468	4,320	\$34,274	4.4%	4.3%	2.0%
61, 92	Institutional	38	2,349	\$40,036	1.6%	2.2%	2.9%
Yamhill County							
	Total Employment	2,694	30,229	\$34,465	2.5%	0.8%	2.1%
11-21	Agriculture & Mining	159	2,600	\$26,072	2.6%	-1.9%	1.3%
23	Construction	314	1,185	\$38,458	0.6%	-2.6%	1.4%
31-33	Manufacturing	230	5,650	\$44,071	1.7%	0.6%	1.5%
22, 48-49	Transportation & Utilities	64	636	\$36,925	0.5%	0.4%	1.8%
42	Wholesale Trade	127	501	\$46,793	1.8%	-3.1%	3.9%
44-45, 722, 99	Retail & Dining*	423	5,171	\$21,071	1.1%	0.0%	2.0%
52-53	Finance, Insurance, & Real Estate	209	1,029	\$42,549	1.8%	-0.1%	2.9%
51, 54-56, 62, 71-721, 81	Services	1,026	7,455	\$33,172	4.8%	2.7%	2.8%
61, 92	Institutional	145	6,001	\$38,749	1.0%	2.1%	1.9%
10-County							
	Total Employment	77,005	1,072,308	\$45,141	1.9%	0.4%	2.8%
11-21	Agriculture & Mining	1,694	26,135	\$26,304	0.9%	-0.7%	1.8%
23	Construction	7,308	45,488	\$50,781	-0.3%	-1.4%	3.0%
31-33	Manufacturing	3,589	117,508	\$63,803	-0.5%	-1.7%	3.7%
22, 48-49	Transportation & Utilities	1,732	35,079	\$44,709	0.3%	-1.1%	2.7%
42	Wholesale Trade	5,542	53,033	\$69,456	0.6%	-0.7%	3.8%
44-45, 722, 99	Retail & Dining*	13,574	191,566	\$22,269	1.7%	0.6%	1.5%
52-53	Finance, Insurance, & Real Estate	7,281	57,984	\$55,689	0.8%	-1.6%	2.5%
51, 54-56, 62, 71-721, 81	Services	32,793	345,017	\$46,199	3.3%	1.3%	3.2%
61, 92	Institutional	3,507	200,483	\$46,010	4.4%	2.1%	2.6%
Oregon							
	Total Employment	127,285	1,598,642	\$41,669	1.7%	0.3%	2.8%
11-21	Agriculture & Mining	3,668	46,156	\$26,525	0.7%	-0.5%	1.5%
23	Construction	12,434	66,160	\$47,135	-0.4%	-2.0%	3.0%
31-33	Manufacturing	5,631	163,239	\$57,411	-0.5%	-2.5%	3.5%
22, 48-49	Transportation & Utilities	3,152	49,817	\$44,024	0.0%	-0.9%	2.7%
42	Wholesale Trade	8,989	72,931	\$64,793	0.9%	-0.3%	3.7%
44-45, 722, 99	Retail & Dining*	22,653	302,971	\$21,874	1.2%	0.4%	1.7%
52-53	Finance, Insurance, & Real Estate	11,558	79,222	\$51,768	0.9%	-1.3%	2.5%
51, 54-56, 62, 71-721, 81	Services	52,483	511,955	\$42,696	3.1%	1.4%	3.2%
61, 92	Institutional	6,721	306,191	\$43,741	3.1%	1.9%	2.5%
United States							
	Total Employment	8,993,109	127,820,442	\$46,751	1.3%	0.0%	3.1%
11-21	Agriculture & Mining	126,609	1,798,592	\$49,820	0.3%	1.2%	5.7%
23	Construction	792,674	5,489,499	\$49,597	-0.1%	-2.7%	3.3%
31-33	Manufacturing	342,647	11,487,496	\$57,526	-1.4%	-3.2%	3.3%
22, 48-49	Transportation & Utilities	232,459	4,494,947	\$49,421	0.5%	-0.1%	2.6%
42	Wholesale Trade	613,903	5,466,463	\$63,629	0.6%	-0.3%	3.3%
44-45, 722, 99	Retail & Dining*	1,753,358	23,989,812	\$22,471	0.7%	0.2%	1.8%
52-53	Finance, Insurance, & Real Estate	816,668	7,401,812	\$73,977	1.1%	-0.8%	3.8%
51, 54-56, 62, 71-721, 81	Services	3,923,712	43,612,462	\$49,274	2.3%	1.0%	3.5%
61, 92	Institutional	231,458	10,005,217	\$51,532	1.9%	1.3%	3.1%

