



December 15, 2021

McMinnville Planning Commission
Heather Richards, McMinnville Planning Director
Tom Schauer, Senior Planner
231 NE Fifth Street
McMinnville, OR 97128

Re: ZC 3-20 (Kimco rezone on Three Mile Lane)

Dear Commissioners and staff:

Friends of Yamhill County (FYC) works to protect natural resources through the implementation of land use planning goals, policies, and laws that maintain and improve the present and future quality of life in Yamhill County for both urban and rural residents. 1000 Friends of Oregon is a non-profit, charitable organization dedicated to working with Oregonians to support livable communities. Our organizations' memberships include McMinnville residents who support the mission and values of the Oregon land use program.

We have reviewed Docket ZC-3-20, an application to rezone approximately 37.7 acres on Three Mile Lane from Industrial-M2 to General Commercial-C3, a zone that allows big-box retail and fast food outlets. Kimco has been clear in its intent to develop a regional shopping center on this site.¹ We have the following comments:²

We strongly oppose the proposed rezoning of land to allow big-box retail south of Highway 18.³ As explained further below, this is inconsistent with both the city's acknowledged EOA and the more recent draft EOA prepared by EcoNorthwest. It trades high wage jobs for low wage jobs, thereby exacerbating problems of housing affordability. It will result in negative impacts to

¹ "Kimco has advised the city it wants to devote some of the land to "a regional shopping center...." (*News-Register*, "Residents Berate Council," August 15, 2012).

²For your convenience, our previously submitted comment dated May 20, 2021 are attached to this letter.

³ Apart from this application, it is apparent that additional applications to convert industrial land to general commercial are forthcoming, as noted by the applicant. These rezonings are also contemplated by the draft Three Mile Lane Area Plan.

the existing Hwy 99W commercial corridor, and it promises costly traffic problems without apparent solutions.

Redesignating the land for retail commercial use is inconsistent with the city's acknowledged EOA, adopted in 2014 (and inconsistent with OAR 660-009-0010(4)(a)).⁴ The acknowledged EOA showed a deficit of about 36 acres of commercial land. This deficit was eliminated with the city's recently adopted and acknowledged UGB expansion and related plan amendments. Those amendments added approximately 27 gross buildable acres of commercially designated land to the UGB on the north side of Three Mile Lane and also included comprehensive plan polices that call for 5-10 acres of retail and 2½ -10 acres of office in *each* of three neighborhood activity centers on other land included in the expansion that is now designated urban holding.

The redesignation for retail commercial is also inconsistent with the most recent draft EOA prepared by EcoNorthwest, dated February 2020. Between 2021 and 2041, the draft 2020 EOA projects 3,458 new jobs in office and commercial services and only 383 new retail jobs; a 90%-10% split. This is directly at odds with the draft Area Plan's conclusion that the area "is well-positioned for new retail development, particularly large-format retail" but "the office market is very weak." While the draft EOA may already be obsolete because of changes to the office market created by the COVID-19 pandemic, there is no indication that the retail job market has expanded.

The proposed redesignation will all be "surplus" commercial land in excess of what is called for in McMinnville's adopted and acknowledged comprehensive plan. The oversupply of new retail commercial land will have predictable negative consequences to the existing commercial corridor. For example, the PowerPoint slides shown at the November work session acknowledge the large existing surplus of grocery stores (among other surpluses). A large format food store south of Highway 18 will likely result in the closure of one of McMinnville's existing grocery stores. One can foresee similar closures in other retail sectors as a result of new big-box retail south of Highway 18. Even if closures are limited, the new commercial retail land will make redevelopment along the existing commercial corridor far less likely.

In addition, locating retail uses on the outskirts of the urban area will lead to additional and longer automobile trips, which conflicts with the city's energy conservation policy 178.00 and other efforts to reduce carbon emissions, including those found in Oregon's Transportation Planning Rule.⁵ This is especially true for a retail shopping center intended to draw customers from a broad region extending well beyond McMinnville.

Converting 40 acres of industrial land zoned M-2 to "large-format" retail trades high-wage jobs for low-wage jobs. The Draft Three Mile Lane Area Plan (p. 13) acknowledges that, "The industrial market remains strong due to the growth of agriculture, food and beverage production,

⁴ We disagree with the legal analysis provided by the applicant that is attached to the supplemental staff report. All amendments and zone changes must be consistent with all elements of the city's comprehensive plan, along with all other applicable legal requirements.

