



City of McMinnville
 Planning Department
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**Economic Opportunities Analysis (EOA) and Urbanization Study
 Project Advisory Committee
 Meeting #1: Agenda
 Tuesday, July 16, 2019, 4:30pm-6:30pm
 Police Department Training Room, 121 SW Adams Street**

Committee Members	Time	Agenda Items	
<u>Citizen Advisory Committee (CAC):</u> Kellie Menke Roger Lizut Susan Dirks Sid Friedman Mark Davis Paul Davis Andrew Burton Beth Caster Michael Jester Robert J. Banagay Amanda Perron Matt Deppe Patty O'Leary Doug Hurl Scott Cooper Alan Amerson Kelly McDonald Mike Morris Jeff Knapp Gioia Goodrum Ed Gormley Kyle Faulk Jody Christensen John Dietz	4:30pm	1. Call to Order/Introductions (10 mins)	
	4:40pm	2. Project Overview	
	-4:40pm	a. Objectives, Background, Schedule, etc. (15 mins)	
	4:55pm	3. Economic Opportunities Analysis -	
	-4:55pm	a. Local Economic/Employment Data and Trends (25 mins)	
	-5:20pm	b. Economic and Employment Forecast (25 mins)	
	-5:45pm	c. Commercial and Industrial Buildable Lands (20 mins)	
	6:05pm	4. Urbanization Study -	
	-6:05pm	a. Other Land Needs, Accounting for Employment Uses on Residential Land & Residential Uses on Employment Land (15 mins)	
	6:20pm	5. Next Steps (5 mins)	
	6:25pm	6. Comments (5 mins)	
	6:30pm	7. Adjournment	
	<u>Technical Advisory Committee (TAC):</u> Tom Schauer - Lead Heather Richards Chuck Darnell Jamie Fleckenstein Mike Bisset Susan Muir (Parks Director) Angela Carnahan (DLCD) Stephanie Armstrong (Yamhill County)		

DATE: July 12, 2019
TO: McMinnville Economic Opportunities Analysis & Urbanization Study Project Advisory Committee
CC: Heather Richards and Tom Schauer
FROM: Bob Parker and Margaret Raimann
SUBJECT: SUMMARY OF 2013 MCMINNVILLE EOA AND 2017 ECONOMIC DEVELOPMENT STRATEGY

The City of McMinnville is in the process of reviewing future land needs and sufficiency of its Urban Growth Boundary to meet those needs for a 20-year planning period beginning in 2021, the earliest date by which the City would have a program in place to meet the identified needs. This evaluation process requires several technical studies. These include:

- a housing needs assessment (HNA) and residential buildable land inventory,
- a Goal 9 compliant Economic Opportunities Analysis (EOA), and
- an Urbanization Study.

These analyses will allow the City of McMinnville to assess whether there is sufficient land within the Urban Growth Boundary (UGB) to accommodate land needs for the 20-year period between 2021 and 2041 and a longer period associated with urban reserves through 2067.

This memo provides background information pertaining to the EOA portion of the work that will result in an update to the 2013 EOA for the City of McMinnville. This memo summarizes key points in the City's current 2013 EOA and its Economic Development Strategic Plan.

- **EOA.** ECONorthwest prepared an EOA in 2001 as part of the previous UGB process, which was also updated through 2003. The McMinnville EOA was last updated in 2013 by E.D. Hovee & Company. That EOA was adopted in February 2014 and acknowledged.
- **Economic Development Strategic Plan.** To support economic development, McMinnville commissioned Community Attributes, Inc. (CAI) to prepare an economic development strategic plan called MAC-Town 2032. This was adopted in March 2019.

These documents are foundational to this project. The updated EOA needs to be consistent with the findings of these documents, while reflecting key changes that may affect the types of land McMinnville will need to accommodate employment growth in the future. This memorandum summarizes key conclusions of the two documents and outlines key data and assumptions required to assess employment land needs.

Economic Opportunities Analysis (2013)

The current project (2019) will result in an update to the 2013 economic opportunities analysis consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as "an analysis of the community's economic

patterns, potentialities, strengths, and deficiencies as they relate to state and national trends,” and it states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

The 2013 EOA addresses a planning period from 2013-2033. The primary goals of the update to the 2013 EOA are to (1) project the amount of land needed to accommodate the future employment growth within the McMinnville Urban Growth Boundary (UGB) between 2021 and 2041 and needs for a longer period associated with urban reserves through 2067, (2) evaluate the existing supply of commercial and industrial land to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land.

Employment Forecast and Land Need, 2013-33

The 2013 EOA forecast land need using several steps, each of which requires assumptions:

1. Develop employment forecast for 2013-33
2. Allocate employment to three land use categories (commercial, industrial, institutional)
3. Forecast future shares of employment by land use category
4. Allocate job growth by type of land (non-employment, existing developed land, reused land, vacant land)
5. Apply job density factors (employees per acre) for the three land use categories
6. Estimate 20-year employment land demand
7. Compare land demand to supply

The 2013 EOA makes the following assumptions and findings:

- The EOA advisory committee recommended the mid-growth (or baseline) employment forecast of 1.7% per year which results in an estimated 7,385 net new jobs that would be added within the McMinnville UGB from 2013-33.
- Changes in the mix of McMinnville UGB’s job distribution coupled with the recommended 2033 EOA forecast scenario are as depicted by the following chart (Figure number is from the 2013 EOA document, page 48).

