

McMinnville Economic Opportunities Analysis

Prepared for

City of McMinnville

by

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DRAFT REPORT

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BACKGROUND

In May of 2001, the City of McMinnville contracted with ECONorthwest 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. This document, entitled *McMinnville Economic Opportunities Analysis (EOA)*, is the result of that work. In sum, the document provides the following:

- Review of national, state, and local economic trends as required by OAR 660-009-0015 (1);
- Evaluation of the site requirements of businesses likely to locate in McMinnville as required by OAR 660-009-0015 (2);
- Inventory of commercial and industrial lands consistent with OAR 660-009-0015 (3);
- Forecast of employment, by sector, in McMinnville for the period between 1999 and 2020;¹
- Estimate of commercial and industrial land need (in acres) and built space (in square feet) in McMinnville for the period 1999-2020.

This project was coordinated with work being conducted by the Greater McMinnville Area Chamber of Commerce. At the end of May, staff from the McMinnville Chamber of Commerce informed staff from the City Planning Department that the Chamber had been awarded grant funds for its proposal to conduct "a community-wide dialogue to define the City's economic development goals and objectives, and to build consensus among the various key stakeholder groups within the McMinnville area" Both groups recognized the overlap between the Chamber project and the City EOA, and the opportunities that merging the two projects provided.

The two projects are complementary. The City's work focuses on data collection and a description of current and likely future economic conditions. The Chamber's work focuses on community economic development goals. Those goals will be more realistic if they are informed by the analysis being conducted as part of the comprehensive plan update.

¹ We use 1999 as a base year for the employment forecast because it is the most recent year for which detailed employment in the McMinnville area is available.

METHODS

The data and methods used in this report derive from three related types of requirements: (1) requirements of state policy; (2) requirements of the scope of work for this project; and (3) standards for sound policy analysis. We began work by reviewing Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009) to make sure the required elements of a Goal 9 analysis are addressed in this report.

Oregon Planning Goal 9 and its Administrative Rule require jurisdictions to provide an adequate supply of buildable lands for a variety of commercial and industrial activities. In addition, Goal 9 requires plans to be based on an analysis of the comparative advantages of a planning region. Comparative advantage is defined in terms of the relative availability of factors that affect the costs of doing business in the planning region, and specify many geographic, economic, and institutional factors that an analysis of comparative advantage should consider. In general, the methods include:

- Review of the literature on economic development.
- Review of local policies regarding economic development and buildable land, including the McMinnville Comprehensive Plan, the McMinnville Zoning Ordinance, and a number of local ordinances that regulate land use in specific areas of McMinnville. A list of the specific ordinances that regulate development on some commercial and industrial lands in McMinnville is presented in Table 6-12.
- Use of existing data sources for socioeconomic and demographic information, including the US Census, employment data from the Oregon Employment Department, state economic forecasts, and Claritas (a private purveyor of marketing and demographic data)
- Survey of Chamber members performed by ECO for the Greater McMinnville Area Chamber of Commerce. The results of that survey were presented in a report to the Chamber in September, 2001, and is provided in this report in Appendix B. We used the survey to inform the section on comparative advantage in this report.
- Interviews with realtors, property managers, and economic development specialists to document the land and locational needs of target industries; a list of those contacted is provided in Appendix C.

Several data sources in this report, including ES-202 data from the Oregon Employment Department and demographic data from Claritas, are for the 97128 zip code area. This zip code area includes McMinnville and the surrounding area that receives mail with a McMinnville address.

This report frequently uses the terms *sector* and *industry* when referring to data and economic conditions. As defined above, Sectors are groups of industries as defined by the Standard Industrial Classification (SIC) system. For example, the Lumber & Wood Products *industry* is part of the

Manufacturing *sector*. Sectors (in bold) and selected industries are illustrated in Figure 1-1.

Figure 1-1. Sectors and selected industries

Agricultural Services, Forestry, & Fisheries Mining Construction Manufacturing Food Processing Lumber & Wood Products Paper & Allied Products Primary Metal Industrial Machinery Electrical & Electronic Equipment Transportation Equipment	Transportation, Utilities, & Communication Wholesale Trade Retail Trade Food Stores Eating & Drinking Places Finance, Insurance, and Real Estate (F.I.R.E.) Services Business Services Health Services Government
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While this study addresses issues of buildable land and housing in the context of economic development, it is neither a buildable lands study nor a housing analysis (as defined by Goal 10 or ORS 197.296). It relies on information from other City studies to address these issues.

ORGANIZATION OF THIS REPORT

The remainder of this report is organized as follows:

Chapter 2: The McMinnville Economy provides an overview of the local economy, including population, demographic characteristics, covered employment by sector, and income.

Chapter 3: National and State Economic Trends reviews national and state economic trends. The review includes a description of the long-term national economic outlook, as well as statewide trends in population, employment, and income.

Chapter 4: McMinnville's Comparative Advantage analyzes various factors that affect McMinnville's economy including location, labor force, buildable lands, public services, housing, transportation, renewable and non-renewable resources, and quality of life.

Chapter 5: Employment Forecast presents ECO's forecast of employment by sector for McMinnville. The employment forecast is informed by analysis of past economic trends and regional employment forecasts developed by the Oregon Employment Department.

Chapter 6: Buildable Lands Analysis presents ECO's inventory of buildable non-residential land, a demand analysis for commercial and industrial land and built space, and the site needs of businesses likely to locate in McMinnville.

This report also includes three appendices:

Appendix A: Glossary presents key terms and definitions used in this report.

Appendix B: Interview List presents a list of persons interviewed for this project.

Appendix C: Results of the McMinnville Chamber Member Survey presents a summary of a survey conducted by ECONorthwest of members of the Greater McMinnville Area Chamber of Commerce.

The McMinnville Economy

This chapter presents an overview of the McMinnville economy and other factors that characterize growth in McMinnville including population and demographic characteristics. This review of local economic conditions and trends is consistent with the requirements of OAR 660-009-0015 (1).

POPULATION CHARACTERISTICS

Table 2-1 shows population and households in McMinnville and in Yamhill County, the North Valley region, and Oregon for comparison, over the 1980–2000 period. Table 2-1 shows population in McMinnville has grown faster than in the surrounding area or in Oregon as a whole during the 1980s and 1990s.

Table 2-1. Population and households in Oregon, the North Valley region, Yamhill County, and McMinnville, 1980–2000

	1980	1990	2000	Avg. Annual Growth	
				1980-90	1990-00
Population					
Oregon	2,633,105	2,842,321	3,421,399	0.8%	1.9%
North Valley	1,355,594	1,517,866	1,876,425	1.1%	2.1%
Yamhill County	55,332	65,551	84,992	1.7%	2.6%
McMinnville	14,080	17,894	26,499	2.4%	4.0%
Households					
Oregon	991,593	1,103,313	1,333,723	1.1%	1.9%
North Valley	518,610	588,752	722,892	1.3%	2.1%
Yamhill County	19,191	22,424	28,732	1.6%	2.5%
McMinnville	5,293	6,607	9,367	2.2%	3.6%

Source: U.S. Department of Commerce, Bureau of the Census. Data for the North Valley region and average annual growth rates calculated by ECONorthwest.

Note: The North Valley region consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.

Data on population by age shows that McMinnville has a larger share of population under 20 and aged 20–34, and a corresponding smaller share of population aged 35–54 and 55–64, compared to Yamhill County, the North Valley region, and Oregon.

Table 2-2 shows households by type from the 2000 Census for Oregon, Yamhill County, and McMinnville. The data show that McMinnville has a slightly higher percentage of family and married-couple households than the state, but a slightly lower percentage than Yamhill County. Corresponding with a higher percentage of family and married-couple households, McMinnville has a smaller percentage of non-family households than the state. While not included in Table 2-2, current census data also shows that, consistent with other household characteristics, McMinnville has a higher

average household and family size than the state, but lower than Yamhill County.

Table 2-2. Households by type, Oregon, Yamhill County, and McMinnville, 2000

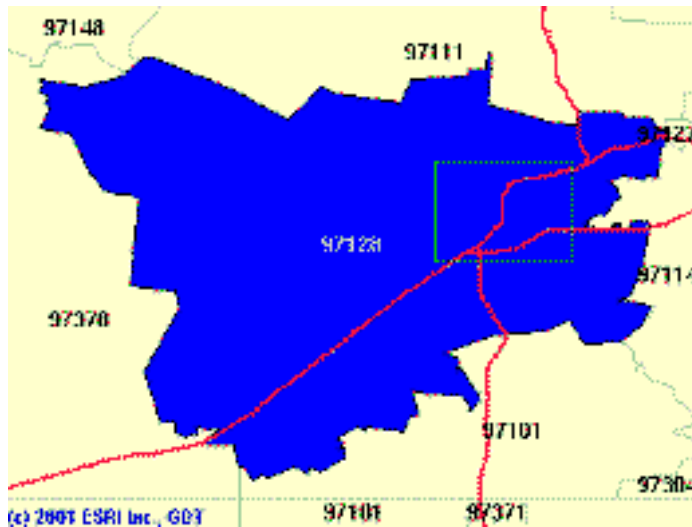
Household Type	Oregon		Yamhill County		McMinnville	
Total households	1,333,723	100%	28,732	100%	9,367	100%
Family households	877,671	66%	21,372	74%	6,462	69%
With own children under 18 years	410,803	31%	10,736	37%	3,320	35%
Married-couple family	692,532	52%	17,248	60%	5,012	54%
With own children under 18 years	296,404	22%	8,108	28%	2,349	25%
Female householder, no husband present	130,782	10%	2,834	10%	1,011	11%
With own children under 18 years	83,131	6%	1,868	7%	701	7%
Other households	54,357	4%	1,290	4%	439	5%
With own children under 18 years	31,268	2%	760	3%	270	3%
Nonfamily household	456,052	34%	7,360	26%	2,905	31%
Householder living alone	347,624	26%	5,671	20%	2,236	24%
Householder 65 years or older	121,200	9%	2,420	8%	1,073	11%
Other nonfamily households	108,428	8%	1,689	6%	669	7%
Households with individuals under 18 years	445,764	33%	11,617	40%	3,584	38%
Households with individuals 65 years or over	305,475	23%	6,625	23%	2,488	27%

Source: Census 2000

EMPLOYMENT

ECO used ES-202 data provided by the Oregon Employment Department to analyze employment in the McMinnville area. Unfortunately, the data do not include a City or UGB identifier. Thus, we used the 97128 zip code to identify employers that are located in the McMinnville area. The 97128 zip code area includes McMinnville and the surrounding area. The extent of the 97128 zip code area is shown in Figure 2-1.

Figure 2-1. 97128 zip code area



In 1995, the Oregon Department of Transportation prepared a geocoded database of employers in the McMinnville areas for transportation planning purposes. We analyzed this database to determine the amount of employment in the 97128 zip code area that fell both inside and outside of the McMinnville UGB. In 1995, there were 9,620 persons employed within the 97128 zip code area of which 9,124 were identified as being within the McMinnville UGB. Thus, about 95% of the employment within the 97128 zip code was inside the McMinnville UGB in 1995. Geocoded employment data were not available for 1990 or 1999.

Table 2-3 shows employment by sector in the 97128 zip code area in 1990 and 1999. The data indicate that employment in the McMinnville area is concentrated in the Services, Retail Trade, Manufacturing, and Government sectors—these sectors together account for 10,000 jobs or 91% of total covered employment in 1999.

Table 2-4 shows industries in the 97128 zip code area with the highest level of employment in 1999. The industries in Table 2-3 have a total of 8,290 jobs (not counting industries for which employment data is confidential) or 65% of total employment in the zip code area. The sixteen industries and 477 reporting establishments (firms) in Table 2-4 represent a relatively diverse mix of industries—McMinnville is not reliant on one or a few key employers or industries for the bulk of its employment.

Most of the employment represented in Table 2-4 is in industries with above-average levels of payroll per employee. Industries with payroll per employee above the average in the 97128 zip code area (\$25,598) have a total of 5,416 or 65% of the total jobs shown in Table 2-4.

Table 2-3. Covered employment and payroll by sector in the 97128 zip code area, 1990 and 1999

Sector	1990			1999		
	Est.	Emp.	Payroll	Est.	Emp.	Payroll
Agriculture, Forestry, Fishing	21	268	\$4,461,085	35	520	\$9,570,086
Mining	3	50	\$1,443,732	4	72	\$2,830,139
Construction	59	363	\$10,118,032	127	513	\$18,881,592
Manufacturing	51	2,038	\$55,141,027	68	2,342	\$73,152,810
Transportation & Utilities	28	422	\$9,961,067	36	509	\$16,887,556
Wholesale Trade	31	252	\$4,474,770	43	346	\$9,883,767
Retail Trade	154	1,757	\$21,767,695	219	2,811	\$50,132,967
Finance, Insurance, & Real Estate	49	540	\$12,681,383	91	662	\$23,979,557
Services	212	1,982	\$28,572,106	330	3,224	\$74,333,890
Nonclassifiable	4	9	\$108,217	10	5	\$152,915
Government	8	1,127	\$21,624,619	9	1,623	\$47,970,157
Total Employment	620	8,808	\$170,353,733	972	12,627	\$327,775,436

Source: Oregon Employment Department. Confidential ES-202 employment data provided to ECONorthwest. Employer records summarized by industry and sector by ECONorthwest.

Table 2-4. Major employment industries in the 97128 zip code area, 1999

Industry	Sector	Est.	Employment	Payroll	Pay/Emp
Local Government	Government	9	1,623	\$47,970,157	\$29,556
Health Services	Services	73	1,128	\$31,269,135	\$27,721
Eating & Drinking	Retail Trade	71	830	\$8,199,547	\$9,879
Other Construction	Construction	156	664	\$20,960,074	\$31,566
Automotive Dealers & Service	Retail Trade	23	552	\$16,081,511	\$29,133
Food Stores	Retail Trade	19	500	\$8,470,599	\$16,941
Food & Kindred Products	Manufacturing	12	442	\$12,508,265	\$28,299
Social Services	Services	31	436	\$6,850,687	\$15,713
Business Services	Services	40	407	\$7,948,652	\$19,530
Rubber & Plastics	Manufacturing	6	399	\$10,870,784	\$27,245
Agricultural Production - Crops	Agricultural Services	12	355	\$7,006,039	\$19,735
General Merchandise	Retail Trade	5	346	\$5,632,717	\$16,280
Lumber & Wood Products	Manufacturing	11	305	\$9,956,441	\$32,644
Air Transportation	Transportation	9	303	\$11,882,730	\$39,217
Primary Metal	Manufacturing			Confidential	\$42,264
Educational Services	Services			Confidential	\$29,844

Source: Oregon Employment Department. Confidential ES-202 employment data provided to ECONorthwest. Employer records summarized by industry and sector and payroll/employee calculated by ECONorthwest.

Table 2-5 shows industries that added more than 50 jobs in the 97128 zip code area in the 1990–1999 period. Employment growth in these industries totals at least 3,795 or 99% of total employment growth in the 97128 zip code area over the 1990–1999 period (3,819). All of the employment growth in industries that added jobs in the 1990–1999 period would equal more than 100% of total employment growth because some industries lost employment in this period. Employment losses were led by the Instruments, Forestry, and Holding & Investment Offices industries, which together lost 450 jobs in the 97128 zip code area between 1990 and 1999.

Most of the largest industries in the zip code area (shown in Table 2-4) added more than 50 employees in the 1990–1999 period—the exceptions are Food & Kindred Products, Air Transportation, and Educational Services, which are major employers as shown in Table 2-4 but did not add more than 50 employees over the 1990–1999 period.

