



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

**Planning Commission
ZOOM Online Meeting:
July 15, 2021**

***Please Note that this meeting will be conducted via
ZOOM meeting software due to the COVID-19 event.***

**5:30 PM Work Session
6:30 PM Regular Meeting**

ZOOM Meeting: You may join online via the following link:

<https://mcminnvilleoregon.zoom.us/j/86854700661?pwd=eHVZdHVFNWE1QTYwQzFBd2ZEUzMrdz09>

Zoom ID: 868 5470 0661

Zoom Password: 362285

**Or you can call in and listen via zoom: 1 253 215 8782
ID: 868 5470 0661**

Public Participation:

Citizen Comments: If you wish to address the Planning Commission on any item not on the agenda, you may respond as the Planning Commission Chair calls for "Citizen Comments."

Public Hearing: To participate in the public hearings, please choose one of the following.

- 1) *Email in advance of the meeting – Email at any time up to 12 p.m. the day of the meeting to Sarah.Sullivan@mcminnvilleoregon.gov, that email will be provided to the planning commissioners, lead planning staff and entered into the record at the meeting.*
- 2) *By ZOOM at the meeting - Join the zoom meeting and send a chat directly to Planning Director, Heather Richards, to request to speak indicating which public hearing, and/or use the raise hand feature in zoom to request to speak once called upon by the Planning Commission chairperson. Once your turn is up, we will announce your name and unmute your mic.*
- 3) *By telephone at the meeting – If appearing via telephone only please sign up prior to the meeting by emailing the Planning Director, Heather.Richards@mcminnvilleoregon.gov as the chat function is not available when calling in zoom.*

----- MEETING AGENDA ON NEXT PAGE -----

The meeting site is accessible to handicapped individuals. Assistance with communications (visual, hearing) must be requested 24 hours in advance by contacting the City Manager (503) 434-7405 – 1-800-735-1232 for voice, or TDY 1-800-735-2900.

*Please note that these documents are also on the City's website, www.mcminnvilleoregon.gov. You may also request a copy from the Planning Department.

Commission Members	Agenda Items
Roger Hall, Chair	5:30 PM – Work Session (Housing Mix)
Lori Schanche, Vice-Chair	6:30 PM – REGULAR MEETING
Robert Banagay	<ol style="list-style-type: none"> 1. Call to Order
Ethan Downs	<ol style="list-style-type: none"> 2. Approval of Minutes <ul style="list-style-type: none"> • May 20, 2021 (<i>Exhibit 1a</i>) • June 17, 2021 (<i>Exhibit 1b</i>)
Gary Langenwalter	<ol style="list-style-type: none"> 3. Citizen Comments
Sylla McClellan	<ol style="list-style-type: none"> 4. Public Hearings:
Brian Randall	<ol style="list-style-type: none"> A. <u>Quasi-Judicial Hearing: Variance (VR 1-21)</u> – (<i>Exhibit 2</i>) (Continued from June 17, 2021 PC Meeting)
Beth Rankin	<p>Request: Approval of a variance to MMC Section 17.53.100(C)(1) to allow an increase in the number of lots permitted access by private easement to more than three (3) to support a future partition application.</p>
Dan Tucholsky	<p>Location: The subject site is located at 2185 & 2191 NW 2nd Street, more specifically described at Tax Lot 502 Section 19AC, T.4S., R 4 W., W.M.</p>
Sidonie Winfield	<p>Application: Nora Collins, property owner</p>
	<ol style="list-style-type: none"> B. <u>Quasi-Judicial Hearing: Minor Partition (MP 6-20)</u> – (<i>Exhibit 3</i>) (Continued from June 17, 2021 PC Meeting)
	<p><u>Continuance Requested to August 19, 2021, PC Meeting</u></p>
	<p>Request: Approval to partition an approximately 7.22-acre parcel of land into three (3) parcels, approximately 6.43, 0.31, and 0.48 acres in size to allow for residential development. The proposed 0.31-acre parcel would be accessed by private easement from SW Fellows Street while the 6.43- and 0.48-acre parcels would be accessed from SW Hilary Street.</p>
	<p>Location: The subject site is located at 835 SW Hilary Street, more specifically described at Tax Lot 1600, Section 29AB, T.4S., R 4 W., W.M.</p>
	<p>Application: Steve and Mary Allen, property owners</p>

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C. Quasi-Judicial Hearing: Comprehensive Plan Map Amendment (CPA 2-20) and Zone Change, including Planned Development Overlay Designation (ZC 3-20) – (Exhibit 4)
(Continued from May 20, 2021 PC Meeting)

Continuance Requested to August 19, 2021, PC Meeting

Request: Approval to amend the Comprehensive Plan Map from Industrial to Commercial, and an amendment to the Zoning Map from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development Overlay), for approximately 37.7 acres of a 90.4-acre property.

The 37.7 acres includes 4.25 acres intended for right-of-way dedication for a future frontage road. The application also shows a portion of the area subject to the map amendment intended for a north-south extension of Cumulus Avenue and future east-west street connectivity.

The request is submitted per the Planned Development provisions in Section 17.51.010(B) of the Zoning Ordinance, which allows for a planned development overlay designation to be applied to property without a development plan; however, if approved, no development of any kind can occur on the portion of the property subject to the C-3 PD overlay until a final development plan has been submitted and approved in accordance with the Planned Development provisions of the Zoning Ordinance. This requires the application for the final development plan to be subject to the public hearing requirements again at such time as the final development plans are submitted.

Location: The subject site is located at 3310 SE Three Mile Lane, more specifically described at Tax Lot 700, Section 26, T.4S., R 4 W., W.M.

Application: Kimco McMinnville LLC, c/o Michael Strahs

5. Commissioner/Committee Member Comments

6. Staff Comments

7. Adjournment



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MINUTES – EXHIBIT 1a

May 20, 2021
Planning Commission
Work Session Meeting

6:30 pm
Zoom Online Meeting
McMinnville, Oregon

Members Present: Roger Hall, Robert Banagay, Gary Landenwaller, Sylla McClellan, Brian Randall, Lori Schanche, Dan Tucholsky, Beth Rankin, Sidonie Winfield, and Ethan Downs – Youth Liaison

Members Absent:

Staff Present: Heather Richards – Planning Director and Tom Schauer – Senior Planner

1. Call to Order

Chair Hall called the meeting to order at 6:30 p.m.

2. Approval of Minutes

- **April 15, 2021**

Commissioner Langenwaller noted there were question marks in the minutes for someone's last name. He said it should be Kathleen McKinney.

Commissioner Tucholsky asked if Planning Director Richards had looked into spacing standards between childcare homes. Planning Director Richards would give an update later in the meeting.

Commissioner Schanche moved to approve the April 15, 2021 meeting minutes as amended. The motion was seconded by Commissioner Banagay and passed 9-0.

3. Citizen Comments

None

4. Public Hearing:

A. Quasi-Judicial Hearing: Comprehensive Plan Map Amendment (CPA 2-20) and Zone Change, including Planned Development Overlay Designation (ZC 3-20) – (Exhibit 2)

Request: Approval to amend the Comprehensive Plan Map from Industrial to Commercial, and an amendment to the Zoning Map from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development Overlay), for approximately 37.7 acres of a 90.4-acre property.

The 37.7 acres includes 4.25 acres intended for right-of-way dedication for a future frontage road. The application also shows a portion of the area subject to the map

amendment intended for a north-south extension of Cumulus Avenue and future east-west street connectivity.

The request is submitted per the Planned Development provisions in Section 17.51.010(B) of the Zoning Ordinance, which allows for a planned development overlay designation to be applied to property without a development plan; however, if approved, no development of any kind can occur on the portion of the property subject to the C-3 PD overlay until a final development plan has been submitted and approved in accordance with the Planned Development provisions of the Zoning Ordinance. This requires the application for the final development plan to be subject to the public hearing requirements again at such time as the final development plans are submitted.

Location: The subject site is located at 3310 SE Three Mile Lane, more specifically described at Tax Lot 700, Section 26, T.4S., R 4 W., W.M.

Application: Kimco McMinnville LLC, c/o Michael Strahs

Disclosures: Chair Hall opened the public hearing and asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. He asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none. Chair Hall asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing. There was none. Chair Hall asked if any Commissioner had visited the site. If so, did they wish to discuss the visit to the site? Several Commissioners had visited the site, but had no comments to make on the visit.

Staff Presentation: Senior Planner Schauer said this was a request for a Comprehensive Plan Map amendment and zone change to go from Industrial/M-2 to Commercial/C-3 with a Planned Development overlay. The site was 37.74 acres of a 90.4 acre parcel including 4.25 acres for future transportation improvements. He discussed the applicable criteria, additional written testimony, and subject site. He then summarized the key issues. They had to demonstrate there was a need for this change and if the proposal met the need quantitatively. The proposal had to be suitable to meet the need qualitatively from the public perspective. Was this the right location and were there considerations for that location? Were there other compatibility/issues with the Comprehensive Plan? Did it meet the eligibility criteria for a PD overlay? Was this the right timing? Were there issues/effects associated with the provision of public facilities/transportation associated with the new zoning? Was there suitable mitigation associated with the change? There was a deficit of commercial land in the City and a surplus of industrial and the proposed amendment was consistent with the need that was identified in the Comprehensive Plan. What was proposed in terms of quantity did not fully meet the identified need but it met a portion of it. Staff thought the proposal with the conditions of approval was the right proposal to meet the need. The C-3 designation with Planned Development overlay would allow for specific issues related to the ongoing planning in this area to be addressed. Deferring the Development Plan provided additional time to work through the issues in the Three Mile Lane area. The eligibility criteria to use the PD overlay were satisfied. The timing was appropriate in terms of meeting the land need. There were unique issues regarding timing with this coming in before the Three Mile Lane Plan work was completed, but there was a condition to address that. There were no capacity issues identified with this change. Still pending were the issues associated with the provision of transportation and the mitigation proposed in the traffic analysis. Staff recommended continuing the hearing to July so staff and the applicant could continue to work on these issues.

In December 2020, the City adopted an amendment to the Urban Growth Boundary and adopted amendments to the Comprehensive Plan and zoning ordinance. Part of what was included in the plan was recognition of the need for an area plan for the Three Mile Lane area. That work was currently underway. By re-designating some of the industrial land that was already in the Urban Growth Boundary, the City could reduce the footprint of the UGB. He showed a map of the draft preferred alternative for the Three Mile Lane area plan. All the issues other than transportation mitigation had been satisfied or satisfied with conditions. The transportation mitigation was contingent on further information to be prepared and submitted by the applicant for review in advance of the July 15, 2021 continued hearing. He then reviewed the recommended conditions of approval. The questions and comments received from the Planning Commission included clarifying the location of the site relative to the Three Mile Lane area plan and he provided a map for the approximate location. They also asked if there were other Planned Developments that had been approved with deferred development plans. The answer was yes, many Planned Developments had chosen this option over the past 40 years. Another question was if this was the total acreage that was expected to be zoned commercial. This met a majority of the deficit, but not all of it and other rezoning could occur. Another question was how to address retail leakage without permitting duplication of retail services found elsewhere in town. Staff would like to know what retail leakage was actually occurring. They needed to clarify the more vague aspects of the Three Mile Lane plan market analysis table and discuss how to be careful not so much with the anchors but with the smaller shops and services. Stating it would be done so it didn't disturb downtown merchants was too vague. Staff suggested Economic Development and the developer work together on this issue. There was a request that in the design document some of the terminology needed to be more explicit in what things meant that were more general in nature. It was suggested to address directional signs as part of the wayfinding signage. There were also suggestions about front approaches for parking to address environmental issues as well as compact development. There were also some comments about human scale design and traffic mitigation.

Commission Questions: Commissioner Schanche thought they should consider not having the aisle in front of the store.

Commissioner Randall asked if only the Comprehensive Plan could be approved and not the zone change. Planning Director Richards said no, because they would not be able to amend the map for a commercial Comprehensive Plan map designation without a commercial zone on top of it.

Commissioner Winfield was hoping as they defined the Three Mile Lane design standards that they would allow mixed use developments versus a big box store being incorporated in. Planning Director Richards said this was a request for C-3 that allowed for mixed use. The recommended design standards were to ensure that whatever was developed had a distinctive flavor that reflected well on McMinnville since this was a gateway to the community. The preferred land use alternative for the Three Mile Lane area included a variety of preferred land uses.

Commissioner Langenwaller was not comfortable with the timing of the Three Mile Lane area plan and this proposed use. He was concerned that the application would come in before the Three Mile Lane design standards were adopted and they would not apply. Planning Director Richards said that was why they encouraged the applicant to apply for the Planned Development overlay so they could create that tie to the Three Mile Lane process. There was language in the condition of approval that the more prescriptive standards would apply.

Applicant's Testimony: Sam Knutson, Kimco McMinnville LLC, introduced the applicant's team.

Dana Krawczuk, land use attorney at Stoel Rives LLP, agreed the continuance to July 15 was appropriate so that additional work with ODOT could happen. She discussed the parcel location on SE Three Mile Lane, application proposal, and Three Mile Lane preferred alternative which was consistent with the application. The Planned Development overlay would be subject to the design standards that would be adopted within the Three Mile Lane area plan. The proposal matched the Three Mile Lane area plan object that stated, "a central feature of the preferred alternative was a sizable (over 30 acre) retail center south of Three Mile Lane at Cumulus." The site could offer a mix of commercial opportunity and space formats currently restricted or outright unavailable in downtown McMinnville. There was a current excess of industrial land inventory and a deficit of available commercial acreage of between 35.9 to 39 acres within the City limits and Urban Growth Boundary. By 2041, this commercial land deficit was projected to grow to 286 acres. Currently McMinnville residents completed 23% of their shopping needs outside the City, resulting in over \$192 million in revenue leakage to surrounding counties over 25 miles away. This land use change would make the land more marketable to attract potential commercial uses. The proposal addressed the commercial land deficit with an expedient solution. The legislative timeline for the Three Mile Lane area plan adoption remained in flux. The applicant's team was actively working with ODOT and the City to assess the proposed land use change impacts and associated traffic mitigations. They looked forward to further Planning Commission discussion on the required improvements at the July 15 hearing.

Commission Questions: Commissioner Randall asked if the applicant planned to maintain ownership of the property or would others be allowed to purchase parcels. Michael Strahs, Kimco, stated it would depend on the demand in the market once the zoning was changed. They had owned the property for some time and if there were any sales they would most likely be limited to certain tenants that preferred to own.

Commissioner McClellan referred to the market analysis survey from 2019 and asked about the percentage of retail leakage online vs. in person shopping. Planning Director Richards could get that information from the consultant. She thought it was predominately in person. The study area was a little bit larger than the City limits. It was considered the market for the City. Ms. Krawczuk said it was over \$97 million worth of leakage and a lot of dollars being spent outside of the community.

Public Testimony:

Proponents: None

Opponents: Mark Davis, McMinnville resident, thought this was a classic case of putting the cart before the horse. The preferred alternative was not a final document and had not been approved. In the December 2020 Urban Growth Boundary amendment it said the City would initiate the zone change. He did not think the applicant had the right to do something the City was supposed to do. The need this application was based on was the 2013 Economic Opportunities Analysis and it ignored the fact that the City recently had an Urban Growth Boundary expansion approved that had significant acres of commercial. He questioned whether there was a deficit of commercial land at this point. He thought the 2013 EOA was paid for by Kimco and it was inappropriate to use as justification for the application. He did not think this was what was best for the City, especially since retail sales had been suffering and it might affect other merchants in the McMinnville market. It was also another step in the direction of destroying the Bypass if they proposed a traffic light that would bring traffic to a halt. If they set

this up as a large retail area, it would inevitably make it very difficult to get the rest of the plan instituted. He thought they would regret it in the long run.

Commissioner Langenwalter asked what grounds could be used to deny the application. Mr. Davis did not think it met the need criteria and the Three Mile Lane area plan had not been approved yet.

Commissioner Tucholsky thought this could become an outlet mall based on other Kimco projects. Mr. Strahs said no decisions had been made for the property's use. They would come back through the site plan review process when they were ready to move forward with a project.

Allen Roodhouse, Kimco, said in 2013 they had asked the City to start an EOA process and the City informed them that they did not have the money to do it. Kimco had only paid for it, but had nothing else to do with the process. The characterization that they had some kind of plan to buy their way into the City was totally wrong.