⁵ OAR Division 12

and manufacturing.” The factors that the draft plan cites as advantageous for lower-wage retail and hospitality uses are the same factors that make it attractive for industrial development:

“This almost 60-acre parcel is one of the largest regional sites with easy highway access. The site is flat and developable—a unique characteristic for a site of this size, and has a locational advantage being both near to the highway and the McMinnville Municipal Airport.” (draft Area Plan, p. 26)

The city’s acknowledged EOA shows that wages in retail and dining are *by far* the lowest of any job sector in McMinnville – less than half that of industrial sector jobs like manufacturing.⁶ It also shows that McMinnville’s employment base is *already* skewed towards retail jobs compared to the other geographies the EOA examined.⁷

Rezoning this employment land for lowest wage jobs will only exacerbate McMinnville’s problems of housing affordability. Housing costs are only half of the challenge of housing affordability McMinnville and many other communities face. Household income is at least as important to what housing a family can afford. It makes no sense for the city to amend the comprehensive plan to reduce the potential for higher-wage jobs, redesignate land for lower-wage jobs, while at the same time talking about a crisis of housing affordability.

“Retail Leakage” is cited as a justification for converting industrial land to retail commercial, i.e., the potential for more of local residents’ retail expenditures to be spent within McMinnville. However, the city’s EOA found *county-wide* retail leakage, as opposed to McMinnville leakage. This isn’t to say that McMinnville residents don’t shop elsewhere for some goods and services, but on the whole, *McMinnville has a net inflow of retail dollars*:

Geographic Area	Annual Retail Sales Per Capita
McMinnville	\$15,677
Newberg	12,734
Yamhill County	8,844
Oregon	12,690
United States	13,443

Source: U.S. Census Bureau ⁸

A large flat, vacant industrial parcel, already within the UGB, served by a free-flowing state highway (Highway 18), near an airport, and in a single ownership is an extremely uncommon asset for any city to have; it is, indeed, prime industrial land. Potential industrial users for such a large site

⁶ The 2020 draft EOA (p. 15) shows a similar disparity between retail and food service jobs on the one hand and manufacturing jobs on the other.

⁷ Acknowledged EOA pp. 14-15

⁸ www.census.gov/quickfacts/US

are not common, but preserving this site for industrial use would almost certainly provide greater long-term benefits to the community than would an unneeded shopping center.

Finally, retail commercial, especially big-box commercial, generates far more traffic than industrial uses. Regardless of the pedestrian network inside the shopping center, virtually all customers will drive to it. Indeed, it is touted as a “regional” retail opportunity. This promises costly traffic problems without apparent solutions. (see below)

Despite the planned sidewalks and bike lanes, virtually all the development south of the highway, including both commercial and the residential development (all of which is higher density), will likely rely on cars to connect to the city center and any other north of the highway, east, or east or west along the highway . McMinnville has long had an overpass over highway 18 in its transportation plan. We are alarmed by plans to drop this, and instead rely on traffic signals and a proposed new round-about at Cirrus Ave. Funding is proposed to be shared by the state, the city, and private developers. It is not clear why the state or existing residents subsidize a private shopping center’s traffic impacts.

Just as important, even with these proposed improvements, traffic flow will suffer. Highway 18 is state-designated freight route with enhanced mobility standards defined in the Oregon Highway Plan and with the stated objective of maintaining efficient through truck movement. This plan would almost certainly affect travel times and speeds, and by its own reckoning, would result in reduced levels of service at key interchanges, albeit not failing levels of service.

One need look no farther than Bend and Seaside for examples of the costly consequences that result when regional retail magnets are allowed to locate on the bypass routes. Allowing a regional shopping center will undermine the highway’s freight capacity and create congestion for both local residents and those using Highway 18 for travel to Oregon’s wine country and coast. Bend needed to build a *second* bypass after the first was compromised. As the News-Register stated several years ago with respect to the Kimco parcel, Highway 18/Three Mile Lane “fills the crucial role of [the] Highway 18 bypass, sparing McMinnville the traffic nightmare Newberg and Dundee are trying to address at astronomical cost.”⁹

The city should not facilitate the degradation of the highway by removing the overpass from its transportation plan while at the same time amending the plan in a manner that will increase traffic impacts.

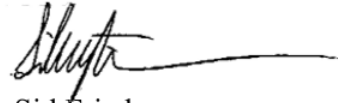
Thank you for the opportunity to provide these comments. Please include them in the official record of this proceeding and notify us of your decision in this matter.