Table 2-5. Industries with employment growth over 50 in the 97128 zip code area, 1990-1999

Industry	Sector	1990 Emp.	1999 Emp.	Emp. Growth	Pay/Emp
Health Services	Services	464	1,128	664	\$27,721
Local Government	Government	1,127	1,623	496	\$29,556
Other Construction	Construction	344	664	320	\$31,566
Automotive Dealers & Service	Retail Trade	278	552	274	\$29,133
Agricultural Production - Crops	Agricultural Services	91	355	264	\$19,735
Food Stores	Retail Trade	247	500	253	\$16,941
General Merchandise	Retail Trade	107	346	239	\$16,280
Social Services	Services	238	436	198	\$15,713
Rubber & Plastics	Manufacturing	231	399	168	\$27,245
Business Services	Services	244	407	163	\$19,530
Membership Organizations	Services	114	213	99	\$12,665
Agricultural Services	Agricultural Services	40	134	94	\$13,043
Miscellaneous Retail	Retail Trade	162	252	90	\$17,302
Eating & Drinking	Retail Trade	745	830	85	\$9,879
Printing & Publishing	Manufacturing	117	191	74	\$21,455
Wholesale Trade-Durable Goods	Wholesale Trade	115	171	56	\$37,076
Real Estate	F.I.R.E.	31	86	55	\$21,939
Lumber & Wood Products	Manufacturing	252	305	53	\$32,644
Primary Metal	Manufacturing		Confidential		\$42,264
Insurance Carriers	F.I.R.E.		Confidential		\$40,538
Apparel	Manufacturing		Confidential		\$19,400

Source: Oregon Employment Department. Confidential ES-202 employment data provided to ECONorthwest. Employer records summarized by industry and sector and payroll/employee calculated by ECONorthwest.

Table 2-5 shows that over half of employment growth in the 97128 zip code area over 1990–1999 was from industries with a payroll per employee over the average for the area as a whole. Nine of the twenty-one industries shown in Table 2-5 have an average payroll per employee higher than the average for the 97128 zip code area as a whole (\$25,598), and these industries account for employment growth of at least 2,031 over the 1990–1999 period, 53% of total employment growth in that period.

INCOME

Table 2-5 shows the median household income in the Portland-Vancouver MSA² from 1989 to 1997, in constant year-2000 dollars. The median

² The Portland-Vancouver Metropolitan Statistical Area (MSA) is a five county area including Clackamas, Multnomah, Washington, and Yamhill counties in Oregon, and Clark county, Washington.

household income increased by 18% over the twelve-year period, from \$47,198 in 1989 to \$55,900 in 2001.

Table 2-6. Median family income, Portland-Vancouver MSA 1989-2001

Year	Median household income	% change
1989	\$47,198	
1990	\$46,242	-2%
1991	\$46,817	1%
1992	\$45,898	-2%
1993	\$46,305	1%
1994	\$47,175	2%
1995	\$46,551	-1%
1996	\$47,388	2%
1997	\$48,476	2%
1998	\$51,381	6%
1999	\$53,340	4%
2000	\$53,700	1%
2001	\$55,900	4%

Source: US Department of Housing and Urban Development
 Note: the Portland Metropolitan Statistical Area (MSA) includes Clackamas, Multnomah, Washington, and Yamhill Counties in Oregon, and Clark County, Washington

Table 2-7 shows that median household income in McMinnville increased from \$32,255 in 1990 to \$39,549 in 2000 (in constant 2000 dollars), an increase of 23% over the decade. Households with an income of \$35,000 and over compose 55% of households in McMinnville.

Table 2-7. Household income in McMinnville

Household income	Households	
Less than \$5,000	283	3%
\$5,000–9,999	442	5%
\$10,000–14,999	673	7%
\$15,000–24,999	1,445	16%
\$25,000–34,999	1,223	13%
\$35,000–49,000	1,404	15%
\$50,000–74,999	1,998	22%
\$75,000–99,999	882	10%
\$100,000–149,999	489	5%
More than \$150,000	312	3%
Total households	9,151	100%
Median household income (\$2000)		
1990	\$32,255	
2000	\$39,549	

Source: Claritas Inc., August 2000.

National and State Economic Trends

Chapter 3

The economy of McMinnville is strongly influenced by economic forces beyond its control. The fortunes of the national and state (and metropolitan Portland economies) can have bigger impacts on economic development in McMinnville than its own policies. The events of September 11, 2001, and those that have followed, provide stark evidence of this fact. This chapter provides an overview of these larger economies as context. Since any long-run (20-year) forecast of the national economy is always for growth (no one forecasts 20 years of stagnation), and because Oregon's locational, labor force, and diversity advantages means that its economy will, in the long run, be likely to perform at least as well as the national economy (in relative terms), it is not surprising that the long-run forecast for the Oregon economy is positive.

LONG-RUN NATIONAL TRENDS

Economic development in McMinnville over the next twenty years will occur in the context of long-term national performance, which, as noted, is generally forecasted to be positive.

Short-term (1-5 years) national trends will also affect economic growth in the region, but these trends are difficult to predict. At times these trends may run counter to long-term trends. A recent example is the recent downturn in high-technology, with declining stock values and layoffs at major high-tech manufacturers and dot-com businesses. Despite this recent downturn, high-tech industries are expected to continue to be major employers in the Portland region and to add jobs over the long run. The Oregon Employment Department forecast for 2000–2010 shows that the Electric & Electronic Equipment industry in the Portland region³ is expected to add 6,300 jobs over the ten-year period, an increase of 19%. This forecast growth, however, has been revised downward from the Department's previous forecast for the 1998–2008 period, when Electric & Electronic Equipment in the Portland region was expected to grow by 9,000 jobs or 30%.

This report takes a long-run perspective on the McMinnville economy (using a 20-year planning horizon, as the Goal 9 requirements intend) and does not attempt to predict the effect of short-run business cycles.

³ The Oregon Employment Department defines the Portland Region as Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon and Clark County, Washington.

ECONOMIC TRENDS IN OREGON

Economic development in McMinnville will also be affected by long-run economic trends in Oregon and the Willamette Valley. The following section describes recent trends in population, income, and employment growth in Oregon, the North Valley area, Yamhill County, and McMinnville. That description is followed by a discussion of the economic outlook for Oregon.

Recent economic trends and the economic outlook for Oregon form a primary basis for our expectations of future trends and development patterns in McMinnville, as will be discussed in this report. We will use these trends to develop a forecast of employment growth in McMinnville that will reflect likely growth in the absence of possible modifications to public policy to affect economic development. Opportunities and constraints affecting future economic development in McMinnville are addressed in Chapter 4 of this report.

POPULATION

Oregon's economy is historically more cyclical than the nation's, growing faster than the national economy during expansions and contracting more rapidly than the nation during recessions. This pattern is shown in Table 3-1, which presents data on population in the U.S., Oregon, and selected areas in Oregon over the 1970–2000 period. Table 3-1 shows Oregon grew more rapidly than the U.S. in the 1970s and 1990s (which were generally expansionary periods) but lagged behind the U.S. in the 1980s. Oregon's slow growth in the 1980s was primarily caused by the nationwide recession early in the decade. Oregon's population growth regained momentum in 1987, growing at annual rates of 1.4%–2.9% between 1988 and 1996.

In Oregon, population growth is tied to economic conditions. Net migration (in-migration minus out-migration) typically composes about 70% of population growth in Oregon.⁴ 47% of recent in-migrants to Marion, Polk, and Yamhill Counties cited a job as the reason they moved to Oregon, third behind family or friends and quality of life. And 62% of in-migrants to Oregon reported working in Oregon full or part-time, with an additional 10% unemployed but looking for work.⁵ Thus, population growth in Oregon tends to cycle up and down with economic conditions in the state.

Population in McMinnville has grown more rapidly than the larger areas shown in Table 3-1 over the last three decades. Strong population growth in McMinnville, even through the recessionary 1980s, suggests that the city has been less susceptible to business cycles than Oregon as a whole.

⁴ Population Research Center, Portland State University. 2000 Oregon Population Report. Table 1: Components of Population Change for Oregon 1960–2000.

⁵ Oregon Employment Department. 1999 Oregon In-Migration Study. Table 8.

Population growth for Oregon and its regions slowed in 1997, to 1.1% statewide, the slowest rate since 1987. Net migration into Oregon, which is the largest component of population growth, dropped from 35,000 in 1996 to 18,000 in 1999. The reasons most often cited for this slowing of population growth are the recovery of the California economy, the combination of a high cost of living (especially housing) and low wages in Oregon, and a perceived decline in the quality of Oregon's schools.

The Willamette Valley has always been the center of growth in Oregon. The population growth rate in the Willamette Valley has exceeded that of the state in every decade except during the 1970s. Almost 70% of Oregon's population is located in the Willamette Valley,⁶ which contains only 14% of the state's land area. Most of the Willamette Valley's population is concentrated in the metropolitan areas of Portland, Salem, and Eugene.

Table 3-1. Population in the U.S., Oregon, Willamette Valley, North Valley, Yamhill County, and McMinnville, 1970–2000

Area	1970	1980	1990	2000	Avg. Ann. Growth Rate		
					70-80	80-90	90-00
U.S.	203,211,926	226,545,805	248,709,873	281,421,906	1.1%	0.9%	1.2%
Oregon	2,091,385	2,633,156	2,842,321	3,421,399	2.3%	0.8%	1.9%
Willamette Valley	1,446,594	1,788,577	1,962,816	2,380,606	2.1%	0.9%	1.9%
North Valley	1,107,546	1,355,645	1,517,866	1,876,425	2.0%	1.1%	2.1%
Yamhill County	40,213	55,332	65,551	84,992	3.2%	1.7%	2.6%
McMinnville	10,125	14,080	17,894	26,499	3.4%	2.4%	4.0%

Sources: U.S. Census and Center for Population Research and Census, Portland State University. Average annual growth rates calculated by ECONorthwest.

Notes: The Willamette Valley consists of Benton, Clackamas, Lane, Linn, Marion, Multnomah, Polk, Washington, and Yamhill Counties. The North Valley consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.

Between 1990 and 1999, almost 70% of Oregon's total population growth was from net migration (in-migration minus out-migration), with the remaining 30% from natural increase (births minus deaths). Migrants to Oregon tend to have the same characteristics as existing residents, with some differences—recent in-migrants to Oregon are, on average, younger and more educated, and are more likely to hold professional or managerial jobs, compared to Oregon's existing population. The race and ethnicity of in-migrants generally mirrors Oregon's established pattern, with one exception: Hispanics make up more than 7% of in-migrants but only 3% of the state's population. The number-one reason cited by in-migrants for coming to Oregon was family or friends, followed by quality of life and employment.⁷

⁶ The Willamette Valley is composed of Benton, Clackamas, Lane, Linn, Marion, Multnomah, Polk, Washington, and Yamhill counties.

⁷ State of Oregon, Employment Department. 1999. *1999 Oregon In-migration Study*.

PERSONAL INCOME

Before the early-80s recession, per capita income in Oregon was close to the U.S. level, ranging from 96%–102% of the U.S. average between 1969 and 1981. Oregon's per capita income began to fall in 1980, dropping as low as 92% of the U.S. average during 1985–1988 before climbing back to 96% of the U.S. average by 1995. Per capita income in the North Valley region, which includes Portland and its suburbs, has exceeded the U.S. and Oregon average over the 1969–1998 period, ranging from 100%–111% of the U.S. average over this period.

EMPLOYMENT

Employment growth has generally followed the trend of population growth, but employment growth varies more because employment is more closely tied to economic conditions. Over 70% of Oregon's employment is located in the Willamette Valley. While the Willamette Valley generates most of Oregon's employment growth in expansionary times, the Valley also experienced the largest loss of employment in the recession of the early 1980s.

The composition of Oregon's employment has changed since 1969. Employment growth has been led by the Finance, Insurance and Real Estate (F.I.R.E.), and Services sectors. The share of total employment in these sectors combined increased from 25% to 35% between 1969 and 1995. Slow growth in Manufacturing caused its share of total employment to decline from 20% to 13% over this period, while other sectors grew at rates close to the statewide average.

In the last 20 years Oregon's economy has made a transition away from reliance on traditional resource-extraction industries, with the growth of high-tech manufacturing, services, and trade. A significant indicator of this transition is the decline of employment in the Lumber & Wood Products industry and the concurrent growth of employment in high-technology manufacturing industries (Industrial Machinery, Electronic Equipment, and Instruments). Employment in Lumber & Wood Products has declined from its 1979 peak, while employment in high-tech industries surpassed that in Lumber & Wood Products in 1995.⁸

While this transition has increased the diversity of employment within Oregon, it has not significantly improved Oregon's diversity relative to the national economy. Oregon's relative diversity has historically ranked low among states, primarily due to dependence on the timber industry. Oregon ranked 35th in diversity (1st = most diversified) based on Gross State Product data for 1963–1986, and 32nd based on data for the 1977–1996 period. While

⁸ LeBre, Jon. 1998. "Lumber and Wood Products vs High Tech." *Oregon Labor Trends*. Salem: Oregon Employment Department. Page 1.

Oregon's economy has diversified, it is still heavily dependent on several industries—Oregon's diversity ranking remains low due to disproportionately large timber, high tech, and agricultural industries. Relatively low economic diversity increases the risk of economic volatility as measured by changes in output or employment. For example, while Oregon has enjoyed the upside of increasing concentration in high-tech manufacturing, the recent downturn in high-tech shows the risk associated with Oregon's reliance on the high-tech manufacturing industry.⁹

The changing composition of employment has not affected all regions of Oregon evenly. Growth in high-tech and Services employment has been concentrated in urban areas of the Willamette Valley and Southern Oregon, particularly in Washington, Benton, and Josephine Counties. The brunt of the decline in Lumber & Wood Products employment was felt in rural Oregon, where these jobs represented a larger share of total employment and an even larger share of high-paying jobs than in urban areas.

PUBLIC POLICY

Economic conditions in Oregon have not only been affected by national and international trends, but also by government action in Oregon. State policy made a concerted effort to attract industries with tax policy (e.g., no unitary tax, which would tax world-wide corporate income of businesses operating in Oregon), changes in corporation codes, reforms to reduce the costs of workers' compensation, investments in infrastructure, and other incentives (e.g., enterprise zones and the Strategic Investment Program, which attempts to stimulate capital-intensive industries through property tax abatement). The State has encouraged international trade and investments with missions and offices in Japan, Taiwan, and other Pacific Rim countries. State policy on land use and environmental quality aim at preserving the natural and cultural amenities that make Oregon attractive to its current and potential residents and businesses—their effects, however, are not unambiguous, since they may also raise taxes, fees, and land development costs.

OUTLOOK FOR GROWTH

Oregon is expected to experience slow to moderate growth over the next ten to twenty years. The recent economic downturn has caused forecasts for growth in Oregon to be revised downward. For example, the Oregon Employment Department's 1999 forecast of employment growth in the 1998–2008 period called for total employment in Oregon to grow at an average annual rate of 1.7%, while the Department's 2000 forecast for the 2000–2010 period calls for total employment growth at an average annual rate of 1.2%. The apparent small difference in the average annual rate can

⁹ LeBre, Jon. 1999. "Diversification and the Oregon Economy: An Update." *Oregon Labor Trends*. February.

lead to large differences in the level of total employment. In 1999 the Employment Department expected total employment in Oregon to reach 1,843,400 by 2008; they now forecast total employment to reach 1,803,000 by 2010, almost 40,000 less than their previous forecast for 2008.

The State Office of Economic Analysis (OEA) develops a long-term forecast of population and employment growth in Oregon and its counties. Their latest forecast, published in 1997, shows population growth in Oregon over the 2000–2020 period is expected to grow at an average annual rate of 1.2%, while total non-agricultural employment is expected to grow at an average annual rate of 1.0% over the same period. Growth in Yamhill County is expected to exceed growth in Oregon, with an average annual growth rate of 1.8% for population and 1.6% for employment over the 2000–2020 period. The OEA forecast for population and employment growth over the 2000–2020 period is shown in Table 3-2.