David Koch, attorney, was speaking on behalf of his client, the owner of the neighboring property located immediately northeast of this property. His client's property was 9.6 acres located within the Three Mile Lane area plan. He thought the application was inconsistent with the community's multi-year efforts to create an implementable vision for the area's future land uses and multi-modal transportation system within the Three Mile Lane area. Many of the proposed findings relied heavily on the Three Mile Lane planning work in order to justify the suitability of this project in this location. However, that work was not yet completed and could not be used as justification. He thought it was likely the application would obstruct the planning efforts. The Planned Development overlay would only apply to a portion of the parcel and it would cause the portion of the parcel to stand apart from the other land within the planning area and would not support fairness and equity among all of the stakeholders. There would be disconnected and piecemeal Comprehensive Plan and zoning designations that would not satisfy the community's greater needs for the master planning and future development of this important gateway. The applicant had no project proposed and the transportation impact analysis would ask the Commission to accept a fictional worst case scenario under the current zoning versus the proposed zoning. He thought this downplaying of the impacts would reduce the amount and type of mitigation that would be required by their project. There were also serious access concerns for this property. While it did have frontage on Highway 18, its only current access point was a small driveway and was not adequate to serve any level of development of the property. The applicant had not acquired any rights of access through neighboring properties despite the fact that development of this property would require the condemnation of private property from a neighboring land owner, either by extending Cumulus Avenue south through his client's property or by building another connector street through private property to the east or west. There were some fundamental planning principles that were being violated—split zoning and spot zoning. The applicant wanted to rezone only a portion of a larger parcel. They should partition the site first and then rezone it. They should not be rezoning a parcel in the middle of a large planned area for special treatment and designation. It was possible that it would be incompatible with the Three Mile Lane plan in the future as this spot zoned Planned Development area would always be out of step with the surrounding properties. There was nothing unique about the application that would allow them a Deferred Development Plan. It was more than applying the Three Mile Lane plan to this site. It was about orderly development of the entire plan area. He asked for the record to remain open so they could evaluate and provide more testimony as information came in.

Stewart Kircher, Dayton resident, owned the property to the west of this site. He did not think the zoning should be changed until the Three Mile Lane plan was complete. He thought his early zone change would affect the future plans of the Three Mile Lane district. This was a unique area and creating the district correctly would require joint cooperation and a coordinated timeline from all parties involved. This would affect the future of the development of his property and other surrounding properties. With no pending development plans, he thought this was unnecessary application and should be denied until the entire area stakeholders had a fair and coordinated plan.

Rebuttal: Ms. Krawczuk explained the need for commercial in the City. The Economic Opportunities Analysis stated the City needed 35.8 acres of commercial and this application provided 33.5 acres and the UGB expansion added 26.7 acres. Combined that was 60.2 acres. It was more than the current EOA stated but she thought it was okay to have more as long as there was not a deficit in another category. The recent UGB expansion did not disqualify or provide a legal basis for not approving the application. Looking forward, the current EOA update showed a need for 286 acres of commercial in the future. In terms of the Three Mile Lane area, this application did not rely on its adoption from a legal standpoint. They were very aware of the concepts in the Three Mile Lane plan and were shaping the application to meet those. They were talking about a condition that would require when the policies were adopted they would apply. The comments about transportation would be addressed in the next hearing. There were comments about a Planned Development overlay being an outlier but that was her understanding of how the Planned Development overlay always applied. She thought people were concerned that they might take away the opportunity for other properties to be zoned commercial. That was not true. The Three Mile Lane plan expected many of these properties would be upzoned.

Mr. Roodhouse said their intent was not to jump the Three Mile Lane process so they could somehow get an advantage. There were prospective tenants that needed the property zoned commercial and that was the main reason they were applying for the change now. When the Three Mile Lane plan was adopted, they would be ready to go. They planned to make sure the access worked with Mr. Kircher's property and they would agree to a condition to that affect.

Commission Questions: Commissioner Langenwaller said Mr. Koch suggested the applicant was jumping the gun, but if this was their property they could request rezoning at any time regardless of what neighbors wanted to do. He did not think the Planning Commission had the authority to lump all of the properties together into a plan and enforce it.

Mr. Koch said they could develop their property under the current zoning if it met all of the criteria. However, they were asking for a Comprehensive Plan change and new zoning. He questioned if it was timely and orderly to make this kind of change now. They were trying to change what they were allowed to do on the property and justify why it should be allowed.

Commissioner Tucholsky asked how the property Mr. Koch was representing would be negatively affected by the zone change. Mr. Koch said his client was waiting for the Three Mile Lane plan process to be completed to see how he could develop consistent with that plan. The understanding was everyone was going to work together on the development proposal for this area. This applicant decided to jump forward on their own and it took the neighbors by surprise. His client was concerned about the transportation impacts that would affect the development of his property and that he might be left holding the bag for mitigation that was not covered. His client had discussions with the applicant about the issues, but was still testifying in opposition.

Commissioner Winfield was also concerned that this was coming in before the Three Mile Lane plan was finished. She thought it could wait a few months.

Mr. Koch thought it was more than development standards, it was about planning for this gateway area. He thought the timing was inconsistent with the planning work.

Ms. Krawczuk said they had been waiting for the plan to be finalized, but it was taking a long time. They had applied now so that once the Three Mile Lane area plan was finished they would be ready to develop.

Planning Director Richards said the City had applied for a grant to do this process in 2017 and they had been working on it since. Part of the process included master planning with the three properties owners under discussion tonight. It had taken longer than originally anticipated because they updated the transportation model. She expected the final product from the consultant to be delivered at the end of this month. From there they would be working through a public process for adoption.

Commissioner Winfield wanted to make sure the applicant agreed to follow the Three Mile Lane plan terms so they could have a cohesive gateway.

Ms. Krawczuk said there was a condition that included the design standards in the Three Mile Lane plan as they were currently envisioned and that would be informed by the work received from the consultant. Once the Three Mile Lane plan was adopted, the more stringent standards would apply. She thought the City was protected by this condition.

Planning Director Richards said if the concern was master planning collaboratively with the two adjacent property owners, she could ask legal counsel how to address it. Transportation connectivity with the surrounding properties was included in the conditions. The improvements at Cumulus Avenue and frontage road system associated with the highway would be part of the Three Mile Lane plan. If the Commission wanted to include that in the conditions, they would make sure the language was included.

Commissioner Banagay asked if all the transportation needs were being analyzed as the adjacent properties were currently situated or was it anticipating development.

Planning Director Richards explained the Three Mile Lane plan was looking at the full build out of the preferred land use alternative in the next 20 years. Since the applicant's property was adjacent to a highway facility, they needed to respond to the Transportation Planning Rule which required analysis for a Comprehensive Plan amendment or zone change that upzoned the intensity of the use to show how that upzone might impact the state's system and what mitigation would be required. At the local level, they required a traffic impact analysis with a preliminary development plan. That would look at local intersections.

Commissioner Banagay said in regard to comments about the applicant jumping the line, what would the applicant not be subject to if the application was approved before the Three Mile Lane plan was approved? Planning Director Richards thought the concern was not going through the process with the three property owners together as a whole and master planning the properties so they would serve the community moving forward.

Commissioner Banagay asked if there was no impending request and they had been working with the neighboring properties, why not wait?

Mr. Roodhouse said they had been working with the neighbors and assured them that they would be cooperative on access and road improvements. He thought they had been good neighbors. The process had already taken a long time and the market was positioned well right now to start the preliminary planning that would involve finding out what tenants really were interested in coming to McMinnville. Waiting any longer would be a mistake. Whatever the Three Mile Lane plan provided, by the time that process was done they would be ready to finalize a project and be subject to it and that would include working with the neighboring properties.

Commissioner Schanche did not see a problem with an application coming in at this stage. They were ready to follow all the rules, some of which had not been written. She was in support of moving forward.

Commissioner Rankin asked what would happen if the City had to put in the infrastructure for future development. Planning Director Richards said transportation was still being discussed. Currently the Three Mile Lane transportation model did not show a need for additional improvements at the intersection of Cumulus with the build out of 40 acres of commercial land at this site. The transportation analysis that the applicant did also did not show a need for improvements. They were still in discussion with ODOT on mitigation measures that the applicant would do. They would not be the responsibility of the City.

Commissioner Randall suggested they add a condition that a development application could not be submitted until the Three Mile Lane plan was adopted. He also did not see how this was a special exception and thought the applicant needed to show how it applied.

Commissioner Tucholsky MOVED to CONTINUE the hearing for CPA 2-20 and ZC 3-20 with the record open to July 15, 2021. The motion was seconded by Commissioner Schanche and PASSED 9-0.

The Commission took a short break.

B. Legislative Hearing: Proposed Amendments to the Comprehensive Plan to adopt: A New Housing Needs Analysis (G 1-20); A New Housing Strategy (G 2-20); and A New Economic Opportunities Analysis (G 3-20) – (Exhibit 3)

Requests: G 1-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Needs Analysis, including a residential buildable land inventory. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to amend the analysis to address new provisions of state law, evaluate efficiency measures and update the buildable land inventory to reflect the land added to the Urban Growth Boundary in December 2020.

G 2-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Housing Strategy. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to address new provisions of state law.

G 3-20 - This is a legislative amendment, initiated by the City of McMinnville, to the Comprehensive Plan to adopt a new Economic Opportunities Analysis, including a buildable land inventory for employment and other non-residential

land use. **Note:** Staff will be requesting a continuance until May 18, 2023. This will provide additional time to update the buildable land inventory to reflect the land added to the Urban Growth Boundary in December 2020.

Applicant: City of McMinnville

Disclosures: Chair Hall opened the public hearing and asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. He asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none.

Staff Presentation: Planning Director Richards said this public hearing was for consideration of the following documents: Housing Needs Analysis and Residential Buildable Lands Inventory (June 2019 draft), Addendum 1 to June 2019 draft HNA, Housing Strategy (June 2019 draft), Economic Opportunities Analysis, Employment Buildable Lands Inventory, and Other Land Needs (February 2020 draft), and Urbanization Report (June 2020 draft). Notices went out to DLCD and the News Register for this hearing. Staff recommended continuance of the hearing to May 18, 2023. More work needed to be done to reconcile the documents with the recently adopted and approved MGMUP UGB amendment. HB 2003 had thrown a wrinkle into the City's process.

Planning Director Richards gave a history of the process. The Housing Needs Analysis was initiated in 2018 as part of preparing for an Urban Growth Boundary expansion process. They hired a consultant, established a Project Advisory Committee, established a planning horizon, and got an updated population forecast from PSU. The process was completed in June 2019. In 2020, the City made some corrections based on new data and changing conditions to the HNA in an updated addendum. There were corrections to the Buildable Lands Inventory for split-zone properties identified during the Economic Opportunities Analysis work. They reduced the capacity in the exception areas per OAR 660-024-0067(6) that were added to the UGB in 2003 but never annexed into the City for development. HB 2001 was adopted in June 2019. Capacity was assigned to high hazard landslide areas. In 2019, the City initiated the Economic Opportunities Analysis and commercial Buildable Lands Inventory to understand economic land needs and opportunities. They hired a consultant, established a Project Advisory Committee, established a planning horizon, and used the updated population forecast from PSU. In 2020, the City decided it needed to provide a user-friendly summary that the general public could understand and initiated an Urbanization Study to be done. The disrupters to all of these documents were: June 2019—Oregon state legislature adopted HB 2001 and HB 2003, both significantly impacted growth planning relative to the Housing Needs Analysis and February 2020—City Council provided direction to pursue a remand response to the 2003 MGMUP UGB submittal to try and expedite relief for land constraints and emerging affordable housing crisis. Staff was working on the final draft of this analysis in January 2020 when the City pivoted to finish the UGB remand. They were asked to finish this product and preserve it for future growth planning efforts. Staff finished the draft in June 2020 and submitted notice to DLCD for a first evidentiary hearing in May 2021. The MGMUP 2020 UGB amendment that was recently approved brought 662.40 gross buildable acres into the UGB. HB 2001 and 2003 attempted to address the housing supply by creating missing middle housing. They required cities to assume 1-3% increase in redevelopment in HNAs. They also attempted to address planning for future supply of housing through participating in a Regional Housing Needs Analysis and a mandate for a Housing Needs Analysis to be done every 8 years and Housing Production Strategies to be created.

Across Oregon, housing had emerged as a paramount concern. There was a deficit of 155,156 housing units from 2000 to 2015 to house Oregon residents. New studies showed that if they continued on the same trend, the deficit would rise to 500,000 housing units statewide. Based on a study put out by Freddie Mac in February 2020, Oregon had the highest deficit of housing in the United States (nearly 9%) followed by California (nearly 6%). To implement HB 2001, the

redevelopment assumptions required were amended into the 2019 HNA and BLI with the HNA Addendum, the redevelopment assumptions required still needed to be added to the new UGB amendment, the missing middle housing code package was currently underway, and the IBTER Infrastructure Study was underway. To implement HB 2003, the Regional Housing Needs Analysis needed to be done, the Housing Production Strategy would need to be completed, and cities would update and adopt a new Housing Capacity Analysis every eight years. McMinnville had to adopt an updated Housing Capacity Analysis by December 31, 2023. The good news was they had that work done. The bad news was it showed the need for more land even with the recent MGMUP UGB remand. McMinnville needed 1,399 acres to accommodate growth through 2041. The City needed an additional 576 acres for housing, 280 acres for commercial employment, and 70 acres for industrial employment. This included the reduction of capacity on the exception lands per recent legislation and HB 2001 calculations. It did not include a true reconciliation of the UGB remand into the new BLI, HB 2001 calculations on the new UGB land, and efficiency measures. They might have to do another UGB amendment in the next two years. The Council agreed to adopt the existing draft of the HNA/EOA and BLI in 2021 but asked to participate in the sequential UGB program. Staff would work with DLCD to put together a work program that would allow for two years to do efficiency measures and two years to do a UGB amendment. This meant the process would take 5-6 years and cost \$390,000.

Commission Questions: Commissioner Randall asked about the odds for success. Planning Director Richards said with the new mandate to adopt a HNA every 8 years, they would have to do the analysis every five years because it took three years to do the work and if there was need try to do another UGB amendment. The City did not have a history of getting through this process in less than 8 years. She had asked DLCD what would happen if they had a UGB submittal sitting in the court system and they were mandated to start a new process. DLCD said they hoped it would not be challenged because 1,000 Friends was at the table when this was put together. There were several cities that had not been able to get through the process in less than 15 years and they had asked the same question. However, this was the way it was set up right now.

Public Testimony:

Mark Davis, McMinnville resident, requested that they stop acting like everything would be appealed. By characterizing and acting like there would be appeals, they were creating an atmosphere where it was more likely to happen. They ultimately had to make decisions and they would not make everyone happy. He thought the Planning Commission, Council, and staff were more open to new ideas that were rejected back in the early 2000's. He would like everyone to work together and be positive going forward.

Commissioner Langenwaller MOVED to CONTINUE the hearing for G 1-20, G 2-20, and G 3-20 to May 18, 2023. The motion was seconded by Commissioner McClellan and PASSED 9-0.

C. Action Item Zoning Ordinance Text Amendments: Allowing Childcare as an Outright Permitted Use in Commercial and Industrial Zones (G 1-21) – Hearing conducted and closed at April 15, 2021, PC Meeting (Exhibit 4)

Request: This is a legislative amendment initiated by the City of McMinnville to remove regulatory barriers for the development of childcare centers in the city's commercial and industrial zones where development standards can be implemented that would allow for the permitted outright use of childcare centers without negative impact to adjacent properties.

Applicant: City of McMinnville

Chair Hall said this hearing was closed on April 15, but written record was kept open until April 30.

Staff Presentation: Planning Director Richards said this item included legislative code amendments to remove barriers for childcare opportunities and become compliant with state regulations. It was a legislative action initiated by the City. A public hearing was held on April 15 and the hearing was closed with the record open for written comment until April 30 per the request of DLCD. The Planning Commission also had follow-up questions for staff to come back with. Notices were published and comments were received from DLCD and the Parks and Recreation Department. The original proposed amendments would: update definitions for registered/certified child care homes and child care centers, allow registered and certified child care homes as outright permitted uses in residential zones and child care centers as conditional uses, allow child care centers as outright uses in employment zones and as conditional uses in the M-2 zone, and require a designated pick-up and drop-off zone for two vehicles for child care centers. Additional amendments per the recommendation of DLCD were: amended language to be less specific for registered and certified child care homes, allow child care centers in a City-owned park or recreation facility, a public school, or a conforming private school, and add "on-site" to the designated pick-up and drop-off zone. The Planning Commission questions were: Can cities regulate how many child care homes are allowed in attached residential dwelling units? The answer was no. Can developers or home owner associations prevent the location of child care facilities in a neighborhood through use of CC&Rs? The answer was yes, it was not expressly prohibited in the legislation regulating this industry. What is the number of children allowed per square foot of space for registered and certified child care homes and child care centers? The answer was it was nuanced. Regulations were attached to the staff report. Commissioner Langenwalter had asked why child care centers were not outright permitted uses in the C-3 zone. The answer was anything allowed in C-1 and C-2 was allowed in C-3 as well.

Based on the findings and conclusions, Commissioner Schanche **MOVED** to **RECOMMEND APPROVAL** of G 1-21 to the City Council. **SECONDED** by Commissioner Langenwalter. The motion **PASSED** 9-0.

5. Commission Comments

None

6. Staff Comments

Planning Director Richards discussed the Planning Commission's City emails and providing electronic packets instead of printed packets for meetings.