Sincerely,

⁹ News-Register, September 1, 2012

Alexis Biddle

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Eugene, OR 97401



Sid Friedman
Friends of Yamhill County
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McMinnville, OR 97128

Attachment: Comment letter dated May 20, 2021

cc: DLCD
ODOT



May 20, 2021

McMinnville Planning Commission
Heather Richards, McMinnville Planning Director
Tom Schauer, Senior Planner
231 NE Fifth Street
McMinnville, OR 97128

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We have reviewed Docket ZC-3-20, an application to rezone approximately 37.7 acres on Three Mile Lane from Industrial-M2 to General Commercial-C3, a zone that allows big-box retail and fast food outlets. Kimco has been clear in its intent to develop a regional shopping center on this site.¹ We have the following comments:

- The city's acknowledged Economic Opportunities Analysis (EOA), adopted in 2014, shows that retail wages are by far the lowest of any job sector in McMinnville- less than half that of industrial sector jobs like manufacturing. McMinnville's employment base is already skewed towards retail jobs compared to the other geographies the EOA examined (EOA, pp. 14-15).

Rezoning this employment land for lowest wage sector jobs will only exacerbate McMinnville's problems of housing affordability. This train may already be pulling out of

¹ "Kimco has advised the city it wants to devote some of the land to "a regional shopping center...." (News-Register, "Residents Berate Council," August 15, 2012).

the station, but the city should at least acknowledge and recognize that this zone change will likely exacerbate its housing problems.

- Rezoning the entire parcel for retail use is not consistent with OAR 660-009-0010(4)(a) because it would not be consistent with the acknowledged EOA for two reasons:

1) The city's acknowledged EOA, adopted in 2014 shows a deficit of about 36 acres of commercial land, but only about 12 acres of this deficit is for retail. Roughly 2/3 of the projected commercial jobs will be in office and other non-retail services.

The planned development overlay should limit retail to 1/3 of the site and reserve the balance for office and other higher-paying commercial sectors. Alternatively, the Office/Residential zone should be considered for a portion of this property.

2) The analysis in the application and staff report fails to account for the city's recently adopted urban growth boundary amendment. Among other lands, this amendment added approximately 27 acres gross buildable acres of commercially designated land to the urban growth boundary on the north side of Three Mile Lane. This amendment also added approximately 622 gross buildable acres of land designated Urban Holding to the urban growth boundary. The city's comprehensive plan calls for 11-22 acres of additional commercial land in to be located in three "neighborhood activity centers" on land that is now designated "Urban Holding". These UGB additions eliminate the commercial deficit identified in the acknowledged EOA.

- Highway 18/Three Mile Lane "fills the crucial role of Highway 18 bypass, sparing McMinnville the traffic nightmare Newberg and Dundee are trying to address at astronomical cost."²

One need look no farther than Bend and Seaside for examples of the costly consequences that result when regional retail magnets are allowed to locate on the bypass routes. Allowing a regional shopping center will undermine the highway's freight capacity and create congestion for both local residents and those using Highway 18 for travel to Oregon's wine country and coast.

We agree with the staff conclusion that the applicant has not demonstrated the adequacy of proposed mitigation measures.

- "Retail Leakage" is cited as a problem to be addressed by this zone change, i.e. the potential for more of local residents' retail expenditures to be dollars to be spent within McMinnville. However, the city's acknowledged EOA found county-wide retail leakage, as opposed to McMinnville leakage. This isn't to say that McMinnville residents don't shop elsewhere for some goods and services, but on the whole, McMinnville has a net inflow of retail dollars:

² News-Register, September 1, 2012

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Source: U.S. Census Bureau, 2017 Economic Census

- A large flat, vacant industrial parcel, already within an UGB, served by a free-flowing state highway (Highway 18), near an airport, and in a single ownership is an extremely uncommon asset for any city to have; it is, indeed, prime industrial land. The application states, “the 2013 EOA indicates that there are 5 industrial parcels that are 20+ acres in size, so the City will continue to have an adequate supply of larger industrial parcels if the Property is converted from Industrial to Commercial.”³ A 90-acre parcel fills an entirely different need, however, than 20-acre parcels. Potential industrial users for such a large site are not common, but preserving this site for industrial use would very likely have greater long-term benefits to the community than would a shopping center.

As already noted, this train may already be leaving the station, but it is still important to recognize the trade-offs. Whatever economic benefits may accrue from the proposed rezone must be weighed against (a) the limited benefit to the community from low-wage retail jobs that will exacerbate our problems of housing affordably, (b) the loss of prime industrial land that can support family wage jobs, and (c) the traffic implications for the highway that serves as the bypass around McMinnville.

Thank you for the opportunity to provide these comments. Please include them in the official record of this proceeding and notify us of your decision in this matter.

Sincerely,



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³ Applicant’s findings, Attachment 2, p. 19