Table 3-2. Forecast population and employment growth in Oregon, the North Valley region, and Yamhill County, 2000–2020

	2000	2010	2020	AAGR 2000-2020
Population				
Oregon	3,406,000	3,857,000	4,326,000	1.2%
North Valley	1,850,740	2,110,655	2,387,993	1.3%
Yamhill County	83,826	101,152	119,589	1.8%
Employment				
Oregon	1,601,718	1,814,276	1,947,702	1.0%
North Valley	981,332	1,112,609	1,198,658	1.0%
Yamhill County	28,560	34,612	39,282	1.6%

Source: State of Oregon, Office of Economic Analysis. 1997. *Long-Term Population and Employment Forecasts for Oregon*. Salem: Department of Administrative Services.

The State's Office of Economic Analysis also publishes a quarterly *Economic and Revenue Forecast*.¹⁰ This forecast focuses on short-term conditions that may affect state tax revenue over the next five years, but the forecast does include an extended outlook for economic conditions in Oregon. The September 2001 *Forecast* states that both Oregon and the U.S. will grow slowly through 2007, and Oregon is expected to grow slightly faster than the U.S. economy over this period. Employment growth in Oregon is expected to be much slower than during the mid-1990s for the foreseeable future. The *Forecast* identified key factors that will fuel the state's long-term growth, including:

- *Conditions in the semiconductor industry.* Increasing demand for computers and communication equipment would eliminate excess capacity in the industry, allowing previously-announced investment

¹⁰ The current forecast can be viewed or downloaded at <http://www.oea.das.state.or.us/economic.htm>

plans by major companies in the industry to be carried out in the 2002–2005 period.

- *Export growth and commodity prices.* Global recovery of economies would increase demand for finished goods and commodities from Oregon. This would especially benefit timber and agricultural producers in the state.
- *Strength of the domestic market.* Economic growth in California and other major domestic markets would fuel demand for Oregon products.
- *Energy cost advantages.* If a comprehensive energy plan can assure businesses of an abundant, reliable, and relatively inexpensive supply of electricity, Oregon and the Pacific Northwest will continue to have a relative energy advantage over other regions. If recent price hike proposals for electricity and natural gas surpass those for other parts of the country, Oregon could lose this cost advantage.
- *Affordable housing.* California and Washington have recently experienced rising housing costs compared to Oregon. If Oregon can maintain a relative cost advantage in housing, this factor will make Oregon more attractive as a firm location.
- *Quality of life.* If Oregon can maintain its quality of life, it will continue to attract financially secure retirees and companies that place a high premium on quality of life.

The long-term forecast developed by the State Office of Economic Analysis forecasts only total *non-agricultural* employment in Oregon and its counties. The Oregon Employment Department produces a ten-year forecast of employment growth by sector or industry for Oregon and Workforce Analysis regions, with the level of detail varying by the level of employment in each region (regions with more employment have more detailed forecasts). Table 3-3 shows the latest Employment Department forecast for growth in Workforce Region 3 (the region in which McMinnville is located: Marion, Polk, and Yamhill Counties) and Oregon over the 2000–2010 period. Table 3-3 shows that employment growth in Region 3 and Oregon is expected to be led by the Services, Retail Trade, and Government sectors, which together are expected to contribute about 75%–80% of total employment growth in Region 3 and Oregon. Manufacturing growth is expected to be led by the Other Durable Goods industry, which includes the high-tech Industrial Equipment and Electric & Electronic Equipment industries, but this growth will be offset by expected declines in the Lumber & Wood Products and Food Processing industries.

Table 3-3 shows that the growth rates for sectors and industries in Region 3 are roughly similar to those for Oregon as a whole, with the exception of Communications & Utilities which is expected to grow at an average annual rate of 3.2% in Region 3 but only 1.2% in Oregon.

Table 3-3. Nonagricultural employment growth forecast for Workforce Region 3 and Oregon, 2000–2010

Sector/Industry	Region 3		Oregon	
	Growth	AAGR	Growth	AAGR
Mining & Quarrying	0	0.00%	0	0.00%
Construction	700	0.73%	6,600	0.76%
Manufacturing	400	0.17%	5,200	0.21%
Lumber & Wood	-100	-0.19%	-2,800	-0.59%
Other Durable Goods	900	0.98%	8,600	0.64%
Food Products	-600	-1.05%	-1,100	-0.47%
Other Nondurable Goods	200	0.50%	500	0.13%
Transportation & Public Utilities	1,000	1.71%	8,500	1.01%
Transportation	300	0.83%	5,300	0.93%
Communications & Utilities	700	3.19%	3,200	1.20%
Wholesale Trade	600	1.12%	11,000	1.11%
Retail Trade	4,600	1.43%	42,100	1.32%
General Merchandise Stores	700	1.52%	6,700	1.52%
Food Stores	600	1.16%	4,500	1.05%
Eating & Drinking Places	1,600	1.40%	15,200	1.33%
Other Retail Trade	1,700	1.54%	15,700	1.33%
Finance, Insurance, & Real Estate	1,000	1.20%	17,800	1.76%
Services	6,400	1.47%	83,900	1.76%
Business & Professional Services	1,100	1.34%	23,900	2.07%
Health Services	1,400	1.11%	15,300	1.32%
Other Services	3,900	1.73%	44,700	1.82%
Government	3,500	0.79%	25,200	0.91%
Federal	-300	-1.39%	-1,500	-0.49%
State	1,500	0.75%	5,400	0.87%
Local	2,300	1.03%	21,300	1.15%
Total Nonfarm Payroll Employment	18,200	1.05%	200,300	1.18%

Source: Oregon Employment Department. 2001. *Employment Projections by Industry*. Calculations by ECONorthwest.

Note: Workforce Region 3 comprises Marion, Polk, and Yamhill counties. Sector/industries shown are those available for Workforce Region 3; additional detail is available for Oregon.

IMPLICATIONS FOR McMINNVILLE

As noted previously, national economic trends influence Oregon's economy. The recent downturn in high-tech manufacturing is an example of how broader global and national economic trends influence Oregon. The statewide economy, and more specifically, economic conditions in the northern Willamette Valley, will influence economic activity in McMinnville. Past trends reported in this chapter and in Chapter 2 suggest that McMinnville's economy also will be affected by continued in-migration and general economic conditions in the region.

There is nothing in the long-run national or state economic forecasts that suggests that the Willamette Valley will stop growing. The same is true of other planning studies that have taken a long-run look at the Willamette Valley. Thus, any forecasts of growth for McMinnville must be made in the context of an expectation of continued economic development in the

Willamette Valley. Recessions may happen, but the conclusion of all agencies responsible for making forecasts is that population and employment in the Valley will grow over the next 20 years.

That conclusion sets the context for a more detailed investigation of growth in McMinnville in the next two chapters. Chapter 4 looks at McMinnville's comparative advantages. It is an assessment of those advantages (and disadvantages) that leads to a conclusion about whether McMinnville will grow faster or more slowly than the Valley as a whole. In general, we expect growth in McMinnville will share proportionately in the growth of the northern Willamette Valley. The type of growth McMinnville receives will depend on the City's economic development policies, how aggressive the City is in attracting new businesses, housing costs, and a number of other factors

McMinnville's Comparative Advantages

INTRODUCTION

The employment growth forecast in the next chapter implicitly assumes that the economic factors that influenced growth in McMinnville in the past will behave in a similar way in the future. National and regional economic conditions, as addressed in Chapter 3, can affect local areas and there is little that McMinnville can do to affect these conditions. McMinnville can, however, influence local attributes that affect economic development.

This chapter reviews local factors affecting economic development in McMinnville and the advantages, opportunities, disadvantages, and constraints these factors present. This review, and the economic vision from the Chamber of Commerce survey, will form the basis for developing economic development strategies for McMinnville. Those strategies may have implications for the employment forecast presented in chapter 5.

Each economic region has different combinations of productive factors: land (and natural resources), labor (including technological expertise and entrepreneurial skill), and capital (investments in infrastructure, technology, and public services). While all areas have these factors to some degree, the mix and condition of these factors vary. The mix and condition of productive factors may allow firms in a region to produce goods and services more profitably than similar firms in other regions.

By affecting the costs of production and distribution, comparative advantages affect the pattern of economic development in a region relative to other regions. Oregon Statewide Planning Goal 9 recognizes this by requiring plans to include an analysis of the relative supply and cost of factors of production and the impacts of location and transportation on distribution costs. An analysis of comparative advantage depends on the geographic areas being compared—this chapter focuses on the comparative advantages of McMinnville relative to the Northern Willamette Valley.

BUILDABLE LAND SUPPLY

An inventory of buildable non-residential land in McMinnville indicates that the city has about 473 acres available for development—358 acres designated for industrial use, and 115 designated for commercial use. An estimate of demand for land, based on an employment forecast for McMinnville, indicates demand for 457 acres of non-residential land over the next twenty years—176 acres for uses in industrial areas, 174 acres for uses

in commercial areas. An additional 108 acres will be required for other public and semi-public uses.

Together, these findings suggest that McMinnville has an adequate supply of buildable industrial land but has a deficit of buildable commercial land. However, this general conclusion may not apply for specific types of land or sub-areas of the City. For example, a City may not have sites of the right size or configuration to meet economic development goals. Moreover, the scope of an Economic Opportunities analysis does not require sub-area analysis. For example, a City may have an adequate amount of land designated for commercial uses, but the land is all in one area and may not meet the long-term needs of the City.

This report refines this preliminary analysis. Chapter 5 presents an employment forecast for McMinnville at the sector level. Chapter 6 translates forecast employment growth into demand for buildable land, and compares this to land supply by type. Chapter 6 also compares the site requirements for the types of firms that may locate in McMinnville to the available sites in McMinnville to identify any gaps in supply and demand for buildable land.

LABOR FORCE

The labor force in any market consists of the adult population (aged 16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. The labor force in McMinnville is not limited to local residents; firms in McMinnville could attract workers from surrounding communities, and residents of McMinnville may work in other communities.

The availability of labor is critical for economic development. A recent statewide survey in Oregon found that over one-third of Oregon's recently hiring employers had difficulty filling positions.¹¹ Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well.

The unemployment rate is one indicator of the relative number of workers who are actively seeking employment. Data from Claritas, Inc. show unemployment in 1997 for the 97128 zip code area (McMinnville) was 4.6% of the labor force, compared to 5.2% in Yamhill County, 4.9% in the North Valley region,¹² and 6.1% in Oregon. These unemployment rates are relatively low and indicate a tight labor market existed in the region in 1997. McMinnville has a lower unemployment rate than both the surrounding

¹¹ Oregon Employment Department, 2000. *Workforce 2000: An Oregon Employer Perspective*. Salem: Research Section, Workforce Analysis Unit, September.

¹² The North Valley region consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.

region and Oregon, suggesting that it may be more difficult for firms in McMinnville to find workers than in other parts of the region.

Direct information on the quality of the workforce is not readily available—it would require an extensive survey about workers' levels of education, work experience, and cognitive and physical skills. 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.

Table 4-1 shows the share of population by age in McMinnville, Yamhill County, the North Valley region, and Oregon. This table shows that compared to other areas, McMinnville has a higher share of population in the under 20 and 65+ age groups. These age groups are generally outside the labor force, indicating that McMinnville has a smaller supply of labor than it would if its age distribution was closer to the Oregon average. McMinnville also has a smaller share of population in the 35–54 and 55–64 age groups, which are the groups most likely to hold managerial or professional positions and be in the peak earning period of their career. The share of population aged 20–34 is slightly higher in McMinnville than in other areas in Table 4-1, probably reflecting the number of college students in McMinnville attending Linfield College.

Table 4-1. Share of population by age, 2000

Age	McMinnville	Yamhill Co.	North Valley	Oregon
Under 20	30.9%	30.6%	27.9%	27.6%
20-34	23.6%	20.7%	22.5%	20.5%
35-54	24.5%	29.0%	30.6%	30.2%
55-64	6.7%	8.0%	8.0%	8.9%
65+	14.3%	11.7%	10.9%	12.8%
Total	100.0%	100.0%	100.0%	100.0%
Median age (years)	31.5	34.1	n/a	36.3

Source: U.S. Department of Commerce, Bureau of the Census. 2000 Census of Population and Housing. Percentages calculated by ECONorthwest.

Table 4-2 shows the percent of population by the number of years of education completed. This table shows that the share of population in Yamhill County with 1–3 or 4+ years of college is lower than in the North Valley region or Oregon; the share in McMinnville is higher than for Yamhill County but still lower than in the region or state. This suggests that employers in McMinnville, especially those with skilled or professional occupations, may have difficulty finding skilled or trained labor. Local employers contacted for this report, however, did not indicate that finding skilled labor was difficult.

The differences between McMinnville and the surrounding area are small. The main point appears to be that the North Valley region (which is weighted heavily by metropolitan Portland) has a slightly higher level of educational attainment than McMinnville, and that McMinnville, as the urban center of

Yamhill County, has a slightly higher level of educational attainment than Yamhill County. These are not surprising results.

Table 4-2. Percent of population by education completed, 1997

Area	College 4+ Years	College 1–3 Years	High School 4 Years	High School 1–3 Years	Elementary 0–8 Years	Total Population
Oregon	20.7%	32.0%	28.8%	12.3%	6.1%	100.0%
North Valley	23.8%	33.6%	26.3%	10.7%	5.6%	100.0%
Yamhill Co.	16.7%	29.8%	32.2%	13.1%	8.2%	100.0%
McMinnville	19.2%	30.6%	30.8%	11.6%	7.7%	100.0%

Source: Claritas. REZIDE 1996. Percentages calculated by ECONorthwest.

The percent of population by race and Hispanic origin is shown in Table 4-3, which shows that the share of Asian and Pacific Islanders in McMinnville and Yamhill County is lower than in the North Valley region or Oregon. Table 4-3 also shows that McMinnville has a substantially higher share of Hispanic population than Yamhill County, the North Valley region, or Oregon, with a 14.6% Hispanic share in McMinnville compared to 8.0%–10.6% share in larger areas.¹³

A recent report by the Oregon Employment Department¹⁴ shows that Hispanics had a higher labor force participation rate in 1997 (77%) than the overall state population (68%), but Hispanics also had a higher rate of unemployment in 1998 (8.5%) than the overall population (5.8%). The Oregon Employment Department identified skills mismatches, language, lack of transportation, and education as factors that may hinder Hispanics' ability to compete well in the job market. Farm, Forestry, and Agricultural occupations have a much higher percentage of Hispanics than the statewide population as a whole. Moreover, far fewer Hispanics are in professional occupations. This suggests that Hispanics earn less than other groups. According to the Oregon Employment Department, "there is little doubt that in Oregon, Hispanic income levels are lower than those for all Oregonians."

¹³ Hispanics can be of any race, so race and Hispanic origin are separate issues.

¹⁴ *Hispanics in Oregon's Workforce, 1998*. Oregon Employment Department.

Table 4-3. Share of population by race and Hispanic origin

	Oregon	North Valley	Yamhill Co.	McMinnville
Population by race				
White	86.6%	83.2%	89.0%	86.4%
Black or African American	1.6%	2.6%	0.8%	0.7%
American Indian and Alaska Native	1.3%	1.0%	1.5%	1.4%
Asian & Pacific Is.	3.2%	4.7%	1.2%	1.4%
Other	4.2%	5.2%	5.1%	7.3%
Two or more races	3.1%	3.3%	2.4%	2.9%
Total	100.0%	100.0%	100.0%	100.0%
Population by Hispanic origin				
Hispanic or Latino	8.0%	9.6%	10.6%	14.6%
Non-Hispanic or Latino	92.0%	90.4%	89.4%	85.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: U.S. Department of Commerce, Bureau of the Census. 2000 Census of Population and Housing. Percentages calculated by ECONorthwest.

Table 4-4 shows the percent of population by occupation. While there is not substantial variation in the pattern of occupation by area, Table 4-4 does show McMinnville with a larger share of residents in Farm/Forestry/Fishing occupations, and a lower share in Executive/Administrative/Managerial, Professional, and Technical occupations.