7. Adjournment

Chair Hall adjourned the meeting at 10:30 p.m.

Heather Richards
Secretary



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MINUTES – EXHIBIT 1b

June 17, 2021
Planning Commission
Work Session Meeting

6:30 pm
Zoom Online Meeting
McMinnville, Oregon

Members Present: Roger Hall, Gary Langenwalter, Sylla McClellan, Lori Schanche, Dan Tucholsky, Sidonie Winfield, Beth Rankin, and Ethan Downs – Youth Liaison

Members Absent: Robert Banagay and Brian Randall

Staff Present: Heather Richards – Planning Director, Jamie Fleckenstein – Associate Planner, and Spencer Parsons – Legal Counsel

1. Call to Order

Chair Hall called the meeting to order at 6:30 p.m.

2. Citizen Comments

None

3. Public Hearing:

A. Quasi-Judicial Hearing: Minor Partition (MP 6-20)

Request: Approval to partition an approximately 7.22-acre parcel of land into three (3) parcels, approximately 6.43, 0.31, and 0.48 acres in size to allow for residential development. The proposed 0.31-acre parcel would be accessed by private easement from SW Fellows Street while the 6.43- and 0.48-acre parcels would be accessed from SW Hilary Street.

Location: The subject site is located at 835 SW Hilary Street, more specifically described at Tax Lot 1600, Section 29AB, T.4S., R 4 W., W.M.

Applicant: Steve and Mary Allen, property owners

Disclosures: Chair Hall opened the public hearing and asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. He asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none. Chair Hall asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing.

Commissioner Rankin knew an adjacent property owner. She had not spoken with her about this application.

Commissioner Winfield also knew an adjacent property owner, but had not had any contact with them about the application.

Chair Hall asked if any Commissioner had visited the site. If so, did they wish to discuss the visit to the site? Several Commissioners had visited the site, but had no comments to make on the visit.

Staff Presentation: Associate Planner Fleckenstein presented the request for a minor partition at 835 SW Hilary Street. This would partition the 7.22 acre parcel into three lots: Parcel 1 would be 0.48 acres accessed from Hilary Street, Parcel 2 would be 0.31 acres accessed from Fellows Street, and Parcel 3 would be 6.43 acres accessed from Hilary Street. He described the site location and context including the existing private access easement on Fellows. There was a past land use decision on this site. A minor partition was approved by the City in 2000 dividing the property north of the subject site into 3 parcels. A condition of approval required either a road vacation petition to vacate undeveloped right-of-way west of the property or development of the right-of-way to City standards. An ordinance was adopted by the City Council approving the vacation of the undeveloped right-of-way west and south of the property. A condition also required an access easement be granted to the southern property by the owners of the northern property in a location and of a specification to be approved by the Fire Marshall and City Engineer. The partition was finalized with the approval and recording of the partition plat. The plat included the location of the access and utilities easement to benefit the portion of Block L of the Cozine's third addition lying westerly of Cozine Creek. This plat showed that access could be provided to the current application. It also referenced a recorded driveway construction and maintenance agreement as the governing document for the access and utilities easement. A large portion of the site was zoned floodplain. There were also R-2 and R-3 zones. Partitions were considered a Type II application with decisions based on clear and objective criteria and no discretion. The public may request a public hearing during the notice period. The Planning Department did receive a request for a public hearing. The approval criteria for the partition remained the same. The criteria were clear and objective. The decision document provided the criteria/findings for decision. He then discussed the partition review criteria. The size of Parcel 1 was 19,176 square feet outside of the floodplain which was larger than the R-3 minimum lot size of 6,000 square feet and the depth of the lot was less than two times the average width. Access and utilities were provided from Hilary Street. The size of Parcel 2 was 7,125 square feet outside of the floodplain which was larger than the R-2 minimum lot size of 7,000 square feet and the depth of the lot was less than two times the average width. Access was provided from Fellows Street via the private easement and undeveloped right-of-way. Water and electric were installed in the easement from Fellows Street, sewer was available from the adjacent main, and minimal right-of-way improvements were required. The size of Parcel 3 was 50,240 square feet outside of the floodplain which was larger than the R-2 minimum lot size of 7,000 square feet. The existing dwelling continued to meet the setbacks of the R-2 zone. There was existing access and utilities from Hilary Street. Proposed parcels 1, 2, and 3 met the clear and objective criteria for partitioning.

The Planning Department received 12 public comments before the packet was issued including the request for the public hearing. The testimony received on Parcel 2 had these recurring themes: loss of trees from right-of-way and Parcel 2, increased traffic on existing private driveway, emergency vehicle access to Parcel 2, increased safety issues on Fellows Street, impact of development on the flood plain, and decreased property values. Some trees were

likely to be removed to accommodate a driveway in the right-of-way and residential development on Parcel 2. Tree removal requests were subject to Chapter 17.58—Trees. There was no zoning code that prevented development of Parcel 2 to preserve trees. Chapter 17.58 encouraged thoughtful planning and review to preserve as many trees as possible. Replacement trees could be conditioned by the Landscape Review Committee. Staff recommended a condition to require review of the tree removal requests and to limit approvals to trees in poor condition or severely impacted by the development. Regarding the increased traffic, the minimum standards for access easements were 15 feet wide with a 10 foot paved surface width. The existing access easement was 22 feet wide with a 12-13 foot paved surface width. The terms of the private agreement were a 15 foot driveway width prior to occupancy of Parcel 2. The access easement/driveway was previously approved by the City to serve future additional lots and the Engineering and Fire Departments had the opportunity to comment on the current application. Additional review could occur at the building permit review. Regarding concern about increased safety issues on Fellows Street, the access easement/driveway was previously approved by the City to serve additional future lots. The subject site was not developed to full density. The access easement replaced a vacated local street that would have served the same properties. Regarding the concern about impact on floodplain/sensitive lands, the floodplains were defined by the March 2010 Flood Insurance Study for Yamhill County and Incorporated Areas and FIRM panels. Development within 1% annual chance floodplain was prohibited by Chapter 17.48—Flood Area Zone. McMinnville relied on state/federal agencies for regulatory authority of wetlands and other sensitive natural features. Staff recommended a condition stating the application would comply with all state/federal environmental permitting agency requirements. Regarding the concern about decreased property values, consideration of property value was not a regulatory criteria for land use decisions. The subject site was designated residential on the City's Comprehensive Plan and was intended for development. Additional testimony was received from Steve and Mary Allen in response to the staff report. They were concerned about livability, neighborhood, and undeveloped right-of-way. He clarified no portion of the right-of-way adjacent to the subject site was vacated for the Tall Oaks subdivision. The future residential development was on private property. A driveway across the northern portion of the right-of-way would be necessary to access Parcel 2 from the private easement. Neighbors could still access the public right-of-way. The right-of-way was not a protected area. The Conditional Use criteria applied to those uses identified in a zoning district that might be appropriate under certain circumstances. The right-of-way was not within a zone and Conditional Uses did not apply. The applicant had some questions for staff. One was about the purpose of the revocable license and right to use public right-of-way. Staff answered the agreement allowed private development within the public right-of-way. The alternative was to require full street improvements. Another question was about the purpose of the waiver of rights of remonstrance. Staff answered it was the waiver of the right to protest future City initiated street improvements. The alternative was to require full street improvements at the time of development. There was a question from the Planning Commission about why there were no easements from the undeveloped right-of-way or vacated Hilary Street to Tall Oaks shown on the tentative partition plat. Staff answered that vacated roads were returned to the adjacent property—now private property. Tall Oaks properties about the right-of-way and no easement was necessary for access. The applicant submitted photographs of the existing conditions of the undeveloped public right-of-way. An additional letter was received from Walt Gowell on behalf of Steve Macy regarding Condition of Approval #1. That condition intended to preserve the access and development rights of three existing parcels along the existing access easement from Fellows Street without placing the City in a position of enforcing a private easement agreement. The letter suggested revising Condition #1 to clarify that the decisions were modified and amended by Note #2 that incorporated the requirements of the driveway construction and maintenance agreement. There was another question from the Planning Commission about whether the conditions for Parcel 2 included

either a remonstrance for the access easement or just plain costs. No waiver of the right of remonstrance was recommended by the Engineering Department. The City did not intend to improve the undeveloped right-of-way to Parcel 2 to current street standards. The responsibility of the cost to extend the private driveway in the right-of-way could be assigned to the applicant in the right-of-way use permit. Another Planning Commission question was if there should be a condition for the revocable license and right to use to include the costs by the applicant for widening the easement. The easement construction/widening was governed by the private easement agreement and the City was not a party. The applicant was financially responsible for the widening of the driveway per the agreement. A letter was received from David Koch on behalf of Earl Anderson, Carole Hansen, and Cheryl Lambright regarding concerns about meeting the standards of Chapter 17.53—Land Division Standards and meeting the Comprehensive Plan policies. Staff had not had time to respond to that testimony. The applicant had requested a continuance of the hearing to July 15, 2021. At this time, staff's findings supported approval of the minor partition with conditions. Staff recommended continuing the hearing as requested.

Commission Questions: Commissioner Langenwaller asked if this was an easement, driveway, or platted road. Planning Director Richards said when this area was platted for urban development, they platted a road to serve the property. When the northern property was partitioned, the platted road was vacated and changed to a private access easement. They never vacated the rest of the platted road.

Commissioner Winfield asked about the changes recommended to Condition #1. Associate Planner Fleckenstein said there needed to be more discussion about how the condition should be revised.

Commissioner McClellan asked about development in the floodplain and approvals required from state and federal agencies. Associate Planner Fleckenstein said it was prohibited to develop in the floodplain. There were storm drainage facilities that would be required and if those facilities encroached into the floodplain, that would be regulated by other agencies.

Commissioner McClellan asked about building close to the floodplain. Planning Director Richards said they would have to meet the setbacks of the zone and they could not use the floodplain as the setback. Any fill for the property that encroached in the floodplain or clearing in the floodplain would be regulated by other agencies.

Applicant's Testimony: Steve Allen said they would stay within all the regulations.

Public Testimony:

Proponents: Dee Klevinger, McMinnville resident, supported the application.

Opponents: David Koch, attorney, was representing Earl Anderson, Carole Hansen, and Cheryl Lambright, neighbors of the proposed partition. He explained where his clients lived in proximity to the proposal. The primary concern of his clients was the proposed Parcel 2 and the related residential development that would follow. The burden of proof was on the applicant to demonstrate the application met all of the criteria. The purpose of Chapter 17.53 was to ensure land divisions had adequate width and arrangement of streets, to provide for the protection, conservation, and proper use of land, to secure safety from fire, floods, slides, pollution, drainage, and other dangers, to protect public health, safety, and welfare, and to carry out the goals and policies of the Comprehensive Plan. He thought the application failed to meet these criteria. There were no contour lines on the tentative plan so the Commission did not know the topography. They also did not clarify

which areas were in the floodplain and which were not, the direction of the creek, or showed the natural features on the site. The title report was prepared 66 days before the application was submitted instead of 60 days. Because the applicant failed to submit what was required, they failed to satisfy the criteria of 17.53. The property sloped quickly from the edge of the right-of-way down into the floodplain. When you put the steep slope against the landslide hazard data, it showed these western slopes on Cozine Creek fell within moderate to high risk for susceptibility to landslides, especially Parcel 2. He questioned if it was a suitable location for future residential development. The applicant also should have provided the location of the wooded areas and trees that would be impacted, particularly those with 9 inch diameters or more that were to be preserved if possible. Since they were not on the plan the Commission did not know if it was possible to preserve them. There was a requirement that when the property that was to be partitioned could be further divided the applicant was required to submit a future development plan along with the partition plan. No future development plan had been submitted even though to the west and south there was potential for development. New parcels should only gain access by easements under unusual circumstances. Providing access to an existing parcel was different than providing access to an unlimited number of future parcels that might be partitioned off of the existing parcel. Just because the easement originally planned to give access to the existing lot, it did not mean it gave the applicant a fourth lot they were now requesting off of this private easement. He thought it should be a variance. They had the right to access it in its current configuration but if they wanted a fourth lot, they should go through a variance procedure. He did not think the application met the Comprehensive Plan policies for appropriate siting of the parcels and adequate level of urban services. The primary concern was Parcel 2. There were some deficiencies that needed to be addressed and criteria that have not been met.

Earl Anderson, McMinnville resident, discussed the Tall Oaks neighborhood's opposition to the application. There was a group of White Oak trees that would be removed for development of Parcel 2. He had chosen to live in a natural setting and this was one of the few locations within McMinnville that still resided in a green, natural setting. There were deer, birds, and other wildlife that routinely visited his backyard. The Cozine Creek area provided a soul nurturing break from the noise and congestion of the City. Bedrooms in Tall Oaks were typically on the Cozine side of the house affording only the breeze in the trees and the birds to greet the day. He entertained family and guest in the back yard in full view of the birds and trees and deer. He would like to keep it this way for his grandchildren.

Mark Davis, McMinnville resident, said development was not allowed in the floodplain, but he questioned whether Parcel 2 met the lot depth requirement due to the limited amount of area not in the floodplain. He did not think it technically qualified as a lot. He then referenced the Parks Master Plan from 1999 and the high priorities listed for this area. He thought it was a sad situation that nothing was done to preserve the Cozine Creek greenspace as was recommended in the Plan. He thought the trees would either be removed immediately or would later die or fall down due to root damage. He thought the City would need to enforce the conditions that the Planning Commission imposed.

Cheryl Lambright, McMinnville resident, had requested this public hearing. She thought this was a confusing process and wanted to make sure that everyone was paying attention to this neighborhood. She wanted to save the area and wildlife. It was a beautiful and peaceful place. She wanted the Commission to look closely at the application to balance the need for growth with the need for preservation.

Commissioner Langenwalter suggested the neighbors look into purchasing Parcel 2 to preserve it. Commissioner Tucholsky had visited the site and accessed a neighbor's backyard to get a better view of the area.

Mr. Koch questioned the depth of the lot to make Parcel 2 developable. The plan did not include the dimensions of the upland area that was out of the floodplain, however he thought it was nearly impossible to meet the setbacks for the lot. The Commission needed to decide if it was a developable parcel that was appropriate to create under the partition plan. His clients would be open to the discussion about purchasing the property.

Brad and Shirley Robison, McMinnville residents, were opposed. They asked about the mitigation that had been discussed at the neighborhood meeting. Planning Director Richards said staff had researched if a variance was required, but legal counsel determined that it wasn't. There had also been discussion about vacating the public right-of-way so the neighbors could continue to enjoy the greenway. That process had to be initiated by the property owners for a vacation request.

Carole Hansen, McMinnville resident, said removing the trees would seriously impact her enjoyment of the area. If it was a 33 foot right-of-way, some of the trees would be in that 33 feet. She did not want to see them cut down. She did not think it was an appropriate place to build. She was opposed.

Susan Perez, McMinnville resident, said she and her husband were opposed. It was a beautiful area with wildlife and should be preserved.

Rebuttal: Mr. Allen said they had requested a continuance and would provide the information that was needed.

Commissioner Langenwalter MOVED to CONTINUE the hearing for MP 6-20 with the record open to July 15, 2021. The motion was seconded by Commissioner Winfield and PASSED 7-0.

The Commission took a short break. There was discussion about when the Commission would go back to in-person meetings.

B. Quasi-Judicial Hearing: Variance (VR 2-21)

Request: Approval of a variance to MMC Section 17.53.100(C)(1) to allow an increase in the number of lots permitted access by private easement to more than three (3) to support a future partition application.

Location: The subject site is located at 2185 & 2191 NW 2nd Street, more specifically described at Tax Lot 502 Section 19AC, T.4S., R 4 W., W.M.

Applicant: Nora Collins, property owner

Disclosures: Chair Hall opened the public hearing and asked if there was any objection to the jurisdiction of the Commission to hear this matter. There was none. He asked if any Commissioner wished to make a disclosure or abstain from participating or voting on this application. There was none. Chair Hall asked if any Commissioner needed to declare any contact prior to the hearing with the applicant or any party involved in the hearing or any other source of information outside of staff regarding the subject of this hearing. Chair Hall asked if any Commissioner had visited the site. If so, did they wish to discuss the visit to the site? Several Commissioners had visited the site, but had no comments to make on the visit.

Commissioner Winfield stated she knew the potential owners, but it would not affect her decision.

Commissioner Rankin went to one of the medical offices on the site. She had not talked about the application with anyone.

