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MEMORANDUM

DATE: February 27, 2020 PAC Meeting
TO: Urbanization/EOA PAC
FROM: Tom Schauer, Senior Planner
SUBJECT: Industrial Sites Information

The draft EOA includes information about the supply of employment sites in the UGB. The draft EOA also includes a placeholder table regarding needed sites by size class – if the historic distribution of sites by size carries forward. At the last meeting, we noted we would follow up with MIP and MEDP to discuss site needs to address the target sectors in the Economic Development Strategic Plan, and each has provided a letter, which was distributed with the packet. The letters comment on site needs for these sectors, and also in the context of the Industrial Development Competitive Matrix published by Business Oregon / Infrastructure Finance Authority. **See Exhibit 1.**

This memo summarizes the site needs described in the letter when those site needs are classified into the mutually exclusive size class categories in the draft EOA.

State of Oregon – Business Infrastructure Finance Authority – Industrial Development Competitive Matrix.

To assist state agencies, local governments, and economic development organizations with economic development efforts, Business Oregon and the Infrastructure Finance Authority (IFA) developed the Industrial Development Competitiveness Matrix. This matrix provides siting criteria for 5 categories and 12 subcategories of industrial use and development. The siting criteria include 15 separate criteria under the headings of General Requirements, Physical Site, Transportation, Utilities, and Special Considerations.

The Physical Site Criteria include criteria for Total Site Size which are classified as Competitive Acreage. Competitive acreage is provided for each subcategory, and listed as an acreage range with a lower end and upper end. Total site size is described as, “building footprint, including buffers, setbacks, parking, mitigation, and expansion space.” Competitive acreage is described as “acreage that would meet the site selection requirements of the majority of industries in this sector.

No industrial category is listed as having a competitive acreage range with a lower end of less than 5 acres. Depending on subcategory, the lower end is 5 acres, 10 acres, or 20 acres. The upper ends range from 15+ acres to 100+ acres depending on subcategory.

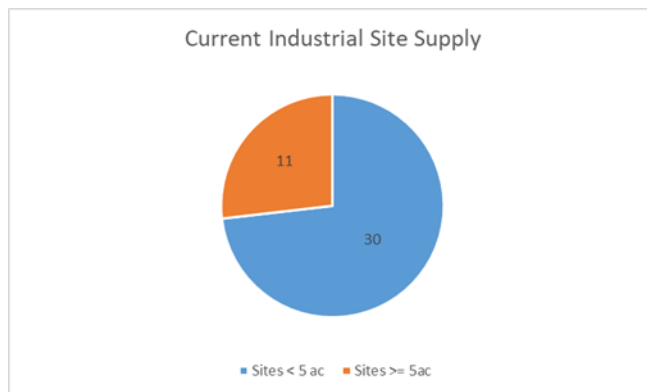
Supply and Demand

Currently, McMinnville has 41 sites with buildable acres as defined in OAR. 26 of those sites (63%) are each less than two buildable acres in size. 15 of those sites (36%) each have 2 or more buildable acres.

30 of those sites (73%) each has less than 5 buildable acres, below the minimum Competitive Acreage for every category listed in the IFA Industrial Development Competitiveness Matrix. 11 of those sites (27%) have 5 or more buildable acres, providing at least the minimum Competitive Acreage for 6 of the 12 subcategories in the IFA matrix. 5 of those sites have 10 or more buildable acres, providing at least the minimum Competitive Acreage for 4 of the 11 subcategories. 4 of those sites have 20 or more buildable acres, providing at least the minimum Competitive Acreage for 2 of the 12 subcategories.

Table 1. Industrial Site Supply per Draft EOA

<u>Size Class</u>	<u>Supply</u>
0.5-.99 acres	11
1-1.99 acres	15
2-4.99 acres	4
5-9.99 acres	6
10-19.99 acres	1
20-49.99 acres	2
50+ acres	2
SUM	41



McMinnville Developed Site Size Class

Existing developed sites are shown by size class in Exhibit 54 of the draft EOA. The majority of McMinnville’s existing developed industrial sites are on smaller sites, with 158 of 207 developed tax lots (76%) less than 2 acres. Only 20 of the 207 developed tax lots are 5 acres or larger. Some uses may occupy multiple tax lots. This historic size distribution may not reflect the distribution to meet future needs based on the economic development strategy and site needs of target sectors. Therefore, analysis follows regarding site needs related to target sectors and the strategy.

Economic Development Strategic Plan (EDSP)

McMinnville recognizes it will continue to need industrial sites for all industrial users. However, based on analysis of trends and forecasts, regional advantages and disadvantages, and other factors, the EDSP targets those sectors which are expected to provide the greatest economic development benefits based on analysis of the factors in the EDSP and the EOA.