Table 4-4. Percent of population by occupation, 1997

Occupation	Oregon	North Valley	Yamhill Co.	McMinnville
Execs, Admin, Mgrs	11.9%	13.5%	10.3%	10.6%
Professional	13.9%	14.9%	12.2%	12.4%
Technical	3.1%	3.4%	2.5%	2.2%
Sales	11.9%	12.3%	10.1%	11.2%
Admin & Clerical	15.0%	16.2%	14.1%	15.1%
HH Services	0.4%	0.4%	0.3%	0.3%
Other Services	13.1%	12.3%	13.1%	15.1%
Craft & Precision Prod.	10.7%	10.5%	12.8%	10.3%
Machine & Trans Operators	11.1%	9.9%	12.8%	11.5%
Laborer & Handler	4.4%	3.9%	4.5%	4.3%
Farm, Forest, Fishing	4.5%	2.9%	7.2%	6.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: Claritas. REZIDE 1996. Percents calculated by ECONorthwest.

Firms in McMinnville are not limited to the labor force residing in McMinnville—they can attract workers from the surrounding area, including the Portland and Salem areas. Table 4-5 shows data on the number of commuters to and from McMinnville in 1990.¹⁵ Table 4-5 shows that over half (55%) of the jobs in McMinnville are held by McMinnville residents. The bulk of commuters to McMinnville are from the rest of Yamhill County. Table 4-5 also shows that most of the employed residents of McMinnville (86%) work in

¹⁵ Census 2000 data on commute patterns is not yet available. The commute data are scheduled for release in the summer of 2002.

McMinnville. Most employed residents of McMinnville who work outside of the city commute to the western portion of Metropolitan Portland, Salem-Keizer, or Portland. The total number of jobs in McMinnville indicated by commuting data (8,989) exceeds the number of employed residents (5,740). Overall, far more people commute in to McMinnville for jobs (4,067) than commute out of McMinnville for jobs (818). A review of the commuting analysis prepared for the Yamhill County Transportation System Plan, which was also based on 1990 Census data, shows the same pattern and supports the same conclusions as the data presented in Table 4-5.

Table 4-5. Commuting to and from McMinnville, 1990

To McMinnville	Commuters	From McMinnville	Commuters
McMinnville	4,922	McMinnville	4,922
Yamhill Co.	3,050	West Metro (Portland)	331
Salem-Keizer	284	Salem-Keizer	201
Polk Co.	182	Portland	199
West Metro (Portland)	130	SE Metro (Portland)	64
Portland	128	Other	23
Washington Co.	83		
SE Metro (Portland)	52		
Other	158		
Total	8,989	Total	5,740
% of McMinnville jobs held by McMinnville residents	55%	% of employed McMinnville residents working in McMinnville	86%

Source: Oregon Department of Transportation. 1998. *Commuting in the Willamette Valley*.

ECONOMIC DIVERSITY

Chapter 2 shows that McMinnville has a relatively diverse mix of industries for a community its size—McMinnville is not reliant on one or a few key employers or industries for the bulk of its employment. In general, the diversity of McMinnville’s employment base provides insulation from the business cycle or economic shocks. In a recession, some industries will be impacted more than others, so a diverse employment base increases the chances that some local industries will weather a recession without major layoffs. If a large share of McMinnville’s employment were in a single industry, a recession or economic shock affecting that industry could have a large impact on the local economy. The diverse employment base in McMinnville is due in part to the actions of McMinnville Industrial Promotions, which recruited firms to McMinnville, and the City Council’s policy to shy away from attracting large employers in favor of attracting a diverse mix of smaller firms. The diverse mix of employment in McMinnville is also due in part to the quality of life in McMinnville, which attracts entrepreneurs and business owners that seek quality communities for themselves and their employees. Quality of life is addressed later in this chapter.

PUBLIC SERVICES

The availability and quality of public services can affect the costs of living or doing business in McMinnville. Public services that particularly affect living and business costs in McMinnville relative to other communities in the North Valley region include property tax rate, development fees and codes, electricity and water rates, and economic development policies.

Total property tax rates in McMinnville and other communities in the North Valley region are shown in Table 4-6. This table shows that McMinnville has a higher rate than all but two other communities shown in Table 4-6, Salem and Woodburn. All other things equal, high property tax rates may discourage people and firms from locating in McMinnville.

Table 4-6. Property tax rates in selected communities, 1999–00

Jurisdiction	Property Tax Rate	% of McMinnville
Salem	\$19.30	111%
Woodburn	\$18.32	105%
McMinnville	\$17.41	100%
Beaverton	\$16.93	97%
Forest Grove	\$16.64	96%
Dallas	\$16.27	93%
Newberg	\$16.24	93%
Wilsonville	\$15.94	92%
Keizer	\$15.72	90%
Canby	\$15.48	89%
Tualatin	\$14.92	86%
Hillsboro	\$14.76	85%
Tigard	\$14.12	81%
Sheridan	\$13.73	79%

Source: Oregon Department of Revenue. 2000. *Oregon Property Tax Statistics, Fiscal Year 1999–00*. Average rates calculated by ECONorthwest.

Note: Property tax rates are dollars per \$1,000 of assessed value, and include taxes levied by county, city, school, and other jurisdictions.

McMinnville has a public electric and water utility, McMinnville Water & Light, which has electricity rates substantially lower than those offered by private utilities that serve most of the North Valley region. The residential rate offered by McMinnville Water & Light is currently \$0.04 per kilowatt hour (KwH), compared to \$0.06 charged by PGE.¹⁶ General Service rates for commercial and industrial customers are \$0.045 per KwH from McMinnville Water & Light compared to \$0.055–\$0.065 from PGE. General Service customers are also charged a demand rate for their peak use; McMinnville Water & Light currently charges a demand rate of \$2 per Kw compared to

¹⁶ Electricity and water rate information provided by Wes Thomas, McMinnville Water & Light (2001).

\$4.50 charged by PGE. Compared to PGE, it appears that McMinnville Water & Light charges about 33% less for residential service and at least 20%–30% less for commercial and industrial service.

Representatives of McMinnville Water & Light think that the disparity between their electricity rates compared to private utilities will grow larger over time, as private utilities seek to maximize profits for their stockholders. This gives private utilities an incentive to increase rates, lower their costs (and thus quality of their service), or both.

McMinnville Water & Light also has some of the lowest water rates in the region. Water rates vary by the type of service (residential, commercial). The cost of 1,000 cubic inches of water at a residence with a 5/8 inch meter, with the basic fee, is \$10.56 in McMinnville compared to \$38 in Lafayette, \$22 in Salem, and \$16.77 in Newberg.

In summary, the costs and availability of public utilities relative to surrounding jurisdictions give McMinnville a significant comparative advantage.

McMinnville Water & Light, the City of McMinnville, and McMinnville School District No. 40 have jointly funded the installation of a fiber optic system in the city that provides high-speed Internet access and telecommunication services to the utility, City of McMinnville offices, and the School District. This fiber optic system provides a total of 144 strands, 108 of which currently remain “dark.” Of the 12 strands that have been provided to the City, 8 strands are currently not being used. This excess capacity could be used to provide high-speed Internet access and digital cable television service to businesses and residents of McMinnville. As with electricity and water service, McMinnville Water & Light should be able to provide Internet access and cable television service at a lower cost and with better service than private companies. This is the case in Ashland, which has a public fiber optic system that provides cable television service and Internet access (through private providers) for residents and businesses in Ashland.¹⁷ Development of this service in McMinnville could give the city a comparative advantage not only by offering high-quality Internet access and television service, but also by enhancing the city's image as a progressive community.

Business leaders attending a McMinnville Chamber of Commerce Economic Development Committee meeting indicated that the City currently does not have a well-developed economic development program. The deficiencies cited include the lack of a single point of contact for firms that want economic development assistance, and the lack of coordination between the City, Chamber, and other organizations interested in economic development. Cities that are active in economic development typically have a vision for economic development, well-developed programs to assist firms,

¹⁷ Information about Ashland's fiber optic system can be found at <http://www.ashlandfiber.net>.

and a single point of contact for various economic programs. It is also important to note, however, that McMinnville does have the McMinnville Downtown Association, providing economic development assistance for businesses locating in the downtown area. This association has enjoyed good success since its creation in 1976.

TRANSPORTATION

Poor access to I-5 and to scheduled airline service at Portland International Airport is a major economic development issue for McMinnville. The city is separated from I-5 by a lack of east-west transportation routes and crossings of the Willamette River in its portion of the Willamette Valley. To reach I-5 from McMinnville using major roadways, traffic must travel southeast to Highways 99 and 22 and through Salem (about 30 miles), or northeast along Highway 99W to Tualatin (about 25 miles). Both of these routes to I-5 are primarily on two-lane highways that are prone to congestion during peak periods. McMinnville's poor access to I-5 may discourage prospective firms from locating in McMinnville or existing firms from expanding in McMinnville.

Congestion on Hwy 99W through Newberg and Dundee, northeast of McMinnville, has led to proposals to improve this portion of the highway. Proposed alternatives for addressing congestion in this area were recently narrowed down to a southern bypass of Hwy 99W around Newberg—a new limited-access highway from the Hwy 99W/18 intersection east of McMinnville connecting back to Hwy 99W east of Newberg. This bypass would improve travel times between McMinnville and the Portland area but would not significantly reduce the distance or provide better access to I-5. Moreover, that project still must surmount several hurdles before it is a reality.

Developers contacted for this report stated that lack of access to I-5 and traffic congestion between McMinnville and Portland were limits to economic development in McMinnville. Several felt that the proposed Dundee–Newberg Bypass will improve the perception of congestion in the corridor while only cutting 10 minutes from commute times between McMinnville and Portland. While the proposed bypass would improve conditions for economic development in McMinnville, several developers said that a more substantial improvement would dramatically increase demand for residential and non-residential development in McMinnville. An example of a more substantial improvement is the "regional bypass" option proposed for the Dundee-Newberg Bypass project, which would have constructed a new roadway to connect Hwy 99W northeast of McMinnville to I-5 near Donald. This proposed option has been dropped from further consideration.¹⁸

¹⁸ Information on the Dundee-Newberg Bypass project can be found at <http://www.odot.state.or.us/region2public/newbergdundee.htm>.

Portland International Airport is the closest airport to McMinnville offering scheduled airline service. Portland International is also the major airport in the region and is most relevant for economic development in McMinnville. Portland International Airport is about 50 miles from McMinnville, with about 25 miles of the drive along a two-lane highway that tends to be congested at peak periods. 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.

Freight railroad service in McMinnville is provided by the Portland & Western Railroad (P&WR). The P&WR connects to the Burlington Northern Santa Fe and Union Pacific railroads to allow transcontinental shipments to and from McMinnville. This rail line also allows the potential for future passenger rail service to the Portland area. This potential could be an important comparative advantage as population growth increases traffic congestion in the northern Willamette Valley and if the cost of fuel to operate automobiles increases dramatically.

RENEWABLE AND NON-RENEWABLE RESOURCES

Goal 9 requires economic development plans to be based on a consideration of the availability of renewable and non-renewable resources and pollution control requirements in the planning jurisdiction. Goal 9 goes on to state that economic projections should take into account the availability of natural resources to support the expanded development, and that plans to improve the economy should consider as a major determinant the carrying capacity of the air, land, and water resources of the planning area.

Raw water for McMinnville is supplied from the Yamhill and Nestucca River basins. Water from the Yamhill River is impounded on Haskins Creek behind the Walter Link Dam, and water from the Nestucca River Basin is impounded on the Upper Nestucca River behind McGuire Dam. The City of McMinnville recently received approval to raise McGuire Dam by 30 feet, which will increase capacity of the reservoir to meet the needs of McMinnville over the next twenty years. The Haskins Creek Water Treatment Plant was built in 1977 and has a capacity of 13.3 million gallons per day. The water treatment plant filters, disinfects, and fluoridates this water, which is then conveyed to distribution storage reservoirs. There are four distribution reservoirs for McMinnville with a combined capacity of 22.8 million gallons. This provides McMinnville the ability to provide reliable and adequate water service for all local needs. This resource has not been as prevalent for other nearby jurisdictions however, as some jurisdictions' water supplies have been less than adequate leading to building moratoriums and other methods of preservation and enhancement.

Since 1987 McMinnville has invested nearly \$46 million on sewer system improvements specifically targeted at meeting DEQ permit requirements for discharges to the Yamhill River. The largest portion, some \$28 million, was

invested in the City's new treatment facility, the McMinnville Water Reclamation Facility. The plant converts McMinnville's wastewater into clean water, including the removal of nutrients, before it is discharged to the South Yamhill River. It also provides additional capacity for treating the high rain-induced flows, thereby significantly reducing overflows.

QUALITY OF LIFE

Quality of life is difficult to assess because it is subjective—different people will have different opinions about factors affect quality of life, desirable characteristics of those factors, and the overall quality of life in any community. Economic factors such as income, job security, and housing cost are often cited as important to quality of life. These economic factors and overall economic conditions are the focus of this report, so this section will focus on non-economic factors that affect quality of life.

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. McMinnville's small town character is not only a function of it's size—its historic downtown, nice residential neighborhoods, and rural setting also contribute to its small-town character. This character, combined with proximity to jobs in the Portland and Salem areas, may make McMinnville attractive as a community for families with members that work in Portland, Salem, or both. Developers contacted for this report confirmed that McMinnville's desirability as a place to live is a major driver of economic development in the community.

Linfield College also contributes to quality of life in McMinnville. Linfield offers McMinnville residents access to classes, degree programs, and cultural activities. Linfield also attracts college-aged students to McMinnville, providing a more diverse age mix than the community would otherwise have. Linfield also exposes its students to McMinnville, and there is anecdotal evidence that alumni of Linfield College are moving back to McMinnville in retirement because of their positive experience in the community while attending Linfield.

LOCATION

McMinnville is located approximately 35 miles from Portland and 25 miles from Salem. Employment and population growth in these metropolitan centers will create an opportunity for McMinnville to attract firms and households.

Firms that are moving to the Portland or Salem areas, relocating within these areas, or expanding in these areas may consider locating in McMinnville. Key considerations for firms that may move to McMinnville will include access to resources and markets (transportation), the quality of life

for employees (including schools and housing costs), and costs for and quality of land, energy, and labor.

Households that are moving to or relocating within the Portland or Salem areas may be attracted to McMinnville as well. Key considerations for household location decisions include access to work, quality of schools, crime rate, access to recreational amenities, and the cost of housing.

McMinnville is also located in a rich agricultural region that helps create jobs and enhances the quality of life in McMinnville. Agricultural production creates jobs—one of McMinnville's largest employers, Evergreen Aviation, has a large number of agricultural production jobs on their land holdings in and around McMinnville. While most agricultural production jobs in the zip code area are on land outside of McMinnville's UGB, these workers may live or shop in McMinnville.

Vineyards and wineries around McMinnville make the area attractive to visitors. Visitation generated by vineyards and wineries has supported investment in restaurants, lodging, and retail shops, which help add to the attractiveness of the area for visitors. In addition to generating jobs, visitors are exposed to McMinnville and this may lead to those visitors moving to or investing in McMinnville.

Agricultural production also adds to McMinnville's quality of life by providing residents with local products including wine, berries, nuts, milk, eggs, and other fruits and vegetables. The opportunity to shop for local products or buy them directly from the farm adds another aspect to quality of life in McMinnville.

A recent new addition to the McMinnville landscape, the Captain Michael King Smith Evergreen Aviation Educational Center, is now the home of the national archive the HK-1 Flying Boat (the "Spruce Goose"). This center is located along Highway 18 directly north from the Evergreen Aviation corporate campus and the McMinnville Municipal Airport. This center has so far surpassed attendance projections and has been proven to be a favored attraction not only within the region, but across the country and abroad.

SUMMARY AND CONCLUSIONS

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. McMinnville's small-town character is a function of its relatively small size, historic downtown, and proximity to agricultural regions of Yamhill County. Low water and electricity rates, and an adequate water supply, are also important comparative advantages for McMinnville.