Staff Presentation: Associate Planner Fleckenstein presented the variance request for 2185 and 2191 NW 2nd Street. The request was to allow an increase in the number of lots to be accessed by a private easement to four lots. The variance would support a future partition and sale of the new parcel. He described the subject site, which was a medical building complex. He explained the zoning, existing access easement, and applicable review criteria. The applicant had to demonstrate that the proposed access easement was the only reasonable method for accessing the rear of the subject lot and the subject lot was unusually deep or had an unusual configuration that was large enough to warrant partitioning. Staff did not think that exceptional or extraordinary circumstances had been demonstrated by the applicant. The applicant made an argument that the change in the zoning ordinance language created a unique situation for this property. The variance would be necessary for a partition application to move forward preserving a property right substantially the same as owners of other property in the same zone or vicinity. The variance would not be materially detrimental and the use or intensity of the use would not change and there would be no change to the existing conditions of the site. This was the minimum variance to alleviate the hardship. The applicant had not demonstrated the subject site would qualify for an access easement under MMC 17.53.100(C)(1). The previous zoning ordinance language did not allow more than three lots per easement. No written testimony had been submitted to the Planning Department for this application. The applicant had submitted a request to continue the public hearing to July 15, 2021 to submit additional materials and findings. At this time, based on the application materials and the findings in the decision document, staff would recommend denial of the variance. Staff thought the Commission should continue the public hearing as requested.

Commission Questions: Commissioner Rankin asked why the code only allowed three lots per easement. Planning Director Richards said after researching this question, staff could not find anything about what set that standard. In general, cities limited how many lots could use private access easements because they did not meet public street standards for sidewalks and ADA access. The code did allow them for anomaly situations, but it was not a default for developers who wanted to build a larger complex with an internal circulation system that did not have a street standard and after it was built partition it so they could sell the lots individually.

City Attorney Parsons said fire and life safety officials were not in favor of these private accesses because of issues with substandard facilities and access. He thought that was probably part of the discussion when the standard was established. Anything beyond three could lead to overload of the private access.

Commissioner Langenwaller asked if this application was denied, could the applicant create an access from Hill Road. Associate Planner Fleckenstein did not think that would be allowed since it was a minor arterial and direct access to minor arterials was discouraged.

Commissioner Langenwaller said if the application was denied, they would not be able to partition Parcel 1 and sell one of the lots. Planning Director Richards said that was correct.

Commissioner Langenwaller did not agree with legal counsel about the meaning of e.g. Chair Hall said the applicant was not in attendance, but had requested a continuance.

Public Testimony: None

Commissioner Rankin MOVED to CONTINUE the hearing for VR 2-21 with the record open to July 15, 2021. The motion was seconded by Commissioner Schanche and PASSED 7-0.

4. Commissioner Comments

None

5. Staff Comments

- **Introduction to Natural Features and Natural Hazards Inventory and Program Management**
- *Presentation*

Planning Director Richards announced Associate Planner Fleckenstein was leaving the City. There had been a lot of commentary over the years about protecting natural features and building in hazardous areas. There were currently no Comprehensive Plan policies that addressed these issues. The first step would be to do an inventory and then create policy recommendations for Council adoption. That work was not finished yet.

Associate Planner Fleckenstein introduced the Goal 7 Natural Hazards Inventory and Program Recommendations and Goal 5 Natural Features Inventory and Program Recommendations. He gave a background on these goals. Adoption of the Great Neighborhood Principles and the McMinnville Addendum to Yamhill County Natural Hazard Mitigation Plan provided policy direction for a natural hazards inventory and management. In June 2020 the Planning Department worked with a consultant to draft natural hazard inventories and management program recommendations for a Natural Hazard Overlay Zone and mitigation/protection based on combined risk. These recommendations integrated the Goal 5/Goal 7 programs. In September 2020 the draft Oregon Natural Hazards Mitigation Plan was released, including Yamhill County. It included a composite hazard scoring methodology where risk = probability x vulnerability and also included a vulnerability index system. In 2021, staff continued to work with the consultants to update the natural hazards program. That included the new UGB boundary to inform future planning, updating the composite hardship scoring/ranking to be consistent with the Oregon Mitigation Plan, inclusion of vulnerability in hazard risk assessment, and updating maps and preparing the Natural Hazards Overlay zone text for mitigation and protection. Also in 2021 they began work on the natural features program to include riparian corridors, tree groves, scenic views, and significant trees. The natural features interconnected with the natural hazards work. Tree grove protections might decrease landslide risk but increase wildfire risk, riparian corridor protections might help decrease flood risk, and natural hazard protection areas might provide opportunities for scenic views and open space. The Goal 7 program scope was to look at hazards such as flooding, earthquake/shaking, landslides, and wildfire and creating an inventory and mapping each individual hazard, identifying and mapping the combined hazard risk assessment, and drafting policy and overlay zone language. The Goal 5 program scope was to look at riparian corridors, tree groves, scenic views, and significant trees, identify and inventory natural features in the UGB, develop recommended management and/or protection programs, and develop a method for determining landmark/significant trees outside of the riparian corridors and tree groves. The next steps were to complete the integrated natural hazards/features work by July 2021. They would need to do a Comprehensive Plan amendment to include a Natural Features Overlay map designation and policy framework. They would also need to amend the Zoning Map to include a Natural Hazard-Mitigation overlay zone and Natural Hazard-Protection overlay zone. Draft zoning code would also be presented as part of this work which would be broken down into four areas: purpose, relationships, flexibilities, and clear and objective standards. Over the next year there would be a public process/refinement and adoption.

There was discussion regarding the purpose of this work.

The Commission thanked Associate Planner Fleckenstein for his work.

6. Adjournment

Chair Hall adjourned the meeting at 9:45 p.m.

Heather Richards
Secretary



City of McMinnville
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www.mcminnvilleoregon.gov

EXHIBIT 2 - STAFF REPORT

DATE: July 15, 2021
TO: Planning Commission Members
FROM: Tom Schauer, Senior Planner
SUBJECT: Variance application (VR 2-21) to allow more than 3 lots to be accessed by a private easement

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

Guide growth & development strategically, responsibly & responsibly to enhance our unique character.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

This proceeding is a continuance of a quasi-judicial public hearing of the Planning Commission to consider an application for a variance to the number of lots allowed to be accessed via private easement, per Section 17.53.100(C), "Creation of Streets", of the McMinnville Municipal Code (MMC) which states that:

Section 17.53.100(C), MMC:

An easement providing access to property and which is created to allow the partitioning of land for the purpose of lease, transfer of ownership, or building development, whether immediate or future, shall be in the form of a street in a subdivision, except that a private easement to be established by deed without full compliance with these regulations may be approved by the Planning Director under the following conditions:

- 1. If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels, i.e., a total of not more than three (3) parcels including the original may then exist, that may be provided with access and said access shall be not less than 15 (fifteen) feet in width and shall have a hard surfaced drive of 10 (ten) feet width minimum;*
- 2. The Planning Director shall require the applicant to provide for the improvement and maintenance of said access way, and to file an easement for said access way which includes the right to passage and the installation of utilities. Such requirements shall be submitted to and approved by the City Attorney.*
- 3. Access easements shall be the preferred form of providing access to the rear lots created by partition if the alternative is the creation of a flag lot.*

Attachments:
Decision Document – VR 2-21

The applicant would like to submit a future partition of the subject property allowing two existing commercial structures in a commercial complex to be on their own lots, which would result in four lots utilizing a private access easement. The subject site is located at 2185/2191 NW 2nd Street (Parcel 1 of Partition Plat 2005-06; Tax Lot 502, Section 19AC, T. 4 S., R. 4 W., W.M.).

The Planning Commission will make a final decision on the application. A final decision of the Planning Commission may be appealed to the City Council as provided in Section 17.72.180 of the Zoning Ordinance. The Planning Commission hearing is conducted in accordance with quasi-judicial hearing procedures, and the application is subject to the 120-day processing timeline.

Background:

Section 17.74.100 and 17.74.110 of the MMC provide the criteria and process for which a Planning Commission can review and grant a variance to the city's development code.

17.74.100 Variance-Planning Commission Authority. The Planning Commission may authorize variances from the requirements of this title where it can be shown that, owing to special and unusual circumstances related to a specific piece of property, strict application of this title would cause an undue or unnecessary hardship, except that no variance shall be granted to allow the use of property for a purpose not authorized within the zone in which the proposed use would be located. In granting a variance, the Planning Commission may attach conditions which it finds necessary to protect the best interests of the surrounding property or neighborhood and otherwise achieve the purposes of this title.

17.74.110 Conditions for Granting Variance. A variance may be granted only in the event that the following circumstances substantially exist:

- A. Exceptional or extraordinary circumstances apply to the property which do not apply generally to other properties in the same zone or vicinity, and result from lot size or shape legally existing prior to the date of the ordinance codified in this title, topography, or other circumstance over which the applicant has no control;*
- B. The variance is necessary for the preservation of a property right of the applicant substantially the same as owners of other property in the same zone or vicinity possess;*
- C. The variance would not be materially detrimental to the purposes of this title, or to property in the zone or vicinity in which the property is located, or otherwise conflict with the objectives of any city plan or policy;*
- D. The variance requested is the minimum variance which would alleviate the hardship.*

In the June 17, 2021 staff report, staff recommended a continuance as requested by the applicant. In the draft decision document, staff found that the applicant had not submitted information sufficient to meet the burden of proof regarding two criteria to demonstrate that those two criteria were satisfied. Staff found that the other criteria were satisfied or not applicable. The applicant has since submitted additional information in response to these criteria.

Specifically, the applicant did not provide a response to the first criterion in Section 17.74.100. As a result, staff found the applicant had not met the burden of proof regarding this criterion:

Section 17.74.100:

Owing to special and unusual circumstances related to a specific piece of property, strict application of this title would cause an undue or unnecessary hardship.

APPLICANT’S RESPONSE: (N/A)

FINDING: NOT SATISFIED. As described in more detail in the finding below for 17.74.110(A) the applicant has not provided sufficient evidence that special and unusual circumstances exist for the subject site.

Second, while the applicant provided a response to criterion 17.74.110(A), staff found that the response did not sufficiently address the criterion, and staff found that the applicant did not demonstrate that the criterion was satisfied because it did not address exceptional or extraordinary circumstances that apply to the property. The applicable criterion is:

17.74.110. Conditions for Granting Variance. A variance may be granted only in the event that the following circumstances substantially exist:

- A. Exceptional or extraordinary circumstances apply to the property which do not apply generally to other properties in the same zone or vicinity, and result from lot size or shape legally existing prior to the date of the ordinance codified in this title, topography, or other circumstance over which the applicant has no control;

The applicant has subsequently submitted additional testimony regarding these two criteria, in a July 1, 2021 e-mail (**Attachment 1**) and a July 6, 2021 e-mail (**Attachment 2**).

Discussion:

In considering the issues associated with this variance request, it is helpful to understand the purpose of the standard that the applicant is requesting a variance of (Section 17.53.100(C), as well as the unique circumstances of the property.

Purpose of the Standard Limiting the Number of Lots Utilizing a Private Access Easement Instead of a Public Street

The City’s Comprehensive Plan policies, and the land division standards in Chapter 17.53 of the Zoning Ordinance which implement the policies, establish requirements for a well-connected public street grid. Public street grids are critical city infrastructure providing a means of people and goods to travel freely throughout a community in several different forms of transportation – vehicular, pedestrian and bicycle. Public street standards are established to provide consistency and equity throughout the community. Public street grids also are designed to provide connectivity throughout the community with standards for maximum block length and perimeter. Dead-end streets are typically discouraged, but cul-de-sacs may be used when connectivity options are restricted. As a result, cul-de-sacs are allowed in limited situations. In addition, the land division standards allow for shared private accesses in limited circumstances where the property does not allow for public street construction and connectivity, such as access to flag lots or when a cul-de-sac is not the most efficient design. A cul-de-sac can be very land consumptive since it needs to be built within a full right-of-way with curbs and sidewalks and a bulb terminus to allow for a fire truck to turn around. When just serving a limited number of lots (for instance three or less), and the overall travel distance does not require a fire truck turn-around it does not make sense in terms of land efficiencies.

In addition, the land division standards generally discourage “through lots” where a lot has public street frontage on the front and back side. This can be inefficient, because it means those lots require the equivalent of a full street with utilities (half on the front and half on the back), whereas a typical lot only requires a half-street along the frontage, with a “double loaded street.”

Attachments:
Decision Document – VR 2-21

In summary, the access priorities are (in order of priority):

- Through-street connectivity, with maximum block length and perimeter (which may be restricted adjacent to major streets)
- Limited dead end street/s: Public cul-de-sac or private easement access
- Flag lot access

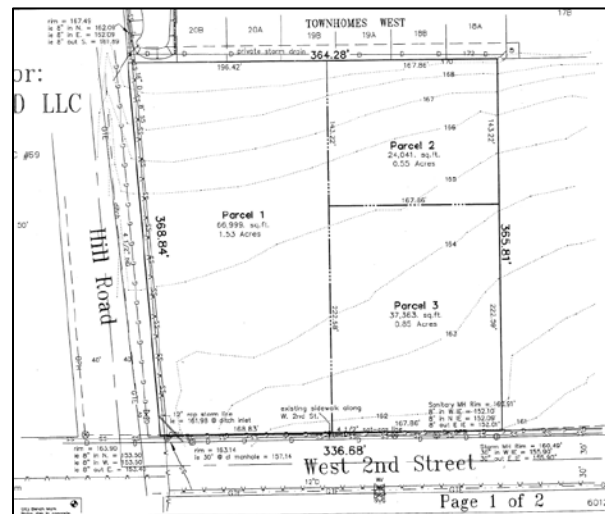
Note: There is also an option for a private street serving more than four lots which can only be approved in a subdivision as part of a Planned Development. A private street must be built to specified standards.

A municipality wants to be very careful and thoughtful about how often and when a cul-de-sac or private access easement is allowed in order to ensure that the majority of the city is developed under the first priority of street connectivity. Many cities will develop maximum thresholds of allowance for the number of lots that can access a private easement instead of a public street. In McMinnville's case, that maximum threshold has been established as three lots. (MMC Section 17.53.100(C)(1))

However, there are unique circumstances when a variance to that policy may be warranted, which is why there is the opportunity to apply for a variance to the code requirements for unique circumstances and/or properties.

Subject Property - Background Information and Unique Circumstances

The subject property is part of a commercial development with four buildings. Originally developed on one parcel with four buildings and an internal private circulation system, the property was partitioned into three parcels in 2004, partition 5-04. The three parcels share a single private access onto 2nd Street, which was originally the driveway of the initial development. Parcel 1 is currently a corner lot with frontage on 2nd Street and Hill Road, Parcel 3 has frontage on 2nd Street, and Parcel 2 has no public street frontage. (Please see below).



Theoretically, Parcel 1 could be further divided without the need for a variance to the standard limiting the number of parcels served by a private easement access if each of the new parcels has separate direct access onto Hill Road, or if there was one new access onto Hill Road shared by both of those parcels. That would mean only two parcels, Parcels 2 and 3, would rely on the existing access to 2nd

Street. However, Hill Road is a Minor Arterial in the city's transportation system and the City prefers to limit access to Hill Road in order to preserve its integrity as a minor arterial.



The potential access options available to the applicant to divide the property are:

- **Proposed Partition.** Partition with a variance to use the existing single private access point to 2nd Street that would continue to serve the existing development.
- **Alternative 1.** Partition and add direct access to Hill Road, also retaining the existing shared access easement to 2nd Street.
- **Alternative 2.** Partition with revised access that would replace private easement access with a public cul-de-sac, which would provide public street access to every lot. However, this would require the existing private access driveway to be built to public street standards with curbs which would require more land and likely would result in removal of parking spaces below required minimum requirements.
- **Alternative 3.** Partition and potentially adjust lot lines to create a flag lot configuration so some lots would have flag lots to 2nd Street and/or Hill Road rather than easement access across other properties. The flag lot approach is discouraged by the Zoning Ordinance.

Alternative 2 and Alternative 3 are not preferred options due to the non-conformities that it would create with other aspects of the zoning ordinance.

Alternative 1, which is the option to partition with direct access to Hill Road without the need for a variance to this standard, would result in additional access onto a minor arterial in relatively close proximity to the intersection, and would also result in additional driveway crossings across the bike

lanes. It would also allow for the existing shared access point to remain. 2nd Street and Hill Road are both minor arterials at this location. The Comprehensive Plan includes the following policies regarding access management on minor arterials:

- *Policy 120.00. The City of McMinnville may require limited and/or shared access points along major and minor arterials, in order to facilitate safe access flows.*
- *Policy 122.00. The City of McMinnville shall encourage the following provisions for each of the three functional road classifications:*
 1. *Major, minor arterials.*

-Access should be controlled, especially on heavy traffic-generating developments.

As noted in the Decision Document, the Goals and Policies of the Comprehensive Plan serve as criteria for land use decisions. Policies 120.00 and 122.00 were not directly addressed by the applicant or in the decision document, but should be considered as relevant in consideration of the additional information submitted by the applicant regarding the unique circumstances of the property in close proximity to 2nd Street and Hill Road.

With the additional information provided by the applicant, and in consideration of these policies as criteria, there is sufficient information to find that the applicable criteria are satisfied.

In addition, staff previously found that the applicant had not met the burden of proof to demonstrate use of a private access easement under the land division standards of Section 17.53.100(1) of the Zoning Ordinance. That finding has been revised in the decision document.