Source: Oregon Employment Department with data as aggregated by E. D. Hovee & Company, LLC.

Figure 33. Employed Population 16+ by Occupation (2010)

Population 16 years & over	McMinnville	Yamhill County	10-County	Oregon	U.S.
Labor Force Participation Rate	63.4%	64.8%	67.1%	64.4%	64.9%
Civilian unemployment rate	9.3%	9.3%	9.8%	10.4%	9.0%
Civilian employed	14,017	44,761	1,143,181	1,753,446	141,848,097
White Collar Occupations	52.2%	55.4%	63.0%	60.5%	60.7%
Management, business, science, & arts	31.3%	31.9%	38.3%	35.7%	35.6%
Sales & office	20.9%	23.4%	24.7%	24.8%	25.2%
Service Occupations	22.2%	19.4%	16.9%	17.9%	17.6%
Blue Collar Occupations	25.6%	25.2%	20.1%	21.6%	21.6%
Natural resources, construction, & maintenance	12.9%	12.7%	8.8%	9.7%	9.5%
Production, transportation, & material moving	12.7%	12.5%	11.3%	11.9%	12.1%

Note: 2010 Employment and occupation data is from American Community Survey 3-year averages.

Source: U.S. Census Bureau.

Figure 34. Workers 16+ Commuting Trends (2000, 2010)

	McMinnville	Yamhill County	10-County	Oregon	U.S.
Total (2000)	11,244	38,588	1,036,773	1,601,378	128,279,228
Worked in state of residence:	99.5%	99.1%	98.1%	98.0%	96.4%
Worked in county of residence	81.8%	63.7%	70.1%	77.5%	73.3%
Worked outside county of residence	17.7%	35.3%	28.0%	20.5%	23.1%
Worked outside state of residence	0.5%	0.9%	1.9%	2.0%	3.6%
Total (2010)	13,776	43,633	1,118,833	1,715,211	139,733,074
Worked in state of residence:	98.7%	98.9%	98.0%	97.8%	96.2%
Worked in county of residence	81.8%	64.0%	70.6%	77.5%	72.6%
Worked outside county of residence	16.9%	34.9%	27.4%	20.3%	23.6%
Worked outside state of residence	1.3%	1.1%	2.0%	2.2%	3.8%
Total (2000)	10,925	36,775	988,438	1,521,592	124,095,005
< 15 minutes	57.5%	38.2%	29.4%	35.2%	29.4%
15-30 minutes	18.7%	25.1%	38.9%	37.4%	36.1%
30-60 minutes	17.3%	28.4%	26.0%	22.1%	26.5%
60+ minutes	6.4%	8.2%	5.6%	5.3%	8.0%
Average Travel Time to Work (in min)	19.4	24.8	17.8-26.2	22.2	25.5
Total (2010)	13,411	41,393	1,049,831	1,608,044	133,822,651
< 15 minutes	50.7%	36.5%	28.6%	34.3%	28.4%
15-30 minutes	23.4%	28.5%	38.8%	37.4%	36.4%
30-60 minutes	16.3%	26.2%	26.6%	22.8%	27.3%
60+ minutes	9.5%	8.8%	6.0%	5.4%	8.0%
Average Travel Time to Work (in min)	20.9	24.3	17.5-26.3	22.3	25.3

Note: 2010 commuting data is from American Community Survey 3-year averages.