If McMinnville continues to grow more rapidly than Yamhill County, it will slowly lose its relatively small size. This does not necessarily mean that

McMinnville will also lose its small-town character—that depends on the type and style of growth that occurs in McMinnville. Growth that supports the viability of McMinnville's historic downtown and creates high-quality neighborhoods can enhance the character of McMinnville relative to other communities. Typical suburban-style growth, with its separation of residential and commercial uses, traffic congestion, and strip commercial development, may detract from the character of McMinnville relative to other communities.

McMinnville's primary disadvantage for economic development is its poor access to I-5 and congestion on commuting routes to the Portland metropolitan area. However, McMinnville grew at a rapid rate in the 1990s despite this disadvantage. We expect that McMinnville will continue to grow despite this disadvantage, although it may limit the types of firms that locate in the city.

The fiber optic system installed by McMinnville Water & Light offers an opportunity for McMinnville to offer high-quality internet access and television service to McMinnville residents and businesses. If these services can be provided at a lower cost, higher quality, or with better support than services provided by the private sector, then this service could become a comparative advantage for economic development in McMinnville.

Overall, the comparative advantages identified in this chapter suggest that McMinnville will continue to grow at a slightly faster rate than Yamhill County and the northern Willamette Valley region, as it has over the last several decades. Chapter 5 presents a forecast of employment growth in McMinnville that considers the comparative advantages identified in this chapter.

Employment Forecast

This chapter presents a twenty-year forecast of employment growth in McMinnville. While Goal 9 and OAR 660-009 do not explicitly require an employment forecast, such a forecast is necessary to develop land need and built-space estimates. Moreover, OAR 660-009-0015 (2) requires the Economic Opportunities Analysis (EOA) to identify “the types of sites that are likely to be needed by industrial and commercial uses which might expand or locate in the planning area.” A sector-level employment forecast, combined with other data from the EOA, is useful in defining site requirements.

METHODS

We began the process of forecasting employment growth in McMinnville by establishing the range of likely annual average growth rates for total employment over the twenty-year period. We estimated the likely range of growth rates by looking at several indicators:

- *Employment-to-population ratio.* For large areas, such as states, the ratio of employment to population is relatively stable over time, because the ratio depends on the share of the working-age population, labor force participation, and the level of unemployment. These variables tend to balance out in large areas. The employment-to-population ratio in large areas is usually around 50% (one job for every two people). In small areas, such as counties or cities, commuting can also affect the ratio of employment to population.¹⁹ In general, the future ratio of employment to population changes slowly over time, so the existing ratio forms a baseline that we can use to forecast future conditions.

The State of Oregon has a long-term forecast of population in Yamhill County. The City of McMinnville has a population forecast that has been reviewed and accepted by Yamhill County and the DLCDC, and has been adopted by the City Council.²⁰ We used the City's population forecast and an assumption about future employment as a percentage

¹⁹ This is true when using employment data by *place of work* rather than by *place of residence*. Employment data in this report is by place of work, so the employees in a particular area do not necessarily live in that same area. Employment by place of work is most relevant for this analysis because the employment forecast will drive estimated demand for nonresidential land.

²⁰ Yamhill County and the DLCDC both provided letters in support of McMinnville's proposed population projection on May 21, 1998, and June 30, 1998, respectively. The McMinnville City Council approved ORD No. 4647 on May 22, 2001, that, in part, adopted the year 2020 population projection of 38,720.

of this population to estimate an average annual employment growth rate for McMinnville.

- *Share of projected employment in Yamhill County.* A city's share of county employment is relatively stable over the short run (less than 10 years), and can be stable over a longer period. Thus, past shares can be used to estimate future employment. The State of Oregon produces a forecast of total nonagricultural employment in Yamhill County; this forecast is coordinated with the long-term population forecast for the County. Since the State employment forecast is coordinated with its population forecast, this method is likely to yield an estimate similar to that from the employment-to-population ratio method.
- *Application of projected growth rates from historical trends and other forecasts.* We used the average annual growth rate calculated from historical data and from various forecasts (such as those from the Oregon Office of Economic Analysis and Oregon Employment Department) as the basis for selecting a growth rate to forecast future employment in McMinnville.

We used these three approaches to identify a reasonable average annual growth rate for total employment in McMinnville over the 1999–2020 period.

Once an average annual growth rate for employment was selected, we applied this growth rate to 1999 total employment in McMinnville to estimate 2020 total employment. We made two adjustments to the 1999 employment data presented to Chapter 2 to estimate total employment in McMinnville's UGB:

- *Convert covered employment to total employment.* The 1999 employment data for the 97128 zip code area presented in Chapter 2 is *covered* employment—that is, it represents employees covered by unemployment insurance. People working in the area who are not covered by unemployment insurance are primarily proprietors and officers of corporations. We used data from the U.S. Bureau of Economic Analysis to convert covered employment to total employment in the 97128 zip code area. Covered employment also does not include seasonal or some part-time farmworkers, but we do not adjust for this because we expect few farmworkers to work within McMinnville's UGB, and these workers are unlikely to create demand for buildable nonresidential land.
- *Convert total employment for the 97128 zip code area to total employment in McMinnville's UGB.* Figure 2-1 shows that the 97128 zip code area is much larger than the area encompassed by McMinnville's UGB. We used a 1995 analysis that identified the share of 97128 covered employment by industry within McMinnville's UGB to scale down our estimate of 1999 total employment in the zip code

area to reflect the share of that employment within McMinnville's UGB.

With an estimate of 1999 total employment in McMinnville's UGB, we applied the selected growth rate for total employment over the 1999–2020 period to estimate 2020 total employment in the McMinnville UGB area. To estimate 2020 employment by sector we used assumptions about the distribution of 2020 employment in McMinnville based on forecast growth in Workforce Region 3 and the outlook for major industries and employers in McMinnville identified in Chapter 2. We compared the resulting level of 2020 employment by sector to the 1999 level by sector to make sure the implied growth rate for each sector was in line with expected trends for that sector. For example, State forecasts show manufacturing employment is expected to grow slower than total employment, and the outlook for major manufacturing industries in McMinnville (Primary Metals, Food & Kindred Products, Transportation Equipment) is particularly poor. Thus, we assumed that the share of McMinnville's 2020 employment in Manufacturing will be lower than the 1999 share. This assumption results in a lower-than-average growth rate for Manufacturing in McMinnville, which fits with the outlook for that sector.

GROWTH RATE FOR TOTAL EMPLOYMENT

Table 5-1 shows the estimated employment growth in McMinnville using the employment-to-population ratio method. The first part of Table 5-1 shows the population forecast for Oregon, the North Valley region, Yamhill County, and McMinnville. This portion of the table shows that population in McMinnville is expected to grow faster than in the surrounding region or state, continuing the historical trend shown in Chapter 2.

Table 5-1. Estimated employment growth in McMinnville using the employment/population ratio method

Population growth in Oregon, the North Valley region, Yamhill County, and McMinnville, 1990–2020					
	1990	2000	2010	2020	AAGR 2000–2020
Oregon	2,842,321	3,406,000	3,857,000	4,326,000	1.20%
North Valley	1,517,866	1,850,740	2,110,655	2,387,993	1.28%
Yamhill County	65,551	83,826	101,152	119,589	1.79%
McMinnville	17,894	26,499	31,551	38,720	1.91%
Sources: 1990 and 2000 population from U.S. Department of Commerce, Bureau of the Census. 2010 and 2020 population for Oregon, the North Valley region, and Yamhill County from State of Oregon, Department of Administrative Services. 1997. Long-Term Population and Employment Forecasts for Oregon. 2010 and 2020 population for McMinnville from the coordinated population projection.					
Notes: AAGR is Average Annual Growth Rate.					
The North Valley region consists of Clackamas, Marion, Multnomah, Polk, Washington, and Yamhill Counties.					
Employment as a percent of population in Oregon, the North Valley region, and Yamhill County, 1990–2020					
	1990	2000	2010	2020	
Oregon	44%	47%	47%	45%	
North Valley	49%	53%	53%	50%	
Yamhill County	31%	34%	34%	33%	
Source: State of Oregon, Department of Administrative Services. 1997. Long-Term Population and Employment Forecasts for Oregon. Percents calculated by ECONorthwest.					
Employment as a percent of population in McMinnville, 1990–2020					
	1990	1999	2010	2020	AAGR 1999–2020
Employment	8,808	12,627	16,407	19,360	2.06%
Population	17,894	24,420	31,551	38,720	2.22%
Emp % Pop	49%	52%	52%	50%	n/a
Source: 1990 and 1999 employment from confidential ES-202 data provided to ECONorthwest by the Oregon Employment Department. 1990 and 1999 population from the Population Research Center, 2000 Oregon Population Report. Projected population from ECONorthwest, McMinnville Residential Land Needs Analysis Draft Report, January 2001.					
Notes: Population is for City of McMinnville, but employment is for the 97128 zip code area. This mismatch will tend to overestimate employment as a percent of population.					
Shaded areas are assumptions by ECONorthwest about future employment as a percent of population, and the resulting estimate of employment.					

The middle portion of Table 5-1 shows employment as a percent of population in Oregon, the North Valley region, and Yamhill County, from the State's *Long-Term Population and Employment Forecast*. This portion of Table 5-1 shows that this percentage is expected to remain steady in the 2000–2010 period then decline slightly in the 2010–2020 period. It also shows

that the share in Yamhill County is substantially less than in Oregon or the North Valley region, suggesting that a large number of Yamhill County residents commute out of the county for work.

The lower portion of Table 5-1 shows the historical estimate of employment/population in McMinnville, forecasted population in McMinnville, assumptions about future employment-to-population ratio, and the resulting level of employment. The resulting level of 2020 employment in McMinnville implies a 2.06% average annual growth rate in the 1999–2020 period.

Table 5-2 shows estimated employment growth in McMinnville using the share of Yamhill County employment method. Table 5-2 shows McMinnville's share of Yamhill County employment grew from 42% in 1990 to 45% in 1999. Based on local history, we expect employment in McMinnville will continue to grow faster than in Yamhill County, so we assumed that McMinnville's share of County employment will increase to 49% by 2020. This results in an estimate of 2020 total covered employment in McMinnville of 19,248, implying an annual average growth rate of 2.03%.

Table 5-2. Estimated employment growth in McMinnville using the share of Yamhill County employment method

	1990	1999	2010	2020	AAGR 1999-2020
Yamhill County	21,035	28,229	34,612	39,282	1.59%
McMinnville	8,808	12,627	16,268	19,248	2.03%
McMinnville % of Yamhill County	42%	45%	47%	49%	n/a

Sources: Yamhill County employment from Oregon Employment Department, *Oregon Covered Employment and Payrolls* (annual). McMinnville employment from confidential ES-202 employment data provided to ECONorthwest by the Oregon Employment Department.

Table 5-3 shows the rate of covered employment growth in McMinnville over the 1990–1999 period and forecast nonagricultural employment growth rates for various time periods and geographic areas from the Oregon Employment Department and Department of Administrative Services. Table 5-3 shows that covered employment in McMinnville grew at an average annual rate of 4.08% in the 1990–1999 period (a rate higher than 3.52% average annual population growth rate during this period), and that forecasts expect employment to grow 0.98% to 1.61% over the next ten to twenty years in Yamhill County, Workforce Region 3, or Oregon.

Table 5-3: Covered employment growth rate in McMinnville 1990–1999 and growth rates from various employment forecasts

Assumption	AAGR
Historic rate of employment growth in McMinnville 1990–1999	4.08%
Oregon Employment Department forecast for Region 3 2000–2010	1.05%
Oregon Employment Department forecast for Oregon 2000–2010	1.18%
Oregon Department of Administrative Services employment growth rate for Yamhill County 2000–2020	1.61%
Oregon Department of Administrative Services employment growth rate for Oregon 2000–2020	0.98%

Source: Rates calculated and summarized by ECONorthwest from the Oregon Employment Department (confidential ES-202 data and *Employment Projections by Industry 2000–2010*) and the Oregon Department of Administrative Services, *Long-Term Population and Employment Forecast for Oregon*.

From the preceding analysis, we draw the following conclusions about McMinnville's likely future growth rate for employment.

As previously shown, employment in McMinnville has grown faster than in Yamhill County, the North Valley region, or Oregon as a whole. We expect this trend to continue in the future, so the employment growth rate in McMinnville should exceed the forecast growth rates for larger areas shown in Table 5-3, which range from 0.98% for Oregon 2000–2020 to 1.61% for Yamhill County in 2000–2020. But employment growth over the next twenty years in McMinnville is unlikely to match or exceed the rapid growth rate for covered employment in the 97128 zip code area in the 1990–1999 period, 4.08%. No forecasts of population or employment growth expect future growth to match or exceed the growth rates of the 1990s. Therefore, the growth rate implied by the share of population method in Table 5-1, 2.06%, appears to be a reasonable assumption for future employment growth in McMinnville, because it exceeds the growth rate forecast for larger areas but is less than the growth rate over the 1990–1999 period in the 97128 zip code area.

Thus, we use an average annual growth rate for employment in McMinnville of 2.06% to make the forecasts in the next section.

EMPLOYMENT GROWTH BY SECTOR

Covered employment data for the 97128 zip code area shown in Chapter 2 does not include all people working in McMinnville. Covered employment includes only those employees covered by unemployment insurance laws. The primary groups not included in covered employment data are the self-employed (proprietors) and seasonal farm workers. To forecast future

employment in McMinnville, we must first adjust the covered employment data into total employment data. Table 5-4 shows this conversion.

Table 5-4. Conversion of covered employment to estimated total employment in the 97128 zip code area

Sector	Covered employment		Covered % total		Total employment		Share of Total	
	1990	1999	1990	1999	1990	1999	1990	1999
Agriculture, Forestry, Fishing	268	520	56%	60%	474	870	4%	5%
Mining	50	72	56%	58%	90	123	1%	1%
Construction	363	513	69%	68%	526	751	5%	5%
Manufacturing	2,038	2,342	91%	90%	2,231	2,593	20%	16%
Transportation & Utilities	422	509	84%	83%	504	616	5%	4%
Wholesale Trade	252	346	90%	89%	280	387	3%	2%
Retail Trade	1,757	2,811	83%	82%	2,104	3,445	19%	21%
Finance, Insurance, & Real Estat	540	662	57%	52%	942	1,268	8%	8%
Services	1,982	3,224	69%	70%	2,864	4,579	26%	28%
Nonclassifiable	9	5			9	5	0%	0%
Government	1,127	1,623	100%	100%	1,127	1,623	10%	10%
Total Employment	8,808	12,627	80%	78%	11,151	16,260	100%	100%

Source: ECONorthwest, from confidential ES-202 data provided by the Oregon Employment Department and data from the U.S. Department of Commerce, Bureau of Economic Analysis.

The conversion in Table 5-4 is based on data from the Bureau of Economic Analysis that shows covered employment and total employment by sector for the State of Oregon. From this information we calculated covered employment as a percent of total employment in each sector. The percentages for sectors in Oregon were adjusted to reflect covered employment's lower share of total employment in Yamhill County.²¹

One more conversion is required to establish a base from which we can forecast employment growth in McMinnville. The total employment estimate in Table 5-4 represents the 97128 zip code area, which is larger than McMinnville's UGB. To convert employment in the 97128 zip code area to employment in the McMinnville UGB area, we used an analysis of 1995 covered employment in the 97128 zip code area that identified the share of employment by industry within the UGB area. Employment data by industry was aggregated into sectors to calculate the share of 97128 zip code employment in the McMinnville UGB by sector, and these shares were applied to 1999 total employment by sector in the 97128 zip code area to estimate 1999 total employment by sector in the McMinnville UGB. This conversion is shown in Table 5-5.

²¹ Data from the Bureau of Economic Analysis for 1999 shows the percent of total wage and salary (covered) employment to total nonfarm employment was 82% in Oregon and 78% in Yamhill County. Wage and salary employment data by sector in Yamhill County is not available from the BEA, so Oregon factors were scaled down to reflect the lower share in Yamhill County.