Attachments:

1. Updated Decision Document and Attachments

Recommendation:

Staff has reviewed the proposal for consistency with the applicable criteria. Absent any new evidence or findings to the contrary presented during the hearing, staff finds that, with the additional information submitted by the applicant, and considering that additional information together with additional criteria provided in Policies 120.00 and 122.00 of the Comprehensive Plan, that the applicable criteria are satisfied.

Staff recommends that the Planning Commission approve the variance.

Suggested Motion:

I MOVE THAT THE PLANNING COMMISSION APPROVE THE VARIANCE APPLICATION VR 2-21.



**CITY OF MCMINNVILLE
PLANNING DEPARTMENT**
231 NE FIFTH STREET
MCMINNVILLE, OR 97128

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DECISION, CONDITIONS, FINDINGS OF FACT AND CONCLUSIONARY FINDINGS FOR THE APPROVAL OF A VARIANCE TO ALLOW AN INCREASE IN THE NUMBER OF LOTS PERMITTED TO BE ACCESSED BY PRIVATE EASEMENT AT 2185/2191 NW 2ND STREET

- DOCKET:** VR 2-21 (Variance)
- REQUEST:** Application for a variance to allow an increase in the number of lots permitted to be accessed by private easement to support a future partition of the subject property, allowing two existing commercial structures to be on their own lots.
- LOCATION:** 2185/2191 NW 2nd Street (Parcel 1 of Partition Plat 2005-06, and Tax Lot 502, Section 19AC, T. 4 S., R. 4 W., W.M.)
- ZONING:** C-3 (General Commercial)
- APPLICANT:** Nora Collins (property owner)
- STAFF:** Jamie Fleckenstein, Associate Planner / Tom Schauer, Senior Planner
- DATE DEEMED COMPLETE:** May 14, 2021
- HEARINGS BODY & ACTION:** The McMinnville Planning Commission makes the final decision, unless the Planning Commission's decision is appealed to the City Council.
- HEARING DATE & LOCATION:** May 20, 2021, Civic Hall, 200 NE 2nd Street, McMinnville, Oregon, and Zoom Online Meeting 927 1251 1996.
Continued Hearing: July 15, 2021, Civic Hall, 200 NE 2nd Street, McMinnville, Oregon, and Zoom Online Meeting 927 1251 1996.
- PROCEDURE:** An application for a variance is processed in accordance with the procedures in Section 17.72.120 of the Zoning Ordinance. The application is reviewed by the Planning Commission in accordance with the quasi-judicial public hearing procedures specified in Section 17.72.130 of the Zoning Ordinance.
- CRITERIA:** The applicable criteria for a variance the number of lots permitted to be accessed by private easement are provided as follows: Zoning Ordinance (Title 17 of the McMinnville Code): MMC Section 17.74.100. Variance – Planning Commission Authority; MMC Section 17.74.100. Conditions for Granting Variance; MMC Section 17.53.100-Creation of Streets, Subsection (C). In addition, the goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied

to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated but are to be undertaken in relation to all applicable land use requests.

APPEAL: **The Planning Commission's decision is final unless appealed to the City Council.** Such an appeal must be filed within 15 calendar days of the date the written notice of decision is mailed.

If the Planning Commission's decision is appealed to City Council, the City Council's final decision may be appealed to the Oregon Land Use Board of Appeals as specified in State Statute. The City's final decision is subject to the 120 day processing timeline, including resolution of any local appeal.

COMMENTS: This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Engineering Department, Building Department, Parks Department, City Manager, and City Attorney; McMinnville Water and Light; McMinnville School District No. 40; Yamhill County Public Works; Yamhill County Planning Department; Frontier Communications; Comcast; and Northwest Natural Gas.

DECISION

Based on the findings and conclusionary findings, the Planning Commission finds the applicable criteria are satisfied and **APPROVES** the variance (VR 2-21).

//
DECISION: APPROVAL
//

Planning Commission: _____ Date: _____
Roger Hall, Chair of the McMinnville Planning Commission

Planning Department: _____ Date: _____
Heather Richards, Planning Director

I. APPLICATION SUMMARY & BACKGROUND:

Subject Property & Request

The subject property is a 1.46 acre lot located at 2185/2191 NW 2nd Street at the northwest corner of NW 2nd Street and NW Hill Road, and is more specifically described as Parcel 1 of Partition Plat 2005-06, and Tax Lot 502, Section 19AC, T. 4 S., R. 4 W., W.M. The property is zoned C-3 (General Commercial) and is developed with two medical office buildings. The property shares an access easement from NW 2nd Street with the two adjacent lots to the east, each zoned C-3 (General Commercial) and each is developed with a medical office building. Together, the three (3) lots with four (4) office buildings form the Yamhill Valley Wellness Plaza. The access easement provides shared access and parking for all three (3) lots and four (4) office buildings. No access into the plaza complex is provided from Hill Road. **See Exhibits 1 and 2.**

Section 17.53.100(C)(1) of the Zoning Ordinance limits the number of parcels that can be served by private access easement to three (3):

“If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels, i.e., a total of not more than three (3) parcels including the original may then exist, that may be provided with access [...]”

The access easement in question is an existing easement from NW 2nd Street that provides shared access and parking to Parcels 1, 2, and 3 of Partition Plat 2005-06. **See Exhibit 3.**

The Applicant’s request is for a variance to allow an increase in the number of lots permitted to be accessed by private easement for this development, thereby allowing a future partition of the subject site to allow the two (2) commercial medical office buildings to be on their own lots. This will allow the sale of the lot(s) and office building(s) to the long-term lease holder(s) currently using the office space(s). The following description of the nature of the request is excerpted from the application:

“The subject property is located at 2185/2191 NW 2 Street, and is more specifically described as Parcel I of Partition Plat 200 5-06, and as Tax Lot 502, Section 19AC, R. 4 S., T. 4 W., W.M. (the "Property"). The Property is shown on the site plan attached as Exhibit A.

Applicant requests a variance from Section 17.53.100(C)(1) of the McMinnville Municipal Code, which has been interpreted by the City to limit the number of parcels that may be served by a private easement to three (3). The ordinance currently reads:

If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels, i.e., a total of not more than three (3) parcels including the original may then exist, that may be provided with access and said access shall be not less than 15 (fifteen) feet in width and shall have a hard surfaced drive of 10 (ten) feet width minimum ... [emphasis added by Applicant]

The Property is currently served by a private easement that serves two other parcels. The Property currently has two lawful commercial buildings on it, each housing different businesses. Applicant has made application to partition the Property into two parcels, placing each commercial building on a separate lot, with each new lot serviced by the existing private easement for a total of four (4).

This variance is appropriate under applicable criteria because the development and configuration of Applicant's property pre-dates the City's current ordinance and is causing

Attachments:

Attachment 1 – Application and Attachments

Applicant undue hardship. Applicant's buildings were lawfully constructed in 2005, and each building is lawfully accessed by the private easement. At the time the buildings were constructed, Section 17.53.100(C)(1) of the McMinnville Municipal Code did not restrict use of an easement to only 3 parcels. At that time, Section 24(C)(1) of Ordinance 4471 was controlling and read as follows:

If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels (e.g., a total of not more than three (3) parcels including the original may then exist) that may be provided with access and said access shall be not less than 15 feet in width and shall have a hard surfaced drive of 10 feet width minimum ... [emphasis added by Applicant]

When Applicant lawfully constructed the two commercial buildings on the Property, the language "(e.g. a total of not more than three (3) parcels including the original may then exist)" was separated as a parenthetical and hypothetical phrase; it was not a mandatory restriction on the use of private easements. The relevant language was taken out of the parenthetical and listed in its current form in 2009 with the adoption of Ordinance 4905. The old Ordinance 4471, which was controlling when Applicant constructed the commercial buildings, supported Applicant's use of the existing easement to access both parcels resulting from the partition proposed above, making a variance appropriate in this case."

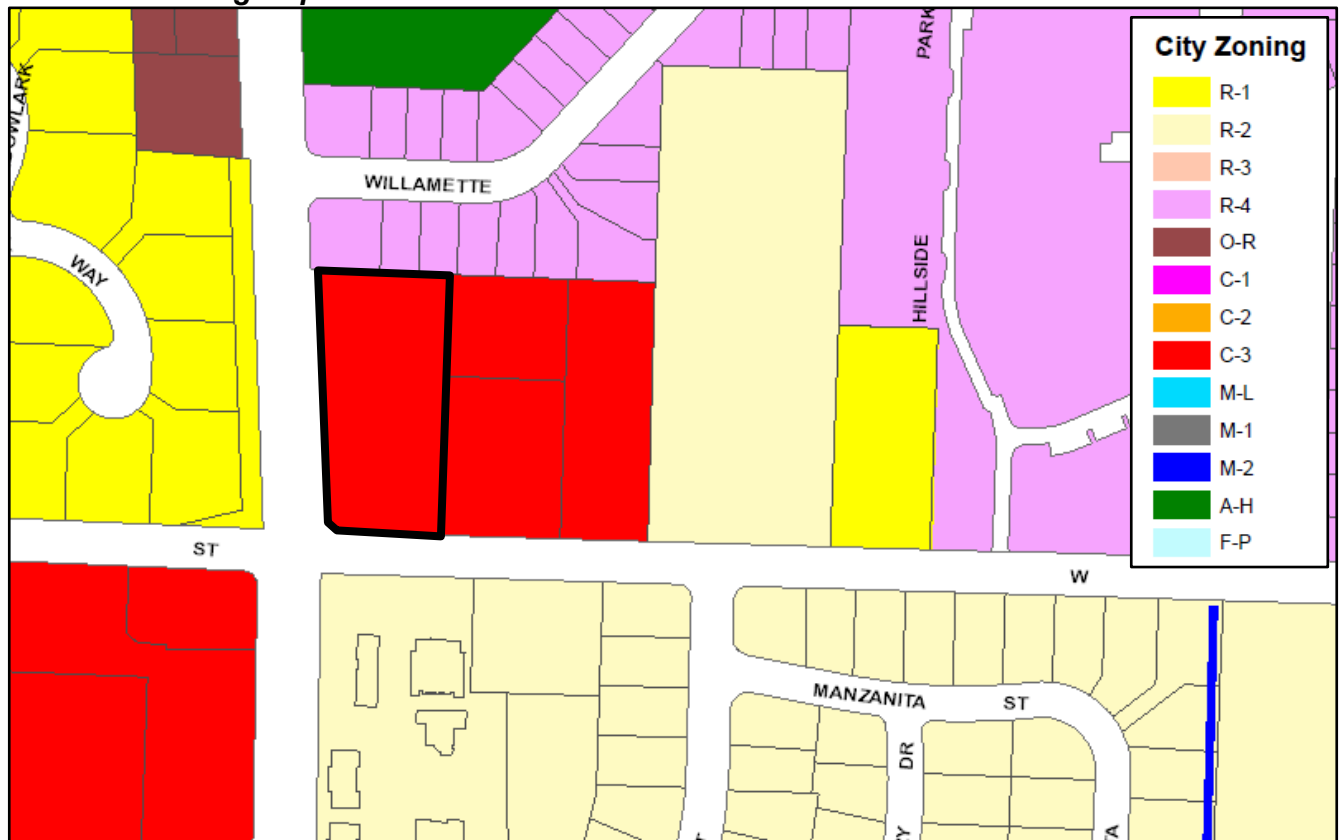
Staff found the applicant had not met the burden of proof to demonstrate two of the applicable criteria were satisfied. The applicant and staff requested a continuance. Following a continuance to the July 15 Planning Commission hearing, the applicant provided additional information in a July 1 e-mail and a July 6 e-mail.

Information in the respective findings below is excerpted from the e-mails.

Exhibit 1. Vicinity Map & Aerial Photo



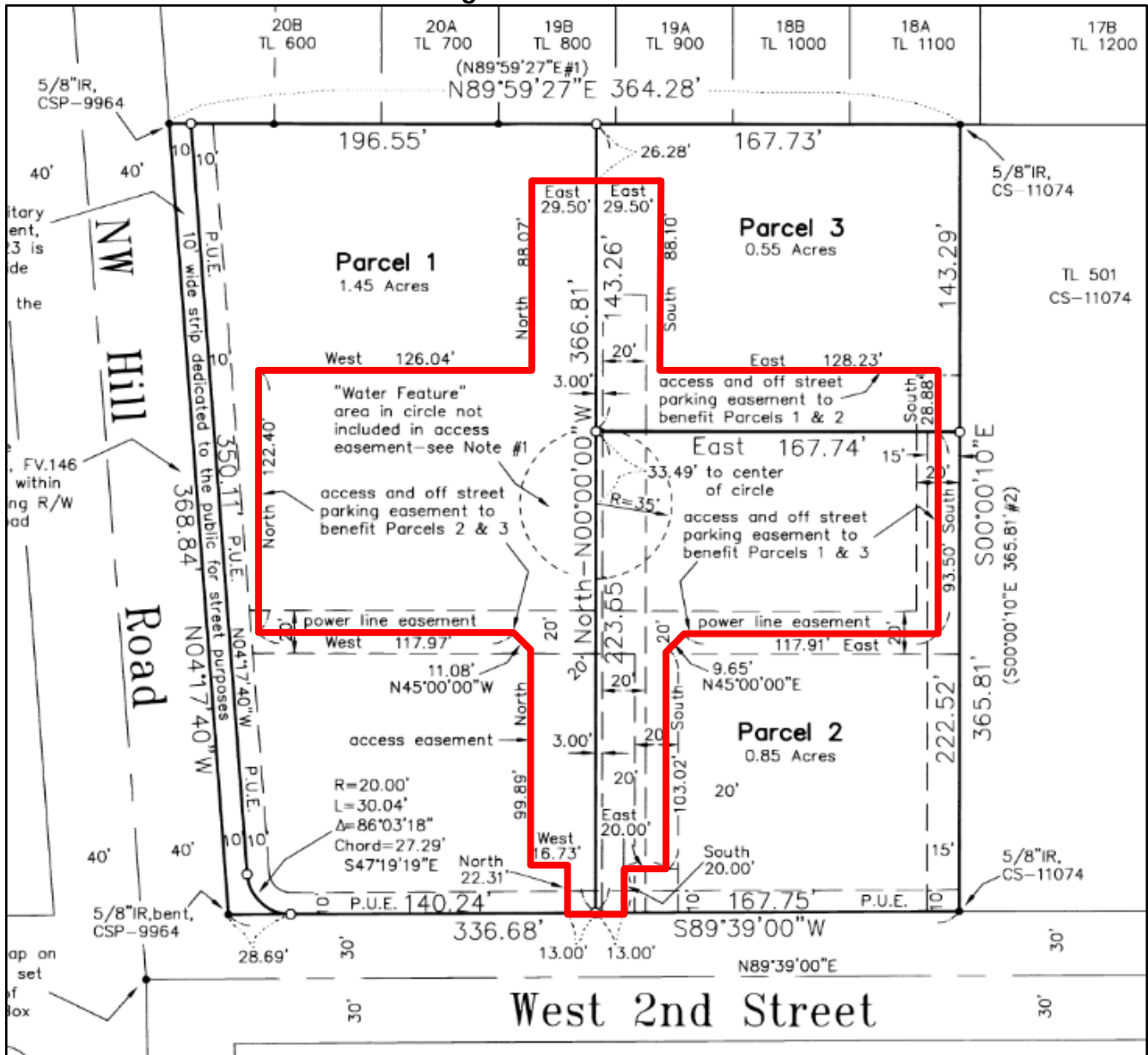
Exhibit 2. Zoning Map



Attachments:

Attachment 1 – Application and Attachments

Exhibit 3. Partition Plat 2005-06 Parking and Access Easement



Summary of Criteria

The applicable criteria for a variance to the number of lots permitted access via private easement are as follows:

- **Comprehensive Plan:** The goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. "Proposals" specified in Volume II are not mandated but are to be undertaken in relation to all applicable land use requests.
- **Zoning Ordinance (Title 17 of the McMinnville Code):**
 - MMC Section 17.53.100(C). Creation of Streets
 - MMC Section 17.74.100. Variance – Planning Commission Authority;

Attachments:

Attachment 1 – Application and Attachments

- o MMC Section 17.74.110. Conditions for Granting Variance;

Interpreting the Variance Criteria

Some communities have variance criteria that serve strictly as a “relief valve” in the event a land use regulation would preclude all reasonable use of a property when the regulation is applied to a property that has unique characteristics that don’t generally apply to other properties subject to the same regulations. As a result, application of a standard to a specific property could result in a regulatory taking absent a variance process to allow reasonable use of the property. With such variance criteria, the bar to address the criteria is very high.

Other communities have less restrictive variance criteria which are intended to provide for equity; those criteria are intended to provide for reasonable use and development of a property for intended uses, where there is a unique circumstance associated with the property. Such criteria typically provide for a comparison of the subject property to other similarly situated properties to allow for an adjustment to a general standard which isn’t tailored to each unique situation that might arise on a property, where strict application of a standard might be unreasonable in a specific context. Often, this relates to unique size, shape, or topography of a property. In short, a limited variance to such a standard would allow for development with certain reasonable expectations about the use and development that are customary for the enjoyment of the property for intended uses.