Source: U.S. Census Bureau.

Figure 35. Sources of Personal Income (2001, 2010)

Income Type	2001	2010
<i>Yamhill County</i>		
Wage & salary income	47%	45%
Supplements to wages & salaries	11%	12%
Proprietors income	8%	5%
Investment income	19%	16%
Transfer payments	15%	22%
Total	100%	100%
Per Capita Personal Income	\$25,457	\$32,768
<i>10-County</i>		
Wage & salary income	50%	47%
Supplements to wages & salaries	11%	11%
Proprietors income	8%	6%
Investment income	19%	18%
Transfer payments	12%	18%
Total	100%	100%
Per Capita Personal Income	\$31,699	\$38,656
<i>Oregon</i>		
Wage & salary income	47%	44%
Supplements to wages & salaries	11%	11%
Proprietors income	8%	6%
Investment income	20%	19%
Transfer payments	14%	21%
Total	100%	100%
Per Capita Personal Income	\$29,250	\$36,317
<i>United States</i>		
Wage & salary income	50%	46%
Supplements to wages & salaries	10%	11%
Proprietors income	9%	7%
Investment income	18%	17%
Transfer payments	13%	18%
Total	100%	100%
Per Capita Personal Income	\$31,157	\$39,937

Note: BEA personal income data is not available on a sub-county level.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure 36. Oregon Region 3 & Statewide Employment Forecasts (2010-20)

Employment Sector	OED/Worksource Oregon Forecast (2011)				OEA Forecast (9/12)	
	Region 3 Counties*		State of Oregon		State of Oregon	
	2010	2020	2010	2020	2010	2020
Natural Resources and Mining**	14,100	15,800	50,900	58,900	6,700	7,300
Construction	7,700	9,300	67,600	86,100	67,600	94,100
Manufacturing	17,400	20,000	164,200	189,100	163,800	195,900
Wholesale Trade	4,000	4,700	73,600	87,900	73,300	85,100
Retail Trade	19,300	21,900	183,300	209,400	183,200	203,700
Transportation, Warehousing, Utilities	4,200	5,000	52,400	62,100	52,200	64,400
Information	1,400	1,400	32,200	36,800	32,100	36,300
Financial Activities	8,000	9,000	92,600	104,700	93,200	101,600
Professional and Business Services	13,200	17,200	182,300	231,400	182,300	256,700
Educational and Health Services	27,800	35,900	228,600	296,100	228,900	284,100
Leisure and Hospitality	14,600	17,500	162,300	193,900	162,300	181,500
Other Services	6,300	7,300	57,200	66,400	56,600	65,200
Government	47,000	50,300	298,900	321,300	299,700	309,200
Total Employment**	185,100	215,300	1,646,100	1,944,100	1,601,900	1,885,000

Employment Sector	% Change 2010-20			2020 % of Total		
	Region 3*	OR (OED)	OR (OEA)	Region 3*	OR (OED)	OR (OEA)
	Natural Resources and Mining**	1.1%	1.5%	0.9%	7.3%	3.0%
Construction	1.9%	2.4%	3.4%	4.3%	4.4%	5.0%
Manufacturing	1.4%	1.4%	1.8%	9.3%	9.7%	10.4%
Wholesale Trade	1.6%	1.8%	1.5%	2.2%	4.5%	4.5%
Retail Trade	1.3%	1.3%	1.1%	10.2%	10.8%	10.8%
Transportation, Warehousing, Utilities	1.8%	1.7%	2.1%	2.3%	3.2%	3.4%
Information	0.0%	1.3%	1.2%	0.7%	1.9%	1.9%
Financial Activities	1.2%	1.2%	0.9%	4.2%	5.4%	5.4%
Professional and Business Services	2.7%	2.4%	3.5%	8.0%	11.9%	13.6%
Educational and Health Services	2.6%	2.6%	2.2%	16.7%	15.2%	15.1%
Leisure and Hospitality	1.8%	1.8%	1.1%	8.1%	10.0%	9.6%
Other Services	1.5%	1.5%	1.4%	3.4%	3.4%	3.5%
Government	0.7%	0.7%	0.3%	23.4%	16.5%	16.4%
Total Employment**	1.5%	1.7%	1.6%	100.0%	100.0%	100.0%