Two of the city's economic development organizations and partners provided letters documenting additional context about site needs for industrial uses and employers

Every entity understands it isn't sufficient to just check a box for buildable acres and needed sites and expect those businesses to appear. However, it is necessary to have needed sites; without needed sites, there is no place for those businesses to locate. Economic development is a competitive enterprise, and for efforts to be successful, a City must have sites to meet the needs of individual businesses actually conducting site selection searches. While there are commonalities in site needs for classes of users, each business has its own unique needs. To be competitive and successful in its economic development efforts, the City needs to be poised with a variety of sites to meet the unique needs of individual businesses at the time they are seeking sites. Therefore, in a sense, the City can't be the one determining in advance the "required" site characteristics for any specific business. Rather, the "required" site characteristics are those which are necessary not only to be competitive, but to be successful, in economic development endeavors. This work is also time-sensitive. A business looking for a site needs to know sites are available in the short-term when decision-making is needed, without the need to bring sites into the UGB through a lengthy and uncertain process. The goal isn't simply to compete, it is to ultimately succeed in these economic development endeavors. What might otherwise appear to be minor differences in available sites vs. site selection criteria for a business could be a critical factor to a business that has unique facility needs. This could make a difference in deciding whether or not to locate if the available sites aren't optimal for the needs of that business.

Therefore, it is in the City's interest, (and consistent with Goal 9 requirements to provide at least an adequate number of sites), to have a variety of sites that can meet needs within the parameters of the competitive site criteria to provide sites that offer choices for different specific businesses seeking to start-up, expand, relocate within the community, or locate in the community.

Target Sectors

The EDSP and EOA address the following Target Sectors:

EDSP Target Sectors

- Traditional Industry and Advanced Manufacturing
- Technology and Entrepreneurship
- Craft Beverages and Food Systems
- Education, Medicine, and Other Sciences

2013 EOA Updated Cluster Targets

- Advanced Manufacturing
- Healthcare/Traded Sector Services

Analysis

To be competitive given its regional advantages and disadvantages, the City will need to plan for land for the respective Target Sectors with characteristics identified in the IFA’s competitiveness matrix. To be competitive in providing the sites within these ranges, the City will need to provide a variety of sites that are responsive to the needs of individual businesses.

MIP and MEDP have provided letters regarding needed sites.

Comparing EDSP Target Industries to IFA Industrial Development Competitiveness Matrix

Several of the EDSP Target Sectors have components that relate directly to the categories and subcategories in the IFA’s Industrial Development Competitiveness Matrix. Several Target Sectors are broad and also have other types of non-industrial and/or mixed use site needs that may differ from the IFA Industrial Development Competitiveness Matrix. This memo focuses on the industrial needs.

The table below shows how the EDSP and EOA targets correspond to the categories and subcategories in the IFA’s Industrial Development Competitiveness Matrix.

Table 2. EDSP Needs Compared to IFA Competitiveness Matrix

Infrastructure Finance Authority (IFA) Industrial Development Competitiveness Matrix	2019 EDSP Target Sectors 2013 EOA Cluster Targets
<p><u>Production Manufacturing</u> A. Heavy Industrial / Manufacturing (10-100+ ac) B. High Tech/Clean Tech Manufacturing (5-100+ ac)</p>	<p>EDSP: Traditional Industry and Advanced Manufacturing 2013 EOA: Advanced Manufacturing</p>
<p><u>Value-Added Manufacturing & Assembly</u> C. Food Processing (5-25+ ac) D. Advanced Manufacturing and Assembly (5-25+ ac)</p>	<p>EDSP: Craft Beverages and Food Systems</p>
<p><u>Light/Flex Industrial</u> E. General Manufacturing (5-15+ ac) F. Industrial Business Park and R&D Campus (20-100+ ac) G. Business / Admin Services (5-15+ ac)</p>	<p>EDSP: Technology and Entrepreneurship EDSP: Education, Medicine and Other Sciences 2013 EOA: Healthcare/Traded Sector Services</p>
<p><u>Warehousing & Distribution</u> H. Regional Warehouse / Distribution (20-100+ ac) I. Local Warehouse / Distribution (10-25+ ac)</p>	<p>EDSP: Craft Beverages and Food Systems</p>
<p><u>Specialized</u> J. UAV Manufacturing / Research (10-25+ ac) K. Data Center (10-25+ ac) L. Rural Industrial (5-25+ ac)</p>	<p>EDSP: Traditional Industry and Advanced Manufacturing EDSP: Technology and Entrepreneurship</p>

The letter from MEDP describes the range of site sizes needed to be competitive in economic development efforts related to these target sector, and the rationale for the range of site sizes. This is not intended to disregard needs for smaller sites; rather it focuses on needs for larger sites to be competitive for target sectors. Further, some smaller users will be accommodated in speculative space within business park sites which are developed with shall buildings which can be configured to accommodate a variety of smaller users.