The variance criteria in the McMinnville Zoning Ordinance include a comparison to other properties “in the same zone or vicinity.” Therefore, the intent of the variance provisions of the McMinnville Zoning Ordinance are more consistent with the latter philosophy.

In either case, the unique situation associated with a property that creates the need for a variance shouldn’t be a self-created hardship and shouldn’t confer an additional special right to the property that isn’t available to other properties (or wouldn’t be available to another property with similar unique circumstances through a comparable variance application). Further, a variance shouldn’t typically substitute for a legislative change that may be needed. For example, if a standard is always varied upon request no matter the context, then it would be more appropriate to change the standard so a variance isn’t required. Otherwise, the standard wouldn’t appear to serve a valid public purpose or appropriately implement policy if it is routinely varied.

II. CONDITIONS:

Not Applicable.

III. ATTACHMENTS:

- A. V 2-21 Application and Attachments (on file with the Planning Department)
- B. July 1, 2021 e-mail from Nora Collins
- C. July 6, 2021 e-mail from Nora Collins

IV. COMMENTS:

Agency Comments

This matter was referred to the following public agencies for comment: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, and Northwest Natural Gas. The following comments have been received:

Attachments:

Attachment 1 – Application and Attachments

- Comcast

We do have conduit and active lines on the property, but I don't see it as being in conflict.

- McMinnville Building Division

No building code issues.

- McMinnville Engineering Department

No comments on the variance. Both buildings already have direct connections to the public sanitary sewer.

- McMinnville Water & Light

MW&L does not have any comments on this permit.

Public Comments

Notice of this request was mailed to property owners located within 300 feet of the subject site. Notice of the public hearing was provided in the News Register on Friday, June 11, 2021. As of the date of the issuance of this Decision Document to the Planning Commission on Thursday, June 10, 2021, no public testimonies have been received by the Planning Department:

V. FINDINGS OF FACT - PROCEDURAL FINDINGS

1. The applicant and property owner, Nora Collins, submitted the application on April 14, 2021.
2. The applicant held a neighborhood meeting in accordance with Section 17.72.095 of the Zoning Ordinance on April 6, 2021.
3. The application was deemed complete on May 14, 2021.
4. Notice of the application was referred to the following public agencies for comment in accordance with Section 17.72.120 of the Zoning Ordinance: McMinnville Fire Department, Police Department, Parks and Recreation Department, Engineering and Building Departments, City Manager, and City Attorney, McMinnville School District No. 40, McMinnville Water and Light, Yamhill County Public Works, Yamhill County Planning Department, Recology Western Oregon, Frontier Communications, Comcast, Northwest Natural Gas. Comments received from public agencies are addressed in the Decision Document.
5. Notice of the application and the June 17, 2021 Planning Commission public hearing was mailed to property owners within 100 feet of the subject property on May 27, 2021 in accordance with Section 17.72.120 of the Zoning Ordinance.
6. Notice of the application and the June 17, 2021 Planning Commission public hearing was published in the News Register on Friday, June 11, 2021, in accordance with Section 17.72.120 of the Zoning Ordinance.

No public testimony was submitted to the Planning Department prior to the issuance of this document.

7. On June 17, 2021, the Planning Commission held a duly noticed public hearing to consider the request.

Attachments:

Attachment 1 – Application and Attachments

8. The Planning Commission continued the hearing to July 15, 2021.
9. The applicant submitted additional information on July 1 and July 6, 2021.
10. On July 15, 2021, the Planning Commission held a duly noticed public hearing to consider the request.

VI. FINDINGS OF FACT - GENERAL FINDINGS

1. **Location:** 2185/2191 NW 2nd Street (Parcel 1 of Partition Plat 2005-06, and Tax Lot 502, Section 19AC, T. 4 S., R. 4 W., W.M.)
2. **Lot Size:** 1.46 acres
3. **Comprehensive Plan Map Designation:** Commercial
4. **Zoning:** C-3 (General Commercial)
5. **Overlay Zones/Special Districts:** None
6. **Current Use:** Two (2) medical office buildings
7. **Inventoried Significant Resources:**
 - a. **Historic Resources:** None
 - b. **Other:** None Identified
8. **Other Features:** The site is generally level with no significant features.
9. **Utilities:**
 - a. **Water:** The site is served by a water main in NW Hill Road. Water is provided to both office buildings on site.
 - b. **Sewer:** The site is served by a sewer main in NW 2nd Street. Sewer is provided to both office buildings on site.
 - c. **Stormwater:** The site is served by a storm drain line in NW 2nd Street.
 - d. **Other Services:** Other services are available to the property. An existing access and utility easement provides shared utility access from 2nd Street and Hill Road to the site and parcels 2 and 3 of PT 2005-06.
10. **Transportation:** NW Hill Road and NW 2nd Street are classified as Minor Arterials in the 2010 McMinnville Transportation System Plan. Hill Road has an 80 foot right-of-way. 2nd Street has an 80 foot right-of-way, and a 40-foot curb-to-curb width. Sidewalk, curbs, gutters, and a bike lane are present adjacent to the property. Hill Road is improved with sidewalk, curbs, and gutters adjacent to the property. An existing private access easement from 2nd Street provides access to Parcels 1, 2, and 3 of Partition Plat 2005-06. No access to the subject site is provided from Hill Road.

VII. CONCLUSIONARY FINDINGS:

The Conclusionary Findings are the findings regarding consistency with the applicable criteria for the application. The applicable criteria for a variance to front yard setback requirements are as follows:

- **Comprehensive Plan:** The goals, policies, and proposals in Volume II of the Comprehensive Plan are to be applied to all land use decisions as criteria for approval, denial, or modification of

Attachments:

Attachment 1 – Application and Attachments

the proposed request. Goals and policies are mandated; all land use decisions must conform to the applicable goals and policies of Volume II. “Proposals” specified in Volume II are not mandated, but are to be undertaken in relation to all applicable land use requests.

- **Zoning Ordinance (Title 17 of the McMinnville Code):**
 - MMC Section 17.74.100. Variance – Planning Commission Authority;
 - MMC Section 17.74.100. Conditions for Granting Variance;

Comprehensive Plan Volume II:

The following Goals, Policies, and Proposals from Volume II of the Comprehensive Plan provide criteria applicable to this request:

The implementation of most goals, policies, and proposals as they apply to this application are accomplished through the provisions, procedures, and standards in the city codes and master plans, which are sufficient to adequately address applicable goals, policies, and proposals as they apply to this application. Therefore, where applicable standards exist, subsequent findings regarding the parallel comprehensive plan policies are not made when they are duplicative or a restatement of the specific standards which achieve and implement the applicable goals and policies.

The following additional findings are made relating to specific Goals and Policies. Policies applicable to this variance application are addressed through implementation standards, except as provided below.

CHAPTER VI. TRANSPORTATION SYSTEM

GOAL VI 1: TO ENCOURAGE DEVELOPMENT OF A TRANSPORTATION SYSTEM THAT PROVIDES FOR THE COORDINATED MOVEMENT OF PEOPLE AND FREIGHT IN A SAFE AND EFFICIENT MANNER.

Policy 120.00 The City of McMinnville may require limited and/or shared access points along major and minor arterials, in order to facilitate safe access flows.

Policy 122.00 The City of McMinnville shall encourage the following provisions for each of the three functional road classifications:

1. *Major, minor arterials.*

-Access should be controlled, especially on heavy traffic-generating developments.

APPLICANT’S RESPONSE: The applicant provided the following additional information:

From July 1, 2021 e-mail:

I am seeking a variance to the limitation because the circumstances for my property are unique and extraordinary. My property is located at the corner of Second St and Hill Road.

I am writing additional information to specifically address MMC 17.53, Circumstances requiring the variance is extraordinary or exceptional to the specific property in question.

From what I understand, the city is not allowing me to partition my property and use the existing access. There don't seem to be any viable and reasonable additional access points. This is evident by the traffic on Hill Road and the current sidewalks used by pedestrians. The existing access had been safe since 2005 and has been an asset to

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the surrounding neighbors as was shown at the neighborhood meeting I had Tuesday April 6.

A variance to the partition application that I have submitted would not change the traffic flow, pedestrian flow or make any structural changes to the Yamhill Valley Wellness Plaza that my buildings are part of. The only changes would be on paper. Please consider this variance so I can put each building on a separate tax lot so long term tenants can purchase the buildings they have been doing business out of. I will submit additional information on Tuesday July 6, 2021.

From July 6, 2021 e-mail:

The exceptional or extraordinary circumstances that apply to this parcel and not other parcels in the zone or vicinity over which I have no control is the location in proximity to Hill Road and Second Street. The City has indicated that a second access onto Hill Road is not safe, nor ideal for traffic flow and safe pedestrian usage. In addition, my property is the only parcel with a traffic circle in the parking lot that has been an effective traffic routing system, therefore elevating the need for a second access point. This concept was put in at the design phase in 2004 and implemented in 2005. A second access to this traffic circle is not efficient use of property nor safe for the current businesses in the plaza and confusing for the customers.

Therefore the only desirable and safe solution would be to continue using the existing access on Second Street, which would require the granting of the variance for the partition I have applied for.

FINDING: SATISFIED. The variance request would retain limited access at a single shared access point on 2nd Street rather than result in additional access onto Hill Road, which would be the likely alternative for a partition request without the variance request. 2nd Street and Hill Road are both minor arterials at this location.

CHAPTER X. CITIZEN INVOLVEMENT AND PLAN AMENDMENT

GOAL X 1: TO PROVIDE OPPORTUNITIES FOR CITIZEN INVOLVEMENT IN THE LAND USE DECISION MAKING PROCESS ESTABLISHED BY THE CITY OF McMinnville.

Policy 188.00 The City of McMinnville shall continue to provide opportunities for citizen involvement in all phases of the planning process. The opportunities will allow for review and comment by community residents and will be supplemented by the availability of information on planning requests and the provision of feedback mechanisms to evaluate decisions and keep citizens informed.

APPLICANT'S RESPONSE: None.

FINDING: SATISFIED. The process for a Variance provides an opportunity for citizen involvement through the public hearing process. Throughout the process, there are opportunities for the public to review and obtain copies of the application materials prior to the McMinnville Planning Commission's review of the request. All members of the public have access to provide testimony and ask questions during the public hearing process.

McMinnville Zoning Ordinance

The following Sections of the McMinnville Zoning Ordinance (Ord. No. 3380) provide criteria applicable to the request:

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Attachment 1 – Application and Attachments

- 17.53.100(C). Creation of Streets
- 17.74.100. Variance – Planning Commission Authority
- 17.74.110. Conditions for Granting Variance

Section 17.53.100. Creation of Streets

C. An easement providing access to property and which is created to allow the partitioning of land for the purpose of lease, transfer of ownership, or building development, whether immediate or future, shall be in the form of a street in a subdivision, except that a private easement to be established by deed without full compliance with these regulations may be approved by the Planning Director under the following conditions:

1. If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels, i.e., a total of not more than three (3) parcels including the original may then exist, that may be provided with access and said access shall be not less than 15 (fifteen) feet in width and shall have a hard surfaced drive of 10 (ten) feet width minimum;

APPLICANT’S RESPONSE: N/A

FINDING: NOT APPLICABLE. The applicant is not proposing to create a new private access easement. That was already established in the approval of partition MP 5-04 which established the shared access easement. The applicant does not need to re-establish the need for the existing shared access easement to serve the existing development. The variance request would simply allow the shared access to be used for the same development by four parcels rather than three parcels. The easement access will remain and continue to serve the existing development whether or not the variance is approved.

Section 17.74.100. Variance – Planning Commission Authority

The Planning Commission may authorize variances from the requirements of this title where it can be shown that, owing to special and unusual circumstances related to a specific piece of property, strict application of this title would cause an undue or unnecessary hardship, except that no variance shall be granted to allow the use of property for a purpose not authorized within the zone in which the proposed use would be located. In granting a variance, the Planning Commission may attach conditions which it finds necessary to protect the best interests of the surrounding property or neighborhood and otherwise achieve the purposes of this title.

Owing to special and unusual circumstances related to a specific piece of property, strict application of this title would cause an undue or unnecessary hardship.

APPLICANT’S RESPONSE:

From July 1, 2021 e-mail:

I am seeking a variance to the limitation because the circumstances for my property are unique and extraordinary. My property is located at the corner of Second St and Hill Road.

I am writing additional information to specifically address MMC 17.53, Circumstances requiring the variance is extraordinary or exceptional to the specific property in question.

From what I understand, the city is not allowing me to partition my property and use the existing access. There don't seem to be any viable and reasonable

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additional access points. This is evident by the traffic on Hill Road and the current sidewalks used by pedestrians. The existing access had been safe since 2005 and has been an asset to the surrounding neighbors as was shown at the neighborhood meeting I had Tuesday April 6.

A variance to the partition application that I have submitted would not change the traffic flow, pedestrian flow or make any structural changes to the Yamhill Valley Wellness Plaza that my buildings are part of. The only changes would be on paper. Please consider this variance so I can put each building on a separate tax lot so long term tenants can purchase the buildings they have been doing business out of. I will submit additional information on Tuesday July 6, 2021.

From July 6, 2021 e-mail:

The exceptional or extraordinary circumstances that apply to this parcel and not other parcels in the zone or vicinity over which I have no control is the location in proximity to Hill Road and Second Street. The City has indicated that a second access onto Hill Road is not safe, nor ideal for traffic flow and safe pedestrian usage. In addition, my property is the only parcel with a traffic circle in the parking lot that has been an effective traffic routing system, therefore elevating the need for a second access point. This concept was put in at the design phase in 2004 and implemented in 2005. A second access to this traffic circle is not efficient use of property nor safe for the current businesses in the plaza and confusing for the customers.

Therefore the only desirable and safe solution would be to continue using the existing access on Second Street, which would require the granting of the variance for the partition I have applied for.

FINDING: SATISFIED. As noted in the applicant's response, the property is located at the corner of 2nd Street and Hill Road, both minor arterials. Comprehensive Plan Policy 120.00 specifies that the City of McMinnville may require limited and/or shared access points along major and minor arterials, in order to facilitate safe access flows. Policy 122.00 specifies that the City of McMinnville shall encourage the following provisions for each of the three functional road classifications:

1. Major, minor arterials.

-Access should be controlled, especially on heavy traffic-generating developments.

The existing development and circulation pattern of the subject property and the surrounding properties limit access options for the proposed partition. Strict application of the title for a partition without this variance would require an additional access point onto Hill Road, a minor arterial, without added benefit to the property and contrary to the public purpose enumerated in policies 120.00 and 122.00.

No variance shall be granted to allow the use of property for a purpose not authorized within the zone

APPLICANT'S RESPONSE: (N/A)

FINDING: SATISFIED. The subject site is developed with two medical office buildings, an allowed use in the C-3 zone. The variance would not change the existing use on either proposed parcel.

In granting a variance, the Planning Commission may attach conditions which it finds necessary to protect the best interests of the surrounding property or neighborhood and otherwise achieve the purposes of this title.

APPLICANT'S RESPONSE: (N/A)

FINDING: NOT APPLICABLE.

17.74.110. Conditions for Granting Variance

A variance may be granted only in the event that the following circumstances substantially exist:

- A. Exceptional or extraordinary circumstances apply to the property which do not apply generally to other properties in the same zone or vicinity, and result from lot size or shape legally existing prior to the date of the ordinance codified in this title, topography, or other circumstance over which the applicant has no control;

APPLICANT'S RESPONSE:

Original Submittal:

As detailed above, the ordinance from which Applicant seeks a variance did not exist in its current form when Applicant constructed two commercial buildings on the Property. The Property was of such a size to permit the construction of two commercial buildings and Applicant lawfully constructed those buildings with all requisite authority. At the time Applicant constructed the two commercial buildings, the relevant zoning language would not have restricted use of the private easement to three parcels and supported use of the existing easement to serve both parcels resulting from the partition proposed by Applicant. Applicant had no control of the passage of Ordinance 4905, which changed the applicable zoning language to applicant's detriment.

From July 1, 2021 e-mail:

I am seeking a variance to the limitation because the circumstances for my property are unique and extraordinary. My property is located at the corner of Second St and Hill Road.

I am writing additional information to specifically address MMC 17.53, Circumstances requiring the variance is extraordinary or exceptional to the specific property in question.

From what I understand, the city is not allowing me to partition my property and use the existing access. There don't seem to be any viable and reasonable additional access points. This is evident by the traffic on Hill Road and the current sidewalks used by pedestrians. The existing access had been safe since 2005 and has been an asset to the surrounding neighbors as was shown at the neighborhood meeting I had Tuesday April 6.