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

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

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

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

Figure 20 shows that the 2001/03 EOA assumed that between 13-17% of added job growth would occur with redevelopment or on sites not requiring use of vacant commercial or industrial land. Depending on the land use type, 83-87% of employment was forecast to require accommodation on currently vacant employment land (figure 20, page 49).

Figure 20. Allocation of Job Growth by Land Use Type

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

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

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

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

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

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

As indicated by the following chart, the combined demand for industrial and commercial land is estimated at 320 acres through 2033. This compares with vacant land supply estimated of approximately 520 acres for a net overall surplus of 200 acres.

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

	Acres by Plan Designation		
	Commercial	Industrial	Total
Vacant Land Demand			
Commercial	164.6	-	164.6
Industrial	-	145.1	145.1
Institutional	2.2	8.0	10.2
Totals	166.8	153.2	319.9
Available Land Supply			
2013 BLI Update	130.9	389.1	520.0
Surplus/(Deficit)	(35.8)	235.9	200.1

Notes: All acreage figures are rounded to nearest 1/10th of an acre. Source: E. D. Hovee & Company, LLC.

In summary, this (2013) EOA update indicates that industrial land needs can be more than amply met over the next 20 years while commercial land supply will fall short of meeting anticipated demand. Policy options that might be available to address this mismatch between anticipated supply and demand represent the next and final step in the EOA forecast allocation process.

To address 2013 EOA requirements for commercial and industrial lands, several following options were discussed and evaluated with the 2013 EOA Advisory Committee. Options considered were to:

- Reduce the overall employment forecast to a level that can be accommodated by the existing designated inventory of developable commercial and industrial sites (but not

recommended due to the Advisory Committee's expressed goal of maintaining an appropriate balance between forecast job growth and population growth).

- Aim for more redevelopment.
- Increase employment density targets.
- Reduce the allocation of employment-designated land for institutional 'other uses' by switching from a population-driven to an employment-driven approach to forecasting future employment land need.
- Expand McMinnville's urban growth boundary (not recommended with the 2013 updated EOA).
- Leave the commercial/industrial imbalance unaddressed (not recommended due to the DLCD Goal 9 requirement for the City to carry an adequate supply of land to meet the full range of employment growth needs over the adopted planning horizon).
- Redistribute commercial/industrial land supply with Comprehensive Plan and resulting zoning re-designations.
- Consider strategic growth initiatives for remaining land that may be surplus to forecast commercial and industrial needs (with an EOA Advisory Committee recommendation to provide for industrial or commercial reserves to the extent that EOA forecast commercial and industrial uses are first fully addressed).

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

The 2013 EOA identifies six Goals:

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

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

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

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

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

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

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

- **Advanced Manufacturing** – corresponds to an industry cluster pivotal to the Oregon Business Plan and Business Oregon (the Business Development Department).
- **Healthcare/Traded Sector Services** – Aimed to facilitate continued competitiveness and future expansion of non-manufacturing businesses that serve area residents plus customers located beyond the immediate McMinnville/Yamhill County community.

Economic Development Strategic Plan – MAC-Town 2032

MAC-Town 2032 was a strategic planning process founded on the idea that “McMinnville is old enough to be substantial young enough to be ambitious, big enough to be industrious, and small enough to be friendly.” The economic development strategy offers direction to the City of McMinnville and its partners, to increase living wage jobs and promote sustainable economic growth.

MAC-Town 2032 includes three additional target sectors and strategies (technology and entrepreneurship, hospitality and place-based tourism, and craft beverages and food systems) and expands the advanced manufacturing strategy to include traditional industry.

FOUNDATIONAL GOALS AND STRATEGIES...
are meant to be broadly beneficial across multiple industry sectors.

- 1. Accelerate Growth in Living-Wage Jobs Across a Balanced Array of Industry Sectors**
2. Improve Systems for **Economic Mobility and Inclusion**
3. Maintain and Enhance our **High Quality of Life**

TARGET SECTOR GOALS AND STRATEGIES...
are intended to pursue opportunities and improve outcomes within clusters or sectors of related industries.

4. Sustain and Innovate within **Traditional Industry and Advanced Manufacturing**
 5. Foster Opportunity in **Technology and Entrepreneurship**
 6. Be a Leader in **Hospitality and Place-Based Tourism**
 7. Align and Cultivate Opportunities in **Craft Beverages and Food Systems**
 8. Proactively Assist Growth in **Education, Medicine and Other Sciences**
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Implications for the EOA Update

The 2018 Economic Development Strategy includes several target industries that are not addressed in the 2013 EOA. Those industries will be reflected in the updated EOA. Part of the EOA will address site requirements of target industries such as size, access, topography, etc. The site requirements may have implications for zoning as well as location. The BLI will allow an evaluation of lands in the inventory against site requirements.

Other special area planning projects are underway to look at land use options to address needs identified in EOA and Economic Development Strategic Plan including the Three Mile Lane Area plan (see <https://threemilelane.com/>).