Table 5-5. Conversion of total employment in the 97128 zip code area to total employment in the McMinnville UGB, 1999

Sector	97128 zip code area	% zip code in UGB	Within UGB
Agriculture, Forestry, Fishing	870	83%	722
Mining	123	55%	68
Construction	751	54%	402
Manufacturing	2,593	88%	2,283
Transportation & Utilities	616	80%	495
Wholesale Trade	387	69%	269
Retail Trade	3,445	88%	3,038
Finance, Insurance, & Real Estat	1,268	97%	1,231
Services	4,579	91%	4,182
Nonclassifiable	5	100%	5
Government	1,623	55%	890
Total Employment	16,260	84%	13,585

Source: ECONorthwest.

The estimate of 1999 total employment in the McMinnville UGB area, 13,585, forms the basis from which we estimate future employment. At an average annual growth rate of 2.06%, total employment in McMinnville will grow from 13,585 in 1999 to 20,846 in 2020, an increase of 7,261 or 53% over the twenty-year period.

To estimate the future level of employment by sector in McMinnville, we made assumptions about the future distribution of total employment by sector based on historical shares by sector and the economic outlook for sectors, and industries in each sector. The assumed distribution of 2020 employment in McMinnville and the resulting estimates of employment growth by sector are shown in Table 5-6.

Table 5-6. Total employment growth in McMinnville by sector, 1999–2020

Sector	Total employment		Share of total		Growth	AAGR
	1999	2020	1999	2020	1999-2020	1999-2020
Agriculture, Forestry, Fishing	722	938	4.3%	4.5%	216	1.25%
Mining	68	95	0.8%	0.5%	27	1.60%
Construction	402	834	4.7%	4.0%	432	3.54%
Manufacturing	2,283	3,023	20.0%	14.5%	740	1.35%
Transportation & Utilities	495	1,040	4.5%	5.0%	545	3.60%
Wholesale Trade	269	521	2.5%	2.5%	252	3.20%
Retail Trade	3,038	5,212	18.9%	25.0%	2,174	2.60%
Finance, Insurance, & Real Estat	1,231	1,668	8.4%	8.0%	437	1.46%
Services	4,182	5,837	25.7%	28.0%	1,655	1.60%
Nonclassifiable	5	10	0.1%	0.0%	5	3.36%
Government	890	1,668	10.1%	8.0%	778	3.04%
Total Employment	13,585	20,846	100.0%	100.0%	7,261	2.06%

Source: ECONorthwest.

Notes: Assumptions indicated by shaded cells. 1999 employment from Table 5-5. 2020 total employment calculated by applying the assumed 2.06% employment growth rate. 2020 employment by sector calculated by applying the assumptions about the percentage share of employment by sector.

Table 5-6 shows employment growth in McMinnville is expected to be led by the Retail Trade and Services sectors, which are expected to add 3,829 jobs or 53% of total employment growth in McMinnville over the 1999–2020 period. The fastest-growing sectors in this period are expected to be the Transportation & Utilities, Construction, Wholesale Trade, and Government sectors, which are all expected to grow faster than total employment in McMinnville. The sector-level forecasts are based on regional industrial forecasts developed by the Oregon Employment Department.²²

One purpose of forecasting employment growth in the McMinnville UGB area is to forecast demand for nonresidential land. Table 5-7 shows employment in the McMinnville UGB by land use category. Employment growth in these categories will be used to forecast demand for commercial and industrial land in McMinnville over the 1999–2020 period.

²² *Employment Projections by Industry, 2000-2010*. Region 3, Marion, Polk & Yamhill Counties. Oregon Employment Department (<http://www.olmis.org>).

Table 5-7. Employment in the McMinnville UGB by land use category, 1999–2020

Land use category	1999	2020	Growth	
			1999-2020	Percent
Commercial	3,043	5,222	2,179	30%
Office	5,413	7,505	2,092	29%
Industrial	4,239	6,451	2,212	30%
Public	890	1,668	778	11%
Total	13,585	20,846	7,261	100%

Source: ECONorthwest.

While we have developed a point estimate of future employment in McMinnville, the actual employment growth will almost certainly be different. Any forecast is, by definition, uncertain. The geographic area of the forecast and the duration of the forecast are key factors in how much variability one would expect around a given forecast. A forecast for a large area for a short duration will be less uncertain than a long-term forecast for a small area.

The employment forecast presented above is both long-term and for a small area. A variety of factors (including those discussed in Chapters 3 and 4) will affect actual employment growth in McMinnville. While the actual rate of employment growth may be somewhat more or less than 2.06% annually, the data reviewed in this report suggest this is a reasonable estimate of employment growth in McMinnville for the period 1999-2020.

Buildable Lands Analysis

One of the important objectives of the Economic Opportunity Analysis is to determine whether McMinnville has a sufficient amount of buildable land within the McMinnville UGB to accommodate expected employment growth over the next twenty years as required by State law. The analysis builds from the forecast of employment growth in McMinnville presented in Chapter 5. Expected employment growth is translated to demand for buildable land using assumptions about the average number of employees per acre and other characteristics of employment growth and land development. The estimated level of employment demand is then compared to estimates of buildable commercial and industrial land supply.

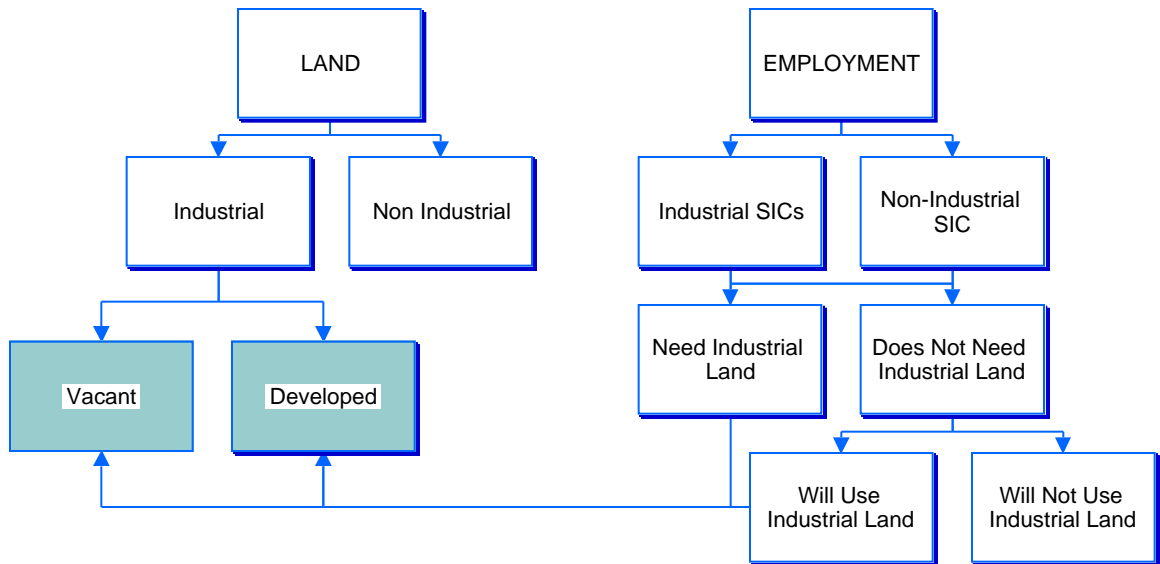
DEMAND AND SUPPLY OF NON-RESIDENTIAL LAND AND BUILT SPACE

DEMAND FOR NON-RESIDENTIAL LAND AND BUILT SPACE

Employment growth is a key contributor to the demand for commercial and industrial land. Different sectors in the economy will need different types of land. For example, most Retail Trade employment will occur on land zoned Commercial, while most Manufacturing employment will occur on Industrial zoned land.²³ Figure 6-1 illustrates the relationship between industrial/manufacturing employment (demand) and the supply of buildable industrial and non-industrial land.

²³ The distribution of actual uses by plan designation is more complicated than this. For example, not all office uses will locate on lands designated for commercial uses. The issue becomes more problematic when considering home occupations and mobile industries such as certain construction trades.

Figure 6-1. Relationship between land and employment for industrial land



Source: ECONorthwest, Portland Regional Industrial Land Study

For this analysis, employment growth was allocated to four land use types. These land use types and the employment sectors included in each are:

- *Commercial:* Retail Trade.
- *Office:* Finance, Insurance, Real Estate; Services.
- *Industrial:* Agriculture/Forestry/Fishing; Mining; Construction; Manufacturing; Transportation, Communication & Utilities; Wholesale Trade.
- *Public:* Government (Schools, Linfield College, City and County Offices).

Table 6-1 shows total employment growth by land use type in McMinnville for 1999, and 2020. The forecast of employment is derived from employment data shown in Table 5-5, which represents total year 1999 employment within McMinnville's Urban Growth Boundary. Therefore, the employment forecast presented in Table 6-1 is for the McMinnville UGB area.²⁴

²⁴ In Chapter 5 we discussed the uncertainty that accompanies a point forecast. While we have developed a point estimate of future employment in McMinnville, the actual employment growth will almost certainly be different. Any forecast is, by definition, uncertain. The geographic area of the forecast and the duration of the forecast are key factors in how much variability one would expect around a given forecast. A forecast for a large area for a short duration will be less uncertain than a long-term forecast for a small area.

The employment forecast presented above is both long-term and for a small area. A variety of factors (including those discussed in Chapters 3 and 4) will affect actual employment growth in McMinnville. While the actual rate of employment growth may be somewhat more or less than 2.06% annually, the data reviewed in this report suggest this is a reasonable estimate of employment growth in McMinnville for the period 1999-2020.

Table 6-1. Total employment growth by land use type in McMinnville UGB, 1999–2020

Land use category	1999	2020	Growth	
			1999-2020	Percent
Commercial	3,043	5,222	2,179	30%
Office	5,413	7,505	2,092	29%
Industrial	4,239	6,451	2,212	30%
Public	890	1,668	778	11%
Total	13,585	20,846	7,261	100%

Source: ECONorthwest.

Table 6-1 shows that 29% of future growth is expected to be in office employment. About 30% of growth is forecast to occur in the commercial land use category, with another 30% forecast to occur in the industrial land use category.

The next step in the analysis is to convert employment into land demand. Several assumptions must be made to convert employment growth to demand for land by the four land use categories shown in Table 6-1:

- **Percent of total employment growth that requires no commercial or industrial built space or land.** Some new employment will occur outside commercial and industrial built space or land. For example, some construction contractors may work out of their homes, with no need for a shop or office space on non-residential land. The Census reports 4.4% of workers in McMinnville worked at home in 1990. Metro, in its September 1999 Urban Growth Report Update applies a sector-level “home occupation” factor in its analysis of land needed for non-residential uses. The factor ranges from 0% for the Government sector to 15% for the Service sector. We use an aggregate assumption of 5% for this study.

This figure is slightly higher than the 4.4% reported by the Census in 1990 for McMinnville, and lower than the aggregate assumption of 11% for Metro. Census data, however, indicate that cities tend to have much lower rates than the Metro assumptions. The statewide percentage of persons that worked at home was 3.6% in 1990 and ranged from a low of 0% in 18 incorporated cities to a high of 15% in Coburg. The assumption used in this report accounts for a slightly increased rate of home employment.

- **Percent of employment growth on non-residential developed land currently developed.** Some employment growth will be accommodated on existing developed land, as when an existing firm adds employees without expanding space. There is little empirical research on the amount of employment growth accommodated in existing developments. This factor overlaps with other assumptions: if a jurisdiction has high vacancy rates or large amounts of square footage per employee, then more of the future employment growth can be accommodated in existing buildings.

We assume rates between 7% and 10% depending on the land use category.

- **Vacancy rate.** Some employment growth can be accommodated in vacant buildings on non-residential land; for example, a new business can open in a vacant store. Interviews with local realtors suggest that vacancy rates in McMinnville, as elsewhere, are cyclical. For example, while vacancy rates for commercial and industrial structures in McMinnville have been relatively low (less than 5%) in recent years, vacancy rates during a good portion of the 1980s were over 10%. Local realtors suggested that 5% is a good assumption for long-term commercial and industrial vacancy rates in McMinnville.
- **Employees per acre.** This variable is defined as the number of employees per acre on non-residential land that is developed to accommodate employment growth. There are few empirical studies of the number of employees per acre, and these studies report a wide range of results. Ultimately the employees/acre assumptions reflect a judgment about average densities and typically reflect a desire for increased density of development. Employees/acre ratios used in a recent analysis of land demand for the City of Salem were 22 for commercial and office, 11 for industrial, and 35 for government.²⁵ The Lane Council of Governments assumed an aggregate employee per acre ratio of about 25 for the *1992 Eugene-Springfield Metropolitan Area Industrial Lands Study*.

For this study we assume the same employee per acre ratios as the Salem study: 22 for commercial and office, 11 for industrial, and 35 for public.

- **Floor area per employee.** The few studies that exist report a wide range of results for the amount of built space (square footage) per employee. This assumption reflects a judgment about average densities and typically reflects a desire for increased density of development. Square feet per employee assumptions used in a recent analysis of land demand for the City of Salem were 350 for commercial and office, 650 for industrial, and 400 for government.

For this study, we use the same floor area per employee assumptions as the Salem study: 350 sq. ft. for commercial and office, 650 sq. ft. for industrial, and 400 sq. ft. for public.

- **Implied Floor Area Ratio (FAR).** This is a measure of the floor area ratio (FAR) calculated by the assumptions of employees per acre and built space per employee. This measure is included to indicate the reasonableness of the assumptions for land and built space per employee.

²⁵ *Salem Futures Buildable Lands Analysis*, Mid-Willamette Valley Council of Governments, October 2000.

- **Percent of employment growth on redeveloped land.** Some employment growth will be accommodated on land that is redeveloped—for example, an existing building that is renovated or torn down and replaced with a new building. Redevelopment potential can be estimated from the supply side or the demand side.

Supply side methods typically use an improvement-to-land value ratio threshold to identify lands with redevelopment potential. Lands below the threshold are considered potentially redevelopable: the lower the value of improvements relative to the value of land, the more likely is redevelopment. An improvement-to-land value ratio of 1 to 1 is a common threshold. This method has several limitations, the chief of which is that a *higher probability* of redevelopment is not a *certainty* of redevelopment. Not all land (perhaps not even a majority of it) below the threshold will redevelop, and some of it above the threshold *will* redevelop. Many factors—for example, location, economic conditions, and technology—affect the functionality of land. The improvement-to-land value ratio only considers the value of improvements on the site.

More robust supply-side models look at the value of improvements on the site and nearby sites. This approach considers the broader character of the area and the relative value of improvements on the subject site compared to uses surrounding the site. This approach typically considers properties with improvement values 50% or less of surrounding sites as having redevelopment potential.

Less common, but in our opinion superior for the purposes of estimating future consumption of buildable land, are demand-side methods, which assume that a certain percentage of new employment will be accommodated on sites that are classified as developed. This approach considers complicating factors such as home employment, increases in the efficiency of space use, increases in employment density, as well as redevelopment. Metro uses this approach for its studies. The details are discussed in a 1999 Metro memorandum titled *Nonresidential Refill (Redevelopment and Infill)*.

Based on conversations with local realtors and review of studies by Metro and the City of Salem, we assume that redevelopment will accommodate 5% of the forecasted growth in employment for all employment types.

- **Redeveloped land relative density.** Redevelopment of land generally increases the employment density on that land. An assumption of 50% indicates that employment density on redeveloped land will be 50% greater than the assumption of density applied to vacant land.

Table 6-2 summarizes the assumptions used to develop non-residential land demand estimates.

Table 6-2. Assumptions for non-residential land demand

Assumption	Land Use Type			
	Commercial	Office	Industrial	Public
% of total emp growth that requires no non-res built space or land	5%	5%	5%	1%
% of emp growth on existing developed land	5%	5%	7%	7%
Vacancy rate	5%	5%	5%	5%
Emp/ acre	22.0	22.0	11.0	35.0
Sq. ft. floor area/ emp	350	350	650	400
Implied Floor Area Ratio (FAR)	0.18	0.18	0.16	0.32
Redeveloped Land				
% emp growth on redev. land	5%	5%	5%	5%
Relative density increase (emp/acre, area/emp)	50%	50%	50%	50%

Source: ECONorthwest.