Notes: * Region 3 comprises Yamhill, Polk and Marion Counties. All numbers are rounded to nearest 100.

** OED data includes, while OEA data excludes, farm employment.

Sources: Region 3 and statewide OED forecast is from the WorkSource Oregon/Employment Department, *Employment Projections by Industry and Occupation: 2010-2020*, December 2011. State of Oregon OEA forecast is from the Oregon Office of Economic Analysis, *Oregon Economic and Revenue Forecast*, September 2012.

Figure 37. Property Tax Rates in Selected Communities (1999-00 & 2010-11)

Jurisdiction	Property Tax Rate		1999-00 % of McMinnville	2010-11 % of McMinnville
	1999-00	2010-11		
Woodburn	\$18.32	\$18.94	105%	115%
Beaverton	\$16.93	\$18.39	97%	112%
Salem	\$19.30	\$18.30	111%	111%
Forest Grove	\$16.64	\$18.26	96%	111%
Wilsonville	\$15.94	\$18.13	92%	110%
Newberg	\$16.24	\$17.52	93%	106%
Hillsboro	\$14.76	\$17.38	85%	105%
Canby	\$15.48	\$17.07	89%	104%
Tualatin	\$14.92	\$16.75	86%	102%
McMinnville	\$17.41	\$16.49	100%	100%
Tigard	\$14.12	\$15.86	81%	96%
Dallas	\$16.27	\$15.05	93%	91%
Keizer	\$15.72	\$14.81	90%	90%
Sheridan	\$13.73	\$14.05	79%	85%

Source: Oregon Department of Revenue, *McMinnville Economic Opportunities Analysis* by ECONorthwest in November 2001, and E. D. Hovee & Company, LLC.

Figure 38. Covered & Total Employment for 97128 Zip Code (1990, 1999, 2010)

Employment Sector	Covered Employment			Covered %			Total Employment		
	1990	1999	2010	1990	1999	2010	1990	1999	2010
Agriculture & Mining	318	592	539	56%	60%	59%	564	993	911
Construction	363	513	464	69%	68%	68%	526	751	687
Manufacturing	2,038	2,342	1,918	91%	90%	89%	2,231	2,593	2,146
Transportation & Utilities	422	509	500	84%	83%	82%	504	616	607
Wholesale Trade	252	346	290	90%	89%	88%	280	387	328
Retail, Dining & Nondassifiable*	1,766	2,816	2,990	84%	82%	81%	2,113	3,450	3,690
Finance, Insurance, & Real Estate	540	662	667	57%	52%	52%	942	1,268	1,292
Services (w/o public education)	1,982	3,224	5,010	69%	70%	69%	2,864	4,579	7,209
Government (w/public education)	1,127	1,623	1,810	100%	100%	100%	1,127	1,623	1,810
Total Employment	8,808	12,627	14,188	80%	78%	76%	11,151	16,260	18,680

* Note: Dining and nonclassifiable are reassigned to retail and public education is reassigned to government to match with 2001 EOA and SIC job classification methodology.

Added Note: 2010 Covered % of total employment is based on Yamhill County; sector adjustments are proportional.

Source: Oregon Employment Department, U.S. Department of Commerce, Bureau of Economic Analysis, *McMinnville Economic Opportunities Analysis* by ECONorthwest in November 2001, and E. D. Hovee & Company, LLC.