Table 3. Site Size Distribution of Needed Sites Estimated by MEDP (Sites > 2 acres)

Type of Site	Number of Sites by Site Size Range				Total
	2-25	5-25	10-20	20-40	
Rail-served		5			5
Expansion for some of +80 firms portion now on 0.5-5 acre sites			5		5
Mixed-Use Innovation Center				1	1
Airpark	10	3 to 5			13-15
Number of Sites	10	8 to 10	5	1	24-26
Total Acreage Range of Sites > 2 acres	20-50	40-250	50-100	20-40	130-440

Allocating these to a variety of mutually exclusive sites sizes within associated ranges consistent with the IFA’s Industrial Competitiveness matrix would provide a result as follows (before accounting for smaller sites less than 2 buildable acres):

Table 4. Assignment of Table 3 Sites to Mutually Exclusive Size Classes and Site Sizes

Number of Sites by Size Class and Site Size	Size Class & Site Size												Total		
	< 2ac		2-4.99 ac		5-9.99 ac		10-19.99 ac		20-49.99 ac					50+ ac	
	5-.99	1-1.99	2	4	5	10	15	20	25	30	35	40		45	50
Rail-served (5 sites in the 5-25 ac range)					1	1	1	1							5
Expansions (5 sites in the 10-20 ac range)						2	2	1							5
Mixed-Use Innovation Center (1 site in the 20-40 ac range)												1			1
Airpark (10 sites in the 2-25 ac range + 3-5 sites in the 5-25 ac range)			2	2	2	2	2	2	2	0	0	1	0	0	14
Sum Number of Sites by Size			2	2	3	5	5	4	3	0	0	1	0	0	25
Sum Number of Sites by Size Class			4		3	10		8				0		25	
Sum Acres by Site Size			4	8	15	50	75	80	75	0	0	40	0	0	347
Sum Acres by Size Class			12		15	125		195				0		347	
Summary	X sites, X acres		4 sites, 12 acres		3 sites, 15 acres	10 sites, 125 acres		8 sites, 195 acres				0 sites, 0 acres		25 sites, 347 acres	

The EOA includes a table that shows what the site needs would be by size class if they were distributed at the same ratio of existing developed industrial sites (“Need 1” in the table below). The above table shows site needs based on size class and a variety of site sizes within those ranges to meet need for target sectors, based on the needs identified by MEDP, considering the IFA Industrial Competitiveness matrix (“Need 2” in the table below).

Table 5. Comparison of Needed Site Size Distribution Based on Historic Distribution (Exhibit 57) vs. Input/Method in Tables 3 and 4 Above

	Need	Need	
Size Class	1	2	Difference
0.5-.99 acres	10	10	0
1-1.99 acres	12	12	0
2-4.99 acres	11	4	-7
5-9.99 acres	5	3	-2
10-19.99 acres	2	10	8
20-49.99 acres	0	8	8
50+ acres	0	0	0
SUM	40	47	7

- **Need 1 (historic mix of site sizes)** would yield 40 sites
- **Need 2 (mix of sites sizes based on MIP and MEDP input & IFA Matrix)** would yield 25 sites, before adding in sites less than 2 acres. If the same number of sites less than 2 acres are retained for “need” per historic, this would result in 47 sites.

The major difference is fewer sites smaller than 5 acres and additional sites in the range of 5-25 acres, corresponding to the size class ranges identified as Competitive Acreage in the IFA matrix for Target Sectors. The only needed site larger than 25 acres based on “Need 2” is a 40-acre site for a Mixed-Use Innovation Center, which would be a site designed to accommodate multiple complementary users in a mixed-center, rather than one large user.

Based on historic development, “Need 1” doesn’t address or identify need for any sites over 20 acres. This is inconsistent with the economic development strategy as it relates to the target sectors. “Need 2” identifies the need for 8 sites in the 20-49.99 acre range as follows: Four 20-acre sites, three 25-acre sites, and the one 40-acre site described above for the mixed-use center.

These needs still need to be compared to supply to determine sufficiency of current inventory. With the need for larger sites, this may also indicate a surplus of smaller sites, especially if smaller sites aren’t contiguous and can’t be assembled into larger sites. For comparison in the table above, no difference has been assumed in the need for the number of smaller sites less than two buildable acres. “Need 2” reflects the need for 47 sites rather than 40 sites, carrying over the same number of smaller sites reflected in the EOA based on historic site size distribution.

With either approach, this would equate to an average need of between 2 and 2.4 industrial sites per year over the 20 year period.

The need for industrial sites of varying sizes in the competitive site size range is consistent with the economic development strategy.

Sites by Size Class

Size Class	Need 1	Supply	Sufficiency	Need 2	Supply	Sufficiency
0.5-.99 acres	10	11	1	10	11	1
1-1.99 acres	12	15	3	12	15	3
2-4.99 acres	11	4	-7	4	4	0
5-9.99 acres	5	6	1	3	6	3
10-19.99 acres	2	1	-1	10	1	-9
20-49.99 acres	0	2	2	8	2	-6
50+ acres	0	2	2	0	2	2
SUM	40	41		47	41	

Suitability of Existing Sites

Only 11 existing sites have the minimum size of 5 acres to meet the IFA criteria associated with the target industries. Two of these are the largest sites are approximately 90 acres each, located on Three Mile Lane. It is expected that some factors would affect land cost such that it would be impractical for the entirety of the sites to be developed for industrial use. Therefore, it is possible that some of the land in those sites could be surplus industrial acreage that would be rezoned to meet other categories of land need. It is also possible that portions of larger sites could be divided to meet a portion of the need for site sizes consistent with those identified in the “Need 2” method, reducing some of the surplus in those larger sites.