Table 6-3 shows the results of applying the relevant assumptions (summarized in Table 6-2) to allocate the projected employment growth to 2020. McMinnville will have approximately 6,141 employees to accommodate in new building space, with approximately equal shares (about 30% each) for commercial, office, and industrial uses. The assumptions lead to the result that about 18% of future employment growth (1,120 jobs) will be accommodated through expansions or redevelopment on existing lands, and by home based employment. This assumption is slightly lower than the 21% Metro uses for the redevelopment and infill in its buildable lands studies. Approximately 364 new jobs will be accommodated on redeveloped land.

Table 6-3. Allocation of employment growth in McMinnville, 1999–2020

Land Use Type	Total emp growth	Requires no non-res built space or land	On existing developed land	On redev. land	Requires vacant non-res land
Commercial	2,179	109	109	109	1,852
Office	2,092	105	105	105	1,777
Industrial	2,212	111	155	111	1,835
Public	778	8	54	39	677
Total	7,261	333	423	364	6,141

Source: ECONorthwest.

Table 6-4 shows the amount of new land and built space needed for each land use type in McMinnville over the 1999–2020 period. The amount of land needed (in acres) is calculated by dividing employment growth that will require new space (the last column of Table 6-3) by the employees/acre assumption in Table 6-2 (middle row) for each land use type, with an adjustment for vacancy. Square feet of building space needed is calculated by multiplying employment growth that will require new building space by the square feet per employee assumption in Table 6-2 for each land use type, with an adjustment for vacancy.

Table 6-4. McMinnville vacant land and new built space need by land use type, 1999–2020

Land Use Type	Acres vacant non-res of land		Sq. Ft. of new building space	
Commercial	88.6	24%	682,316	24%
Office	85.0	23%	654,684	23%
Industrial	175.6	48%	1,255,526	44%
Public	20.4	6%	285,053	10%
Total	369.6	100%	2,877,579	100%

Source: ECONorthwest.

Table 6-4 shows that about 370 acres of *new development* and 2.88 million square feet of building space are needed to accommodate the 5,966 new employees forecasted for the next 20 years to be accommodated in buildings that will be constructed on vacant land. Industrial uses are projected to need the most building space, almost 1.26 million square feet. About 1,120 new employees will be accommodated on existing developed or redeveloped land.

OTHER PUBLIC/SEMI-PUBLIC LAND NEED

McMinnville presently has no public land plan designation. Thus, public and semi-public (churches, fraternal organizations, etc.) uses commonly locate on residential land. Other public and semi-public land uses in McMinnville include the airport, private schools, religious uses, government, semi-public services, and infrastructure. With the exception of the McMinnville Airport, all of these uses will require additional non-residential land as McMinnville grows.²⁶

Table 6-5 shows acres in public use for the land uses listed above. McMinnville has about 1,099 net acres (acres in tax lots) in public and semi-public uses. About 576 of those acres are in the McMinnville Airport. The percentage of each use located on land designated for non-residential uses is shown in the final column and ranges from 0% for other private schools to 100% for the airport.

²⁶ The McMinnville Airport has no long-range expansion plans and is located entirely on land designated for industrial use.

Table 6-5. Summary of existing public and semi-public uses

Use Type	Net Acres	Net Acres on			Percent on	
		Residential Land	Commercial Land	Industrial Land	Commercial Land	Industrial Land
Airport	575.8	0.0	0.0	575.8	0%	100%
Private Schools	206.9	171.8	30.6	4.5	15%	2%
Linfield College	204.0	168.9	30.6	4.5	15%	2%
Other Private Schools	2.9	2.9	0.0	0.0	0%	0%
Religious	89.7	77.1	12.6	0.0	14%	0%
Government	130.9	1.5	21.9	107.5	17%	82%
Semi-Public Services	71.5	36.4	5.6	29.6	8%	41%
Infrastructure	24.1	4.3	1.3	18.5	6%	77%
Total	1,098.9	291.1	72.0	735.8	7%	67%

Source: City of McMinnville, October 2000

Note: table does not include lands for public schools and parks.

We used *net* acres per 1000 persons as the basis for estimates of other public and semi-public land needs.²⁷ The acres per 1000 persons assume a year 2000 population of 25,153 persons and the acreages presented in Table 6-6. Acres per 1000 persons was then multiplied by projected population growth (13,567 persons) to develop total land need, which was then multiplied by the percent on commercial or industrial land to estimate non-residential acres needed.²⁸ This method indicates a total need for about 107 acres for these other uses—22 acres of commercial land and 85 acres of industrial land.

²⁷ Using net acres as the basis for estimating future land need results in an underestimate of land need because right-of-way and other uses are not considered. We use net acres as the basis because detailed information was not available on total lot sizes, precluding the development of a net-to-gross factor for public and semi-public lands.

²⁸ The allocations are based on analysis of historical data from the October 2000 buildable lands database.

Table 6-6. Other public/semi-public land needs, 2000-2020

Use Type	Acres/ 1000 Persons	Total Need, 2000-2020	Commercial		Industrial	
			Percent on Commercial Land	Acres Needed, 2000-2020	Percent on Industrial Land	Acres Needed, 2000-2020
Private Schools	0.1	1.6	15%	0.2	2%	0.0
Religious	3.6	48.4	14%	6.8	0%	0.0
Government	5.2	70.6	17%	11.8	82%	58.0
Semi-Public Services	2.8	38.6	8%	3.0	41%	16.0
Infrastructure	1.0	13.0	6%	0.7	77%	10.0
Total	12.7	172.1		22.6		84.0

Source: City of McMinnville; analysis by ECONorthwest, 2000

Note: Private school land need assumes Linfield College does not need additional land beyond their current campus holdings.

SUPPLY OF NON-RESIDENTIAL LAND

METHODS

The supply analysis is based on data from the City's Geographic Information System (GIS) tax lot file. The steps and sub-steps in the supply inventory are:

- Calculate the gross vacant acres on non-residential land by plan and zoning district, including fully vacant and partially vacant parcels.
- Calculate gross buildable vacant acres of non-residential land by plan and zoning district by subtracting unbuildable acres from total acres.
- Calculate net buildable acres by plan designation, subtracting land for future street rights-of-way from gross buildable vacant acres.²⁹
- Calculate total net buildable acres by zoning district by adding redevelopable acres to net buildable acres.³⁰

The supply analysis builds from a parcel-level database to develop an inventory of buildable land by plan designation (e.g., commercial and industrial) and zoning.³¹ Each parcel was classified into one of the following categories:

- Vacant land
- Partially Vacant land

²⁹ This report assumes a net reduction of 10% for all parcels larger than two acres.

³⁰ Redevelopment potential is addressed in the demand analysis by netting out 5% of new employment (364 jobs) and allocating it to redeveloped land.

³¹ The parcel-level database was based on information from the Yamhill County Assessor. The base data was supplemented with additional land use data and field work provided by City staff. This database is voluminous and is available for review in the McMinnville Planning Department.

- Undevelopable land
- Developed land
- Public
- Religious
- Land committed to other uses

The City identifies areas in steep slopes (slopes of 25% or greater), floodplains, wetlands identified in the National Wetlands Inventory (NWI), land that has no access, and land identified for future public facilities as constrained or committed lands. Land with any of these characteristics is considered constrained or unbuildable; it was deducted from lands that were identified as vacant or partially vacant.

RESULTS

Land by classification

Table 6-7 shows non-residential land by classification for the McMinnville UGB as of June, 2000. The data show McMinnville has 2,183 acres in 1,056 tax lots that are designated for non-residential use.³² Of the 2,183 acres designated for non-residential use, about 1,710 acres were classified as unavailable for development, and 474 were classified as available for development.

Table 6-7. Non-residential land by classification, McMinnville UGB, 2000

Classification	Number of Tax Lots	Total Acres	Acres	
			Unavailable for Development	Available for Development
Committed to Other Uses	1	8.1	6.1	2.0
Developed	923	1,559.0	1,556.1	2.9
Partially Vacant	25	80.4	58.5	21.8
Public	4	5.0	5.0	0.0
Religious	2	1.0	0.3	0.7
Undevelopable	2	8.2	0.9	7.3
Vacant	99	521.4	82.7	438.7
Total	1,056	2,183.1	1,709.6	473.5

Source: City of McMinnville buildable land database, analysis by ECONorthwest

Table 6-8 shows non-residential land by plan designation in the McMinnville UGB. The results show that about 73% of all non-residential

³² This includes the following plan designations: commercial and industrial. Lands in the floodplain plan designation are considered unavailable for development for the purpose of this study. McMinnville does not allow development in floodplains.

land is designated for industrial uses and about 27% for commercial uses. About 76% of the acres available for development are designated for industrial uses, while about 24% are designated for commercial uses.

Table 6-8. Non-residential land by plan designation, McMinnville UGB, 2000

Plan Designation	Number of Tax		Acres				
	Lots	Total Acres		Unavailable for Development		Acres Available for Development	
Commercial	817	598.1	27%	482.7	28%	115.4	24%
Industrial	239	1,584.9	73%	1,226.9	72%	358.1	76%
Total	1,056	2,183.1	100%	1,709.6	100%	473.5	100%

Source: City of McMinnville buildable land database, analysis by ECONorthwest

Table 6-9 summarizes non-residential land by zoning district in the McMinnville UGB. The data show the majority of tax lots designated for commercial and industrial use are within the UGB. Only 2% of the available commercial and industrial lands are in the area between the city limit and UGB.

Table 6-9. Non-residential land by zoning, McMinnville UGB, 2001

Zoning	Number of Tax Lots	Total Acres	Acres Unavailable for Development	Acres Available for Development
Inside City Limit				
C-1	1	1.1	1.1	-
C-2	4	12.7	4.2	8.6
C-3	743	554.1	455.2	98.9
L-M	4	121.9	32.0	89.9
M-1	56	161.7	129.3	32.4
M-2	169	1,143.7	999.0	144.7
O-R	64	12.7	12.7	-
A-H	7	46.8	46.6	0.2
AF-20	1	8.1	0.8	7.3
EF-40	2	92.0	10.4	81.6
Subtotal	1,051	2,154.7	1,691.2	463.6
Between City Limit and UGB				
AF-20	1	6.5	6.5	-
EF-40	1	11.0	1.1	9.9
PRO	2	6.1	6.1	-
VLDR-2.5	1	4.8	4.8	-
Subtotal	5	28.3	18.4	9.9
Total	1,056	2,183.1	1,709.6	473.5

Source: City of McMinnville buildable land database, analysis by ECONorthwest

Table 6-10 shows vacant and partially vacant non-residential land by plan designation and tax lot size in the McMinnville UGB. The acreage figures include the only the *vacant* portions of partially vacant tax lots. The results show that a majority (88%) of vacant or partially vacant non-residential tax lots are under five acres in area. In terms of acres, however, 46% of the total land area is in seven tax lots over 20 acres in size. Four of those five tax lots are designated for industrial uses, leaving only one tax lot over 20 acres in size available to accommodate larger future commercial need through the year 2020.

Table 6-10. Vacant and partially vacant non-residential land by plan designation and tax lot size, McMinnville UGB, 2000

Plan Designation	<1 Acre	1-4 Acres	5-9 Acres	10-19 Acres	20-49 Acres	50 or More Acres	Total
Number of tax lots							
Commercial	31	27	2		1		61
Industrial	24	25	3	5	2	2	61
Total Tax Lots	55	52	5	5	3	2	122
Total Acres^a							
Commercial	12.3	63.0	17.0		23.2		115.4
Industrial	18.7	43.7	19.1	81.1	51.3	144.1	358.1
Total Acres	31.0	106.7	36.1	81.1	74.4	144.1	473.5
Percent of Tax Lots	45%	43%	4%	4%	2%	2%	100%
Percent of Acres	7%	23%	8%	17%	16%	30%	100%
Average Lot Size	0.6	2.1	7.2	16.2	24.8	72.1	3.9

Source: City of McMinnville buildable land database, analysis by ECONorthwest

^a includes developed portions of partially vacant tax lots

POLICY CONSTRAINTS ON NON-RESIDENTIAL LAND SUPPLY

The City of McMinnville has adopted a series of ordinances that restrict use of certain non-residential lands within its UGB. Those ordinances range from the City's Airport Clear Zone overlay to a requirement that industrial uses be located no closer than 500' from residential uses in certain areas. Table 6-11 shows non-residential tax lots that are subject to policy constraints in the McMinnville UGB.

Table 6-11. Development limitations on commercial and industrial properties as identified by local adopted planned development ordinances

Map & Tax Lot	ORD No.	ORD No.	ORD No.	ORD No.	Acres Affected*	Effect(s) on Future Development Potential
R4415 02400	4135				5.66	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 02402	4135				2.93	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 02407	4135				0.24	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 02408	4135				0.93	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 02502	4135				4.68	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 02522	4135				1.22	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 03300	4135				0.39	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 03306	4135				9.20	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4415 03400	4135				23.31	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4416BC02000	4117				1.43	Use limited to movie theater
R4416BC02001	4117				0.54	Use limited to movie theater
R4420CB00301	4317				1.59	14% landscaping, limited hours of operation, 1-story structure(s), uses -- convenience store, dry cleaner, beauty salon, boutiques, prof. offices/storage, & mini-warehouse
R4422 02200	4135				3.79	Only uses as per the M-L or M-1 zones are permitted within 500' of a residentially designated area or area in residential use
R4422 03600	4506				2.02	No use permitted generating > 1,500 vehicle trips per weekday except for vehicle implement sales and nursery sales
R4422 04000	4506	4543			2.22	No use permitted generating > 1,500 vehicle trips per weekday except for vehicle implement sales and nursery sales
R4422CD01700	4719				2.03	35' max bldg height, no drive-up restaurants, auto, boat, trailer or truck rental sales or service, building supply stores, rv parks, storage garage or mini-warehouse bldgs., or gas stations
R4422CD01800	4719				0.30	35' max bldg height, no drive-up restaurants, auto, boat, trailer or truck rental sales or service, building supply stores, rv parks, storage garage or mini-warehouse bldgs., or gas stations
R4422CD01900	4719				1.49	35' max bldg height, no drive-up restaurants, auto, boat, trailer or truck rental sales or service, building supply stores, rv parks, storage garage or mini-warehouse bldgs., or gas stations
R4422CD02000	4719				1.67	35' max bldg height, no drive-up restaurants, auto, boat, trailer or truck rental sales or service, building supply stores, rv parks, storage garage or mini-warehouse bldgs., or gas stations
R4424C 00400	3736	4131			4.92	Limitation on uses, individual bldg size, and total developed sq. footage
R4424C 00700	3736	4131			7.00	Limitation on uses, individual bldg size, and total developed sq. footage, also within runway clear zone
R4424C 00800	3736	4131			6.38	Limitation on uses, individual bldg size, and total developed sq. footage, also within runway clear zone
R4424C 01200	3847	3867	4634		2.86	Use limited to mini-warehouse
R4424C 01400	3847	3867	4634	4714	2.30	Limited uses to mini-warehouse/storage of construction & RV vehicles
R4426 00500	4131				8.08	Encourages aviation related, or airport dependant industries
R4426 00600	4131				9.70	Encourages aviation related, or airport dependant industries
R4426 00700	4131				90.45	Encourages aviation related, or airport dependant industries
R4427 00100	4131				28.64	Only uses as per the AH and M-L zones
R4427 00200	4131	4347			71.21	Only uses as per the AH and M-L zones (63 acres of which may not be developed until a "last resort" finding is made)
R4427 00600	4123				3.93	Uses involving heavy traffic generation may be excluded by the Planning Commission

Source: City of McMinnville Planning Department

LOCATIONAL AND SITE NEEDS OF FIRMS IN GROWING INDUSTRIES

OAR 660-009-0025 (1) requires communities to identify the approximate number and acreage of sites needed to accommodate industrial and commercial uses to implement plan policies. This determination depends, in part, on plan policies and the City's economic development strategy. Those determinations will be made in the future when the City takes up the issue of economic development strategies and policies.