A variance to the partition application that I have submitted would not change the traffic flow, pedestrian flow or make any structural changes to the Yamhill Valley Wellness Plaza that my buildings are part of. The only changes would be on paper. Please consider this variance so I can put each building on a separate tax lot so long term tenants can purchase the buildings they have been doing business out of. I will submit additional information on Tuesday July 6, 2021.

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From July 6, 2021 e-mail:

The exceptional or extraordinary circumstances that apply to this parcel and not other parcels in the zone or vicinity over which I have no control is the location in proximity to Hill Road and Second Street. The City has indicated that a second access onto Hill Road is not safe, nor ideal for traffic flow and safe pedestrian usage. In addition, my property is the only parcel with a traffic circle in the parking lot that has been an effective traffic routing system, therefore elevating the need for a second access point. This concept was put in at the design phase in 2004 and implemented in 2005. A second access to this traffic circle is not efficient use of property nor safe for the current businesses in the plaza and confusing for the customers.

Therefore the only desirable and safe solution would be to continue using the existing access on Second Street, which would require the granting of the variance for the partition I have applied for.

FINDING: SATISFIED.***With the initial submittal, staff found the applicant's response did not satisfy the applicable criterion for the following reasons:***

Applicant must prove that exceptional or extraordinary circumstances apply to the property that do not apply to other properties in the same zone or vicinity relating to the lot size, shape, topography, or other circumstance outside of the Applicant's control. Applicant does not provide any evidence that the property has some unique or unusual physical characteristic as the criteria requires such as a difficult shape or topography. Applicant's sole basis for meeting this criteria is based on an alleged change of the Zoning Ordinance where Applicant argues that private access easements for more than three (3) properties used to be allowed under the McMinnville Code, but is no longer allowed. Although Applicant's basis is unfounded (as explained further below), the alleged change in the Code did not result in a change to the configuration, shape, topography, or any other physical characteristics of the property. When an applicant is required to demonstrate extraordinary circumstances, as the case here, the applicant must show that there are physical characteristics that pose barriers to the development of the property. In other words, the Code expressly requires evidence of some exception or extraordinary circumstance related to the specific characteristics of the property to qualify for a variance.

Applicant argues that the City's prior zoning ordinance, Ordinance No. 4471, could theoretically allow more than three (3) lots to be accessed by a private access easement. The Applicant now claims that MMC 17.53.100(C)(1), the current counterpart to the prior provision in Ordinance No. 4471, limits the number of lots that could be accessed from a private access easement to three (3) or fewer lots, including the lot where the access originates. The Applicant's argument is based on the change from "e.g." to "i.e."

"E.g." is the abbreviation for the Latin phrase *exempli gratia*, which means "for example," while "i.e." is the abbreviation for the Latin phrase *id est*, which means "that is." E.g. is used to provide an example of the previous statement, where i.e. is used to restate or clarify what was previously stated. When Ordinance No. 4471 stated "e.g., a total of not more than three (3) parcels including the original may then exist..." the example was that a total of not more than three (3) parcels would be allowed to have access through a private access easement. While the current Code has changed to "i.e.," the result is the same – the Code does not allow more than three (3) parcels to have access through a private access easement.

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Furthermore, under both the prior Ordinance No. 4471 and MMC 17.53.100(C)(1), the Applicant must demonstrate that the lot is unusually deep or has an unusual configuration to have a private access easement instead of public right of way to access the lots. The Applicant failed to provide any evidence in its Application that such a circumstance exists. Under either the prior or current Code provisions, the Applicant does not meet the requirements to qualify for a private access easement.

Finally, even assuming, without admitting, that a change in the Code could qualify for a variance, every property within the City that is accessed through a private access easement could be impacted by the change. Thus, the circumstance is not extraordinary or exceptional to Applicant's specific property.

With the applicant's additional submittal, and in consideration of Comprehensive Plan policies 120.00 and 122.00, staff finds this criterion is satisfied.

Staff finds that exceptional or extraordinary circumstances apply to the property which do not apply generally to other properties in the same zone or vicinity, and result from lot size or shape legally existing prior to the date of the ordinance codified in this title, topography, or other circumstance over which the applicant has no control;

As noted in the applicant's response, the property is located at the corner of 2nd Street and Hill Road, both minor arterials. Comprehensive Plan Policy 120.00 specifies that the City of McMinnville may require limited and/or shared access points along major and minor arterials, in order to facilitate safe access flows. Policy 122.00 specifies that the City of McMinnville shall encourage the following provisions for each of the three functional road classifications:

1. Major, minor arterials.

-Access should be controlled, especially on heavy traffic-generating developments.

The existing development and circulation pattern of the subject property and the surrounding properties limit access options for the proposed partition. Strict application of the title for a partition without this variance would require an additional access point onto Hill Road, a minor arterial, without added benefit to the property and contrary to the public purpose enumerated in policies 120.00 and 122.00.

- B. The variance is necessary for the preservation of a property right of the applicant substantially the same as owners of other property in the same zone or vicinity possess;

APPLICANT'S RESPONSE: Granting the variance would preserve the right of Applicant to seek a partition that would allow Applicant to own and convey the two separate commercial buildings separately, as was permitted when Applicant constructed them. The imposition of the three-parcel restriction with the passage of Ordinance 4905 took away Applicant's right.

FINDING: SATISFIED. Staff concurs with the Applicant's finding in part, in that the variance would allow a request for partition of the property. A partition application for this parcel would require demonstrating access compliant with 17.53.100(C), the portion of code for which the variance is requested. Staff does not concur with the Applicant's assertion that the passage of the current Zoning Ordinance denied a right of the Applicant held under the prior Zoning Ordinance.

Attachments:

Attachment 1 – Application and Attachments

- C. The variance would not be materially detrimental to the purposes of this title, or to property in the zone or vicinity in which the property is located, or otherwise conflict with the objectives of any city plan or policy;

APPLICANT’S RESPONSE: Granting this variance request will not be detrimental to the surrounding area because it won't change the existing use of the Property. As detailed above, the Property and its two commercial buildings are already accessed by the private easement, so granting the variance will not increase the use of the easement or the Property. Granting the request will simply allow Applicant to seek to partition the Property for the purpose of placing each commercial building on a separate lot.

Allowing a variance to Section 17.53.100(C)(1) would promote the Property's commercial zoning and commercial comprehensive plan by removing an unnecessary access restriction that is preventing the Applicant from placing two lawfully existing commercial buildings on separate lots. This prohibition has the actual effect of restricting otherwise lawful commercial uses because the existing commercial buildings are required to remain on one lot.

FINDING: SATISFIED. Staff concurs that the variance would not be detrimental to the surrounding area because it would not change the existing use of the site, or the intensity of the use. The property was previously developed in 2005 in accordance with City policies and plans. The variance would support a partition to allow a change in land ownership and would not alter any of the development characteristics that previously complied with City plans and policies.

- D. The variance requested is the minimum variance which would alleviate the hardship.

APPLICANT’S RESPONSE: This variance is the minimum variance necessary to alleviate Applicant's hardship because no other variance would alleviate the hardship. Other points of access to the subject property, namely from Hill Road, are not feasible and could create hazards to the existing flow of pedestrian traffic on the newly constructed sidewalks. Granting this variance would also allow access to remain in its current configuration without requiring additional access points that could increase/change traffic patterns in the surrounding area, particularly the intersection of Hill Road and 2nd Street.

FINDING: SATISFIED. Staff concurs with the applicant’s finding. Additionally, the applicant is requesting to increase the number of parcels allowed to be accessed by private easement by one (1) which is the minimum variance that could be requested.

JF/TS

569-21-000126-Plng



City Of McMinnville
Planning Department
231 NE Fifth Street ◦ McMinnville, OR 97128
(503) 434-7311 Office ◦ (503) 474-4955 Fax
www.mcminnvilleoregon.gov

Office Use Only:	
File No.	VR 2-21
Date Received	4-14-21
Fee	1743.75
Receipt No.	203850
Received by	SK

Zoning Variance Application

Applicant Information

Applicant is: Property Owner Contract Buyer Option Holder Agent Other _____

Applicant Name Nora Collins/N Collins Properties LLC Phone 503-730-4642

Contact Name Nora Collins Phone _____
(If different than above)

Address 243 East Scott Drive

City, State, Zip Stelton, WA 98584

Contact Email nora.collins@gmail.com

Property Owner Information

Property Owner Name N Collins properties LLC Phone 503-730-4642
(If different than above)

Contact Name Nora Collins Phone _____

Address 243 East Scott Dr.

City, State, Zip Stelton WA 98584

Contact Email nora.collins@gmail.com

Site Location and Description

(If metes and bounds description, indicate on separate sheet)

Property Address 2185/2191 N.W. 2nd St. McMinnville, OR 97128

Assessor Map No. R4 419 - AC-00503 Total Site Area 1.46

Subdivision _____ Block _____ Lot 63

Comprehensive Plan Designation Com Zoning Designation C3

Parcel 1 of Partition Plat 2005-2006, tax lot 502, Section 19 AC R 4S, T4W, WM.

The type of variance requested is for one access for four tax lots.

1. Describe the nature of the request in detail:

The subject property is located at 2185/2191 NW 2nd Street, and is more specifically described as Parcel 1 of Partition Plat 2005-06, and as Tax Lot 502, Section 19AC, R. 4 S., T. 4 W., W.M. (the "Property"). The Property is shown on the site plan attached as Exhibit A.

Applicant requests a variance from Section 17.53.100(C)(1) of the McMinnville Municipal Code, which has been interpreted by the City to limit the number of parcels that may be served by a private easement to three (3). The ordinance currently reads:

If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels, i.e., a total of not more than three (3) parcels including the original may then exist, that may be provided with access and said access shall be not less than 15 (fifteen) feet in width and shall have a hard surfaced drive of 10 (ten) feet width minimum . . . [emphasis added by Applicant]

The Property is currently served by a private easement that serves two other parcels. The Property currently has two lawful commercial buildings on it, each housing different businesses. Applicant has made application to partition the Property into two parcels, placing each commercial building on a separate lot, with each new lot serviced by the existing private easement for a total of four (4).

This variance is appropriate under applicable criteria because the development and configuration of Applicant's property pre-dates the City's current ordinance and is causing Applicant undue hardship. Applicant's buildings were lawfully constructed in 2005, and each building is lawfully accessed by the private easement. At the time the buildings were constructed, Section 17.53.100(C)(1) of the McMinnville Municipal Code did not restrict use of an easement to only 3 parcels. At that time, Section 24(C)(1) of Ordinance 4471¹ was controlling and read as follows:

If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels (e.g., a total of not more than three (3) parcels including the original may then exist) that may be provided with access and said access shall be not less than 15 feet in width and shall have a hard surfaced drive of 10 feet width minimum . . . [emphasis added by Applicant]

When Applicant lawfully constructed the two commercial buildings on the Property, the language "(e.g. a total of not more than three (3) parcels including the original may then exist)" was separated as a parenthetical and hypothetical phrase; it was not a mandatory restriction on the use of private easements. The relevant language was taken out of the parenthetical and listed in its current form in 2009 with the adoption of Ordinance 4905. The old Ordinance 4471, which was controlling when Applicant constructed the commercial buildings, supported Applicant's use of the existing easement to access both parcels resulting from the partition proposed above, making a variance appropriate in this case.

¹ A copy of Ordinance 4471 is attached as Exhibit B.

2. What exceptional or extraordinary circumstances apply to the property which do not apply generally to other property in the same zone or vicinity, and result from lot size or shape legally existing prior to the date of this ordinance, topography, or other circumstance over which the applicant has no control?

As detailed above, the ordinance from which Applicant seeks a variance did not exist in its current form when Applicant constructed two commercial buildings on the Property. The Property was of such a size to permit the construction of two commercial buildings and Applicant lawfully constructed those buildings with all requisite authority. At the time Applicant constructed the two commercial buildings, the relevant zoning language would not have restricted use of the private easement to three parcels and supported use of the existing easement to serve both parcels resulting from the partition proposed by Applicant. Applicant had no control of the passage of Ordinance 4905, which changed the applicable zoning language to applicant's detriment.

3. What property right would be preserved by granting the variance?

Granting the variance would preserve the right of Applicant to seek a partition that would allow Applicant to own and convey the two separate commercial buildings separately, as was permitted when Applicant constructed them. The imposition of the three-parcel restriction with the passage of Ordinance 4905 took away Applicant's right.

4. What unnecessary hardship would be avoided by granting the variance?

Granting the variance will avoid the hardship of Applicant being forced to leave two lawful commercial buildings on one lawful parcel and will allow Applicant to seek a partition of the Property, as was Applicant's right before imposition of the ordinance from which a variance is sought.

5. Why won't this request be detrimental to the surrounding area?

Granting this variance request will not be detrimental to the surrounding area because it won't change the existing use of the Property. As detailed above, the Property and its two commercial buildings are already accessed by the private easement, so granting the variance will not increase the use of the easement or the Property. Granting the request will simply allow Applicant to seek to partition the Property for the purpose of placing each commercial building on a separate lot.

Allowing a variance to Section 17.53.100(C)(1) would promote the Property's commercial zoning and commercial comprehensive plan by removing an unnecessary access restriction that is preventing the Applicant from placing two lawfully existing commercial buildings on separate lots. This prohibition has the actual effect of restricting otherwise lawful commercial uses because the existing commercial buildings are required to remain on one lot.

6. Please explain how this would be the minimum variance necessary to alleviate the hardship?

This variance is the minimum variance necessary to alleviate Applicant's hardship because no other variance would alleviate the hardship. Other points of access to the subject property, namely from Hill Road, are not feasible and could create hazards to the existing flow of pedestrian traffic on the newly constructed sidewalks. Granting this variance would also allow access to remain in its current configuration without requiring additional access points that could increase/change traffic patterns in the surrounding area, particularly the intersection of Hill Road and 2nd Street.

I certify the statements contained herein, along with the evidence submitted, are in all respects true and are correct to the best of my knowledge and belief.

Maria Collins
Applicants signature

April 14, 2021
Date

Maria Collins
Property Owner's Signature

April 14, 2021
Date

Tentative Partition Map for:

N Collins Property LLC

Location: NE 1/4 Section 19, T. 4 S., R. 4 W., WM.,
 Parcel 1 PT 2005-06, in a portion of the
 Solomon Beary DLC #54, & the William Davis
 DLC #69, City of McMinnville, Yamhill County, OR

Tax Lot: 4419AC - 0502

Date: 11 September 2020

OWNER: N COLLINS PROPERTY LLC
 NORMA COLLINS, MANAGING MEMBER

SITE: 2191 NW 2ND ST.
 MCMINNVILLE, OR 97128

ZONING: C-3

OWNER CONTACT: NORMA COLLINS
 PH: 503-7300-4642

Legend

- existing property line
- proposed parcel lines
- water valve, hydrant, meter
- existing water main line
- existing fog stripe
- existing NW Natural Gas
- existing NW Natural Gas Valve
- existing concrete curb
- existing gutter
- existing back of walk
- existing telephone
- existing tree
- existing power pole
- sign
- existing edge of pavement
- existing culvert
- existing underground power
- overhead power
- existing storm drain
- catch basin, area drain
- existing sanitary main line
- existing sewer manhole

Scale: 1" = 50'