Figure 39. Allocation of Zip Code Total Employment to UGB (1990, 1999, 2010)

Employment Sector	% of zip code in UGB			Total Employment		
	1990	1999	2010	1990	1999	2010
Agriculture & Mining	Not Estimated as data not provided w/ 2001 EOA	80%	50%	Not Estimated	790	453
Construction		54%	82%		402	564
Manufacturing		88%	93%		2,283	2,003
Transportation & Utilities		80%	98%		495	592
Wholesale Trade		70%	67%		269	220
Retail & Dining*		88%	98%		3,043	3,619
Finance, Insurance, & Real Estate		97%	99%		1,231	1,278
Services		91%	97%		4,182	6,992
Government		55%	100%		890	1,810
Total Employment			84%		94%	13,585

* Note: Dining and nonclassifiable are reassigned to retail and public education is reassigned to government to match with 2001 EOA and SIC job classification methodology.

Source: Oregon Employment Department, *McMinnville Economic Opportunities Analysis* by ECONorthwest in November 2001, and E. D. Hovee & Company, LLC.

Figure 40. Comparative Employment Density & Redevelopment Factors

Reference	Employment Density (Jobs per Acre)	% of Job Growth on Vacant Employment Land
2001 McMinnville EOA	11 industrial 22 commercial 35 institutional	83% industrial 85% commercial 87% institutional (based on factors including 1-5% requires no non-res built space or land, 5-7% on existing developed land, and 5% vacancy rate)
DLCD Goal 9 Guidebook (2005)	8-12 industrial 14-20 commercial 6-10 institutional & other (demand for net acres; also noted is that each acre can accommodate 10-15 jobs for general commercial and office-park industrial, 20 for offices in non-metro downtowns & suburban settings)	85-90% job growth on vacant land (based on 10-15% use of vacant or redeveloped buildings cited as general rule of thumb)
Salem-Keizer Metro Area Regional EOA 2012-2032 (May 2011)	Forecast densities @: 20 light industrial (above 12-15 current) 36 general office (reflecting current average with range from 27 in retail areas to 73 in Salem central business area) Retail/personal service uses forecast not by jobs per acre (but @ 0.30 FAR)	95% industrial 83% general office (based on assumption that 5% of industrial and 17% of office new employment will locate in existing space or sites not requiring new land; EOA also notes that "there is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.")
Albany EOA Update (2007)	12 industrial 20 commercial retail/services 10 government	100% job growth on vacant land (was at 90% with 2000 EOA @ 10% refill rate but adjusted to 0% rate as the updated 2007 BLI already accounted for infill and redevelopment on supply side of analysis)
Newberg EOA (2010)	11 industrial (including 10% increase in density as efficiency measure) 21 commercial retail & office (overall average with office calculated @ 40% FAR & avg 201 sf/job; retail estimated @ 14.8 net buildable acres per 1,000 new households)	See density for industrial Office appears to assume 100% development on vacant land Retail assumes 95% use of vacant land (with 5% assumed for infill & redevelopment)
City of Beaverton Final Draft EOA (2010)	18 general industrial 10 warehouse 23 flex/business park 58 office 30 retail 38 institutional (@ Metro method of jobs/bldg sf & FAR for densities)	94.2% industrial 92.7% commercial (calculated for excess vacancy above 6% target normalized rate with excess figures at 5.8% industrial, 7.3% commercial)
Metro Urban Growth Report (2009)	6 general industrial & warehouse 23 flex/business park 46 office 27 retail 27 institutional (Calculated using jobs/bldg sf & FAR for densities; @ low end of spectrum for outer ring suburbs)	80-90% general industrial, warehouse & flex/business park (10-20% refill) 70% office (30% refill) 40-70% retail (or 30-60% refill with most (generally @ lower end of refill rates) 60-65% institutional (or 35-40% refill) (Eange for outer ring suburbs, 2015-30 time period)

Sources: From documents prepared by ECONorthwest, Johnson-Gardner and E. D. Hovee & Company, LLC.