OAR 660-009-0025 (1) also indicates that the need for sites be specified in several broad "site categories", (e.g., light industrial, heavy industrial, commercial office, commercial retail, highway commercial) that combine compatible uses with similar site requirements. The rules do not require cities to provide a different type of site for each industrial or commercial use that may locate in the planning area.

The required site and building characteristics for industries likely to locate or expand in McMinnville can be inferred from regional and local employment trends. ECO supplemented this information by interviewing realtors and developers in McMinnville and the northern Willamette Valley. This analysis identified a wide range of site needs. As such, a variety of parcel sizes, building types, and land use designations are required to attract target industries.

We identified four types of site classifications for industries: large lot industrial sites (50+ acre parcels); campus research and development (R&D) and smaller manufacturing sites (20 to 40 acre parcels); smaller light industrial/office sites (5 to 20 acre parcels); and, speculative space within office/flex and mixed-use developments. These correspond to McMinnville's primary non-residential plan designations of commercial, and industrial. The City's Zoning Ordinance provides further specificity for use of non-residential land. Commercial uses also require a variety of sites ranging from sites of 20 or more acres for retail centers, to smaller sites for neighborhood retail and services.

This section describes some of the locational and site needs of typical firms. Large-lot target industries include Electronic and Electric Equipment manufacturing (i.e., silicon chip fabrication plants). These users are generally more land intensive (typical site requirements can exceed 50 acres) and have a relatively high level of environmental and water system impacts.

Smaller light industrial/office sites (5 to 20 acre parcels) and speculative space within office/flex and mixed-use developments could accommodate smaller manufacturing firms, firms in Wholesale Trade, and all of the Non-Industrial target industries.

Table 6-12 summarizes the lot sizes needed for firms in target industry classifications for which data is available at this time.

Table 6-12. Typical lot size requirements for firms in target industries

Industry	Lot Size (acres)	Site Needs
Printing & Publishing	5 - 10	
Stone, Clay & Glass	10 - 20	Flat
Fabricated Metals	10 - 20	Flat
Industrial Machinery	10 - 20	Flat
Electronics - Fab Plants	50 - 100	Suitable soil
Electronics - Other	10 - 30	
Transportation Equipment	10 - 30	Flat
Trucking & Warehousing	varies	
Wholesale Trade	varies	
Non-Depository Institutions	1 - 5	
Business Services	1 - 5	
Health Services	1 - 10	
Engineering & Management	1 - 5	

Source: ECONorthwest.

Our research on other projects found that many large companies are still seeking suburban locations for corporate campus facilities. Relatively low-cost land, flexibility for future growth, and proximity to labor force are typical reasons for locating facilities such as Nike, Intel, In-Focus, and Tektronix in suburban locations. Given the relatively high cost of land in California and Washington, and short supply of sites over 20 acres throughout the western United States, there are emerging opportunities for the northern Willamette Valley. McMinnville's primary disadvantage in this is its distance from the high-tech areas of Wilsonville and Washington County, and poor access to I-5.

Site needs depend on the type of industry. The following section refers to specific industries by Standard Industrial Codes (SIC). More specific locational issues for firms in target industries include the following issues:

- *Land use buffers.* According to the public officials and developers/brokers ECO interviewed, industrial areas have operational characteristics that do not blend as well with residential land uses as they do with office and mixed-use areas. Generally, as the function of industrial use intensifies (e.g., heavy manufacturing) so to does the importance of buffering to mitigate impacts of noise, odors, traffic, and 24-hour 7-day week operations. Adequate buffers may consist of vegetation, landscaped swales, roadways, and public use parks/recreation areas. Depending upon the industrial use and site topography, site buffers range from approximately 50 to 100 feet. Selected commercial office, retail, lodging and mixed-use (e.g., apartments or office over retail) activities are becoming acceptable adjacent uses to light industrial areas.

McMinnville addresses land use incompatibility issues through development ordinances. Specific examples of these ordinances in McMinnville include the City's Airport Overlay Zone Ordinance and

the requirement to maintain a 500' buffer from residential uses in the McMinnville Industrial Park (city ordinance #4135).

- *Flat sites.* Flat topography (slopes with grades below 10%) is needed for manufacturing firms, particularly large electronic fabrication plants and 10+ acre fabricated metals and industrial machinery manufacturing facilities.
- *Parcel configuration and parking.* Industrial users are attracted to sites that offer adequate flexibility in site circulation and building layout. Sites must also provide adequate parking, vehicular circulation and open space. Parking ratios of 1.5 to 2.5 spaces per 1,000 square feet are typical design requirements. In general, rectangular sites are preferred with parcel width of at least 200 feet and length that is at least two times the width for build-to-suit sites. Parcel width of at least 400 feet is desired for flex/business park developments.

Parcel configuration could prove to be an issue in the McMinnville Industrial Park. Almost all of the available MIP properties are only 100 to 200 feet in width. This suggests the City may want to consider adding sites with greater lot widths to its inventory.

- *Soil type.* Soils stability and ground vibration are fairly important considerations for special high precision manufacturing processes, such as assembling 800 megahertz or higher speed microchips.
- *Building density.* Today's industrial buildings are designed to accommodate materials shipments, goods storage, manufacturing processes, and administrative and customer-support functions. In addition to solid foundations to accommodate the weights of fork lifts moving heavy goods as well as machinery, interior ceiling heights of 18 to 28 feet are expected for manufacturing facilities. Even higher ceiling heights (of up to 45 feet) are expected for warehousing facilities. The ratio of building floor area to site area (FAR) typically ranges from 0.35 for industrial/flex buildings to 0.5 for office buildings. Building depth for industrial and flex buildings is often 100 to 120 feet, while width varies significantly.
- *Air transportation.* Proximity to air transportation is also key for high technology manufacturing industries, particularly those in the Electronic and Electric Equipment and Industrial Machinery industries. The distance of McMinnville to a major airport could be a drawback in attracting certain target industries.
- *Fiber optics and telephone.* In the near future, most if not all industries shall expect access to high-speed Internet communications. Some industries, such as Internet hotels (a subset of SIC 73—Business Services), require the largest fiber optic

telecommunications system available, while others need only redundant T-1 capacity.

A fiber optic system has been installed in the city that provides high-speed Internet access and telecommunication services to McMinnville Water and Light, the City of McMinnville, and the McMinnville School District. This fiber optic system provides a total of 144 strands, 108 of which currently remain “dark.” Of the 12 strands that have been provided to the City, 8 strands are currently not being used. This excess capacity could be used to provide high-speed Internet access and digital cable television service to businesses and residents of McMinnville. As with electricity and water service, McMinnville Water & Light should be able to provide Internet access and cable television service at a lower cost and with better service than private companies.

- *Potable water.* Potable water needs range from domestic levels to 300 thousand gallons per day. Significantly higher levels of water demand are associated with selected industries in SIC 36 (i.e., silicon chip fabrication plants). Emerging technologies, however, are allowing these industries to rely on recycled water with limited on-site water storage and filter treatment. The demand for water for fire suppression also varies.

In McMinnville, lands adjacent to Three Mile Lane presently encounter problems with adequate water pressure and flow to meet fire suppression requirements. The primary reason for this condition relates to the fact that the water lines that service this area “dead end” and are not “looped” to other lines in the McMinnville Water and Light system. This condition makes it difficult to provide the water flows and pressures needed to serve the area. McMinnville Water and Light has plans to extend lines from its system to the Three Mile Lane area, thereby looping the system and increasing water flows to the area, but this will likely not occur for some five to seven years. This is due to other system-wide priorities, present financial situation, and current Water and Light Commission direction. In the interim, developments along Three Mile Lane may need to provide alternate means of satisfying fire suppression requirements, should it be found that adequate water flows are not available to serve their project.

- *Power requirements.* Electricity power requirements range from redundant 115 kilovolt amps (kva) to 230 kva. Average daily power demand generally ranges from approximately 5,000 kilowatt hours (kwh) for small business service operations to 30,000 kwh for very large manufacturing operations. The highest power requirements are associated with SICs 34, 36 (fabrication - metals, and electronic, respectively) and Internet hotels (within SIC 73). For comparison, the typical household requires 2,500 kwh per month during peak demand periods (winter months in Oregon).

- *Transportation.* All of the target industries, with the possible exception of business services, are heavily dependent on surface transportation for efficient movement of goods, commodities, and workers. Poor access to I-5 is a key constraint for McMinnville and will continue to be so in the foreseeable future. An adequate highway and arterial roadway network in McMinnville and the northern Willamette Valley will be needed for all industries (including business services).
- *Transit.* Transit access is most important to the target industries with the greatest jobs density and consumer activity, particularly SIC 73 (Business Services).
- *Pedestrian and bicycle facilities.* The ability for workers to access amenities and support services such as retail, banking, and recreation areas by foot or bike is increasingly important to employers. Very large employers (with over 500 employees) tend to provide on site amenities such as food service, day care, dry cleaning and banking. The majority of job growth, however, is in small to medium sized employers who rely on off site amenities. The need for safe and efficient bicycle and pedestrian networks will prove their importance over time as support services and neighborhoods are developed adjacent to employment centers.
- *Employee training.* It is important for firms in high-tech and other industries to have nearby facilities where employees can conveniently receive training on latest technologies and skills.

In summary, there is a wide range of site requirements for industries that may choose to expand or locate in McMinnville. While all of the industries rely on efficient transportation access and basic water, sewer and power infrastructure, they have varying need for parcel size, slope, configuration, and buffer treatments. Transit, pedestrian and bicycle access are needed for commuting, recreation, and access to support amenities.

Developers and real estate representatives contacted during the research for this report said that McMinnville lacks the type of commercial sites needed to accommodate retail firms that may want to locate in McMinnville over the next twenty years. Existing large commercial sites (20 or more acres) in McMinnville are limited to the Linfield site, and a retail firm appears to be actively negotiating for development of that site in the near future. Contacts could not identify any other sites in McMinnville suitable for large retail developments. One developer described McMinnville as "grossly under-stored," meaning that the city has less retail development than its population and income would justify, and that McMinnville residents shop elsewhere for goods and services. With an existing under supply of retail development and expected population growth, developers and real estate representatives think demand for retail development in McMinnville is strong.

One real estate representative stated that the City could create more retail development sites by rezoning sites along Three Mile Lane (Hwy 18) that are currently zoned for office and residential development. Other contacts could not identify specific locations that the City could rezone to create retail development sites. Several developers and real estate representatives said that the City should expand the UGB to create more retail development sites.

Contacts also said that there is demand for development of neighborhood centers anchored by a grocery store, but all the potential sites for such development are small and need assembly to develop. An example would be the West 2nd at Hill Road properties (justified when the adjacent residential area fully develops).

Developers and real estate representatives said that while McMinnville does have a large supply of industrial land, it lacks the types of large sites necessary to attract large manufacturers or corporate offices that desire a campus setting. The Intel and Nike campuses were cited as examples. Contacts acknowledged that there is a limited market for this type of development, and that McMinnville may not want this kind of development. However, the lack of a suitable site forecloses the *opportunity* for McMinnville to attract firms that want a campus setting. Contacts think there is a chance McMinnville could attract such a firm given the presence of high technology firms in the Portland area and the potential desire of corporations to locate offices in smaller communities that have a high quality of life and that are near metropolitan areas.

SUMMARY

This section compares land demand and supply. The comparison is based on data presented in this chapter and does not consider local policies or economic development strategies that may imply different site requirements and land needs. OAR 660-009-0025 (2) requires cities to designate sufficient land in each site category to accommodate, at a minimum, the projected land needs for each category during the 20-year planning period.

Table 6-13 shows a comparison of land demand and supply for the McMinnville UGB for the period 1999-2020. The results show McMinnville has an overall surplus of buildable non-residential land of about 16 acres. When analyzed by plan designation, however, the results indicate the City has a commercial land deficit of about 81 acres, and an industrial surplus of 99 acres.

Land demand for the commercial designation includes all demand for commercial and office employment and 50% of demand for public employment. Land demand for industrial uses includes all land allocated to industrial employment and 50% of demand allocated to public employment. In addition, we allocated land for other uses to commercial and industrial

plan designations (see Table 6-6). Allocation for other uses is 22.6 acres of commercial land and 84.0 acres of industrial land.

Table 6-13. Comparison of land demand and supply, McMinnville UGB, 1999-2020

	Plan Designation	
	Commercial	Industrial
Buildable Acres	115.4	358.1
Vacant Land Demand		
Commercial	173.6	
Industrial		175.6
Other uses	22.6	84.0
Surplus (deficit)	(80.8)	98.5

Source: ECONorthwest.

Note: we did not allocate any land demand to the mixed use plan designation.

In addition to addressing the long-term requirements for non-residential land, OAR 660-009-0025 (3) requires cities to assess the short-term availability of serviceable sites. Based on conversations with City Staff, it appears that sites along Three Mile Lane will face water service constraints until the water line is looped as previously described in this chapter.

Glossary

The following economic terms and acronyms are used in this report. A brief explanation of each is provided below.

Covered employment. Employment covered by unemployment insurance. Covered employment is less than total employment. Persons who are self-employed, farmworkers, and some contractors are examples of employment that is not covered by unemployment insurance.

Employed. All civilians 16 years old and over who work as paid employees, worked in their own business or profession, worked on their own farm, or worked 15 hours or more as unpaid workers on a family farm or in a family business.

Labor force. All persons age 16 or over classified in the civilian labor force plus members of the U.S. Armed Forces (persons on active duty with the United States Army, Air Force, Navy, Marine Corps, or Coast Guard).

Locational Factors. Features which affect where a particular type of commercial or industrial operation will locate. Locational factors include but are not limited to: proximity to raw materials, supplies, and services; proximity to markets or educational institutions; access to transportation facilities; labor market factors (e.g., skill level, education, age distribution).

Serviceable Site. A site is serviceable if: (a) Public facilities, as defined by OAR Chapter 660, Division 11 currently have adequate capacity to serve development planned for the service area where the site is located or can be upgraded to have adequate capacity within one year; and (b) Public facilities either are currently extended to the site, or can be provided to the site within one year of a user's application for a building permit or request for service extension.

Site Requirement. The physical attributes of a site without which a particular type or types of industrial or commercial use cannot reasonably operate. Site requirements may include: a minimum acreage or site configuration, specific types or levels of public facilities and services, or direct access to a particular type of transportation facility such as rail or deep water access).

Standard Industrial Classification (SIC). The Standard Industrial Classification (SIC) manual is published by the federal Office of Management and Budget. The manual provides a systematic classification of those economic activities (industries) that, together, define and describe the basic composition of our nation's economy.

Suitable Site. A site is suitable for industrial or commercial use if the site either provides for the site requirements of the proposed use or

category of use or can be expected to provide for the site requirements of the proposed use within the planning period.

Unemployed. All civilians 16 years old and over are classified as unemployed if they (1) were neither "at work" nor "with a job but not at work", and (2) were looking for work during the last 4 weeks, and (3) were available to accept a job.

Persons Interviewed

To supplement secondary data sources, ECO conducted several personal interviews. Following is a list of persons interviewed specifically for this project.

Patti Web
McMinnville Downtown Association
(503) 472-3605

Alan Roodhouse
RPS Development Company
(503) 435-4907

Gene Zinda
McMinnville Water and Light, Windermere Realty
(503) 474-1234

Amy VanderVliet
Oregon Employment Department
(503) 731-4577

Elaine Taylor
McMinnville School District #40
(503) 565-4000

Wes Thomas
McMinnville Water & Light
(503) 472-6158.

Results of the McMinnville Chamber Member Survey

Appendix C

Following is a report summarizing a survey of Greater McMinnville Area Chamber members conducted by ECONorthwest in June and July of 2001. ECO presented the survey results to Chamber representatives in September 2001.