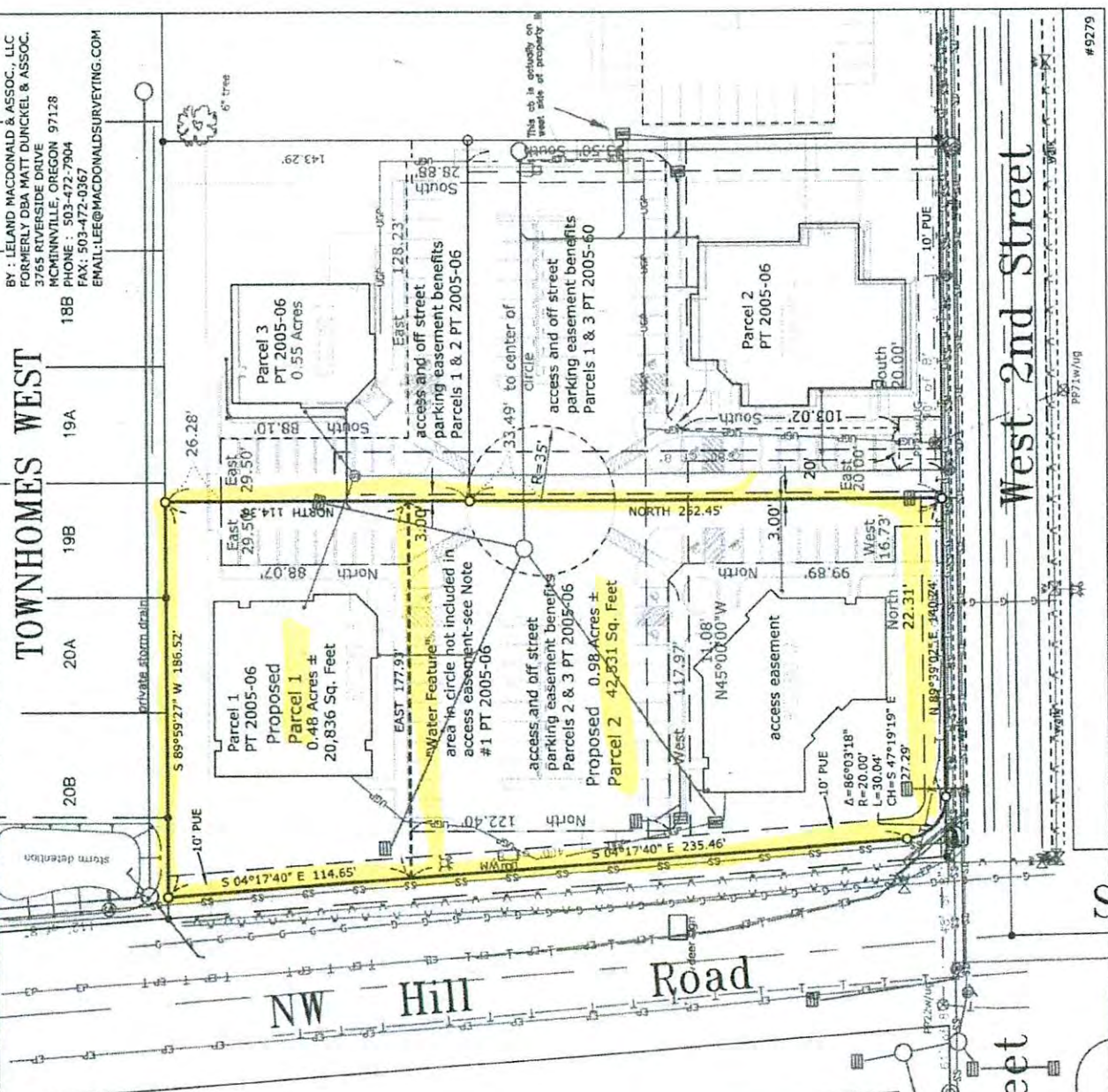
REGISTERED
 PROFESSIONAL
 LAND SURVEYOR

Leland A. Macdonald

OREGON
 January 16, 2002
 LELAND A. MACDONALD
 53226

Renews 31 December 2020

EXHIBIT A



BY: LELAND MACDONALD & ASSOC., LLC
 FORMERLY DBA MATT DUNICKEL & ASSOC.
 3765 RIVERSIDE DRIVE
 MCMINNVILLE, OREGON 97128
 18B PHONE: 503-472-7904
 FAX: 503-472-0367
 EMAIL: LEE@MACDONALDSURVEYING.COM

TOWNHOMES WEST
 20A
 19B
 19A

West 2nd Street

West 2nd Street

#9279

ORDINANCE NO. 4471

An Ordinance amending Ordinance 3702 by supplanting the terms and provisions of said ordinance as adopted in 1981 by Ordinance 4129, by supplanting all subsequent amendments thereto, and declaring an emergency.

The City of McMinnville in 1981 adopted Ordinance 3702 which has been referred to as the land division ordinance. From time to time thereafter, various amendments to this ordinance have been enacted. This ordinance supplants the terms contained in the original land division ordinance and in all of the amendments thereto. It is the desire of the Planning Commission, staff, and the City Council that the number "3702" be continued in existence for reference purposes. However, this 1990 land division ordinance amends and brings up-to-date all of the terms, conditions, and standards pertaining to the creation of subdivisions and is in accordance with Oregon Revised Statutes, McMinnville ordinances, and the goals and policies established in the McMinnville Comprehensive Plan; now therefore,

THE CITY OF McMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That the City Council adopts the terms and conditions of the land division ordinance which is attached hereto and incorporated herein by this reference as the 1990 version of the City's land division regulations.

Section 2. That the terms and provisions of the land division ordinance as enacted in Ordinance 3702 and subsequently amended are hereby supplanted by the terms contained in the documents attached hereto and incorporated herein by this reference.

Section 3. Because the City's land division ordinance is currently in conflict with ORS Chapter 92 and adoption of this ordinance will resolve those conflicts, an emergency is hereby declared to exist and this ordinance shall be in full force and effect upon its passage by the Council.

Passed by the Council this 22nd day of May, 1990 by the following votes:

Ayes: Hansen, Johnstone, Wilson, Whitehead

Nays: _____

Approved this 22nd day of May, 1990.

Edward J. Formley
MAYOR

Attest:

Coole W. Stevens
RECORDER

McMINNVILLE, OREGON
ORDINANCE NO. 3702

LAND DIVISION

An Ordinance providing land division standards and procedures, providing penalties for the violation thereof, and declaring an emergency.

Section 1. Purpose. The purpose of this ordinance is to establish standards and procedures for the partitioning and subdividing of land in the City. These regulations are necessary to provide uniform procedures and standards for the subdivision and partitioning of land, to assure adequate width and arrangement of streets, to coordinate proposed development with plans for utilities and other public facilities, to avoid undue congestion of population, to assure adequate sanitation and water supply, to provide for the protection, conservation, and proper use of land, for securing safety from fire, flood, slides, pollution, drainage or other dangers, for providing adequate light and air, recreation, education, adequate transportation, to promote energy conservation through solar access, to protect in other ways the public health, safety, and welfare, and to promote the goals and policies of the McMinnville Comprehensive Plan.

Section 2. Definitions. As used in this ordinance, unless it is apparent from the context that different meanings are intended, the words and phrases below shall have the following meanings:

- (a) "Abut" To border on a given line, e.g., a given street right-of-way;
- (b) "Building line" A line on a plat indicating the limit beyond which buildings or other structures may not be erected;
- (c) "City" The City of McMinnville, Oregon;
- (d) "McMinnville Comprehensive Plan" A plan developed by the City to implement the statewide planning goals of the Land Conservation and Development Commission, including amendments which may be made from time to time;
- (e) "Dwelling unit" Dwelling unit means one or more rooms designed for occupancy for one family;
- (f) "Easement" A grant of the right to use a strip of land for specific purposes, e.g., utility easement;
- (g) "Family" Family means an individual or two or more persons related by blood, marriage, adoption, or legal guardianship, living together as one housekeeping unit, and providing meals or lodging to not more than two additional persons, excluding servants; or a group of not more than five (5) unrelated persons, excluding servants, living together as one housekeeping unit;
- (h) "Lot" Lot means a unit of land that is created by a subdivision of land;

- (1) "Corner lot" A lot in which at least two (2) adjacent sides abut streets other than alleys;
 - (2) "Through lot" A lot having frontage on two parallel or approximately parallel streets other than alleys. Refer to Section 32, subsection (C), below;
 - (3) "Flag lot" A lot, the main body of which is some distance from the street, which is connected to the street and takes access from the street via a narrow (usually 25 feet in width) strip of land. Also known as panhandle lots.
- (i) "Major partition" Major Partition means a partition which includes the creation of a road or street;
 - (j) "Minor partition" Minor partition means a partition that does not include the creation of a road or street;
 - (k) "Parcel" Parcel means a unit of land that is created by a partitioning of land;
 - (l) "Partition" Partition means either an act of partitioning land or an area or tract of land partitioned as defined in this section;
 - (m) "Partition land" means to divide land into two or three parcels of land within a calendar year, but does not include:
 - (1) A division of land resulting from a lien foreclosure, foreclosure of a recorded contract for the sale of real property or the creation of cemetery lots; or
 - (2) An adjustment of a property line by the relocation of a common boundary where an additional unit of land is not created and where the existing unit of land reduced in size by the adjustment complies with any applicable zoning ordinance; or
 - (3) A sale or grant by a person to a public agency or public body for state highway, county road, city street or other right of way purposes provided that such road or right of way complies with the applicable comprehensive plan and ORS 215.213(2)(q) to (s) and 215.283(2)(p) to (r).
 - (n) "Partition plat" includes a final map and other writing containing all the descriptions, locations, specifications, provisions and information concerning a major or minor partition;
 - (o) "Pedestrian way" A right-of-way for pedestrians and/or bicyclists traffic;

- (p) "Person" An individual, firm, partnership, corporation, company, association, syndicate, or any legal entity, and including any trustee, receiver, assignee, or other similar representative thereof;
- (q) "Planning Commission" The Planning Commission of the City;
- (r) "Plat" includes a final map, diagram, drawing, replat, or other writing containing all the descriptions, locations, specifications, dedications, provisions, and information concerning a subdivision plat, replat or partition plat;
- (s) "Replat" includes a final map of the reconfiguration of lots and easements of a recorded subdivision or partition plat and other writings containing all the descriptions, location, specifications, dedications and provisions and information concerning a recorded subdivision;
- (t) "Right-of-way" The area between boundary lines of a street or other easement;
- (u) "Road or street" Road or street means a public or private way that is created to provide ingress or egress for persons to one or more lots, parcels, areas or tracts of land, excluding a private way that is created to provide ingress or egress to such land in conjunction with the use of such land for forestry, mining or agricultural purposes, and further, that the width of a street or road shall be as set forth in Section 24, subsection (c) or (d), and Section 30, subsection (b) of this ordinance; or as approved by the Planning Commission and the City Council under the provisions of a planned development.
 - (1) "Alley" A narrow street through a block primarily for access by service vehicles to the back or side of properties fronting on another street;
 - (2) "Arterial" A major arterial - Regional routes linking major population centers. They are designed mainly for through-traffic but also normally perform a secondary land service function. A minor arterial - Streets that serve to connect different sections of the City. They are designed for through-traffic and land service functions;
 - (3) "Collectors" Major or minor streets that serve as the main routes within neighborhoods. They are designed to connect local streets and abutting properties or arterials;
 - (4) "Cul-de-sac (dead-end street)" A short street with one end open to traffic and the other terminated by a vehicle turn-around;

- (5) "Half street" A portion of the width of a street, usually along the edge of a subdivision, where the remaining portion of the street could be provided in another subdivision;
- (6) "Frontage road" A service road parallel and adjacent to a major arterial street providing access to abutting properties, but protected from through traffic;
- (7) "Local streets" (Includes cul-de-sacs and all other streets.) Streets that serve primarily to provide direct access to adjacent properties. Through traffic is discouraged.
- (v) "Sidewalk" A pedestrian walkway with permanent surfacing;
- (w) "Subdivide land" Subdivide land means to divide an area or tract of land into four or more lots within a calendar year when such area or tract of land exists as a unit or contiguous units of land under a single ownership at the beginning of such year;
- (x) "Subdivision" Subdivision means either an act of subdividing land or an area or tract of land subdivided as defined in this section;
- (y) "Subdivision plat" includes a final map and other writing containing all the descriptions, locations, specifications, dedications, provisions and information concerning a subdivision.

Section 3. Scope of Regulations. Subdivision plats and streets or ways created for the purpose of partitioning land shall be approved and accepted by the Planning Commission or Planning Director, as appropriate, in accordance with these regulations. A person desiring to subdivide land, to make a major or minor partition of land, or to sell any portion not the whole of a parcel of land shall submit tentative plans and final documents for approval as provided in this ordinance and state law. The applicant shall meet all of the requirements set forth in ORS, Chapters 92 and 227.

Section 4. Fees.

- (a) For all applications concerning a major partition a minor partition, or subdivision, a fee as established by the official City fee schedule shall be charged for a review and investigation of the proposed plat.
- (b) A fee as established by official City fee schedule and in no case less than allowed by ORS 92.100(2) shall be charged for the review of a final plat by the city surveyor as required by this ordinance. In the event a final plat must be reviewed again because of error in the original documents as submitted by the applicant, the city surveyor shall charge an additional fee as established in the fee schedule.

Section 5. Planned Development. The subdivision of land in accordance with the planned development section of the City of McMinnville Ordinance No. 3380 may result in the terms and requirements of this ordinance being waived, altered, or otherwise changed as determined by action of the Planning Commission and approval by the Common Council.

Tentative Subdivision Plan

Section 6. Submission of Tentative Subdivision Plan. A subdivider shall prepare a tentative plan together with improvement plans and other supplementary material required to indicate his general program and objectives, and shall submit twenty-two (22) copies of the tentative plan and supplementary data to the Planning Director's office at least forty (40) days prior to the Planning Commission meeting at which consideration of the plan is desired (see Section 15). The tentative plan need not be a finished drawing, but shall show pertinent information to scale in order that the Planning Commission may properly review the proposed development.

Section 7. Scale. The tentative plan shall be drawn on a sheet eighteen (18) by twenty-four (24) inches in size at a scale of one inch equals 100 feet, or a reasonable engineer's scale for the sheet size.

Section 8. General Information. The following general information shall be shown on the tentative plan:

- (a) Proposed name of subdivision. No plan of a subdivision shall be approved which bears a name which is the same as, similar to, or pronounced the same as a word in the name of any other subdivision in the same county, except for the words "town," "city," "place," "court," "addition," or similar words, unless the land platted is contiguous to and platted by the same party that platted the subdivision bearing that name or unless the party files and records the consent of the party that platted the subdivision bearing that name. All plats must continue the block numbers of the contiguous subdivision plat of the same name last filed;
- (b) Date, north point, and scale of drawing;
- (c) Appropriate identification clearly stating the plan is a tentative plan;
- (d) Location of the subdivision sufficient to define the location and boundaries of the proposed tract;
- (e) Names and addresses of the owner(s), subdivider, engineer, and surveyor;
- (f) In the event the subdivider plans to utilize the provisions of ORS 92.060 as pertains to "Post Monumentation" he shall notify the city surveyor and Planning Commission and report said fact on the tentative plan;

- (g) A subdivision guarantee report issued by a title insurance company in the name of the owner(s) of the land, showing all parties whose consent is necessary and their interest in the premises and all encumbrances, covenants and other restrictions pertaining to the subject property.

Section 9. Existing Conditions. The following existing conditions shall be shown on the tentative plan:

- (a) The location, widths, and names of both opened and unopened streets within or adjacent to the tract, together with easements and other important features, such as section lines, city boundary lines, and monuments;
- (b) The direction of slope by means of arrows or other suitable symbol;
- (c) The location of at least one temporary bench mark, on established city datum, within 200 feet of the plat boundaries;
- (d) The location and direction of water courses, and the location of areas subject to flooding on a probability frequency of ten (10) percent or greater;
- (e) Natural features such as rock outcroppings, marshes, wooded areas, and isolated preservable trees. Areas noted in the Comprehensive Plan, Volume I Background Element, Chapter VII, Parks and Recreation and Open Space Sections, as potential open space lands should be identified;
- (f) Existing uses of the property, including location of existing structures to remain on the property after platting.

Section 10. Proposed Plan of Subdivision. The following information shall be included on the tentative plan:

- (a) The location, width, names, approximate grades, and radii of curves of streets. The relationship of streets to any existing streets and to any projected streets as shown on the McMinnville Comprehensive Plan Map 1980, as amended, or as identified in the McMinnville Comprehensive Plan text, or as may be suggested by the Planning Commission in order to assure adequate traffic circulation;
- (b) The location, width, and purpose of easements;
- (c) The location and approximate dimensions of lots and the proposed lot and block numbers;
- (d) Sites, if any, allocated for purposes other than single-family dwellings, such as multiple-family dwelling, parkland, open space, common areas, etc.

Section 11. Partial Development. If the tentative subdivision plan pertains to only part of the tract owned or controlled by the subdivider, the Planning Commission may require a sketch of a tentative layout for streets in the unsubdivided portion. Refer to Section 24 below.

Section 12. Explanatory Information with Tentative Subdivision Plan. The following information shall be required by the Planning Commission or staff, and if it cannot be shown practicably on the tentative plan, it shall be submitted in separate statements accompanying the tentative plan.

- (a) A vicinity plan, showing existing subdivisions and unsubdivided land ownerships adjacent to the proposed subdivision, and showing how proposed streets and utilities may be extended to connect to existing streets and utilities.
- (b) Proposed deed restrictions, if any, in outline form.
- (c) The location of existing sewers, water mains, culverts, drain pipes, and electric lines and elevations of sewers at points of probable connections within the subdivision and in the adjoining streets and property.
- (d) Special studies of areas which appear to be hazardous due to local conditions such as inundation or slippage.
- (e) Contour lines related to an established bench mark on city datum, and having minimum intervals as follows:
 - (1) For slopes of less than five (5) percent: show the direction of slope by means of arrows or other suitable symbol together with not less than four (4) spot elevations per acre, evenly distributed;
 - (2) For slopes of five (5) percent to fifteen (15) percent: Five (5) feet;
 - (3) For slopes of fifteen (15) percent to twenty (20) percent: ten (10) feet;
 - (4) For slopes of over twenty (20) percent: twenty (20) feet.

Section 13. Supplemental Plans with Tentative Subdivision Plans. Any of the following plans may be required by the Planning Commission or staff to supplement the plan of subdivision.

- (a) Approximate center line and right-of-way profiles with extensions for a reasonable distance beyond the limits of the proposed subdivision showing the finished grade of the streets and the nature and extent of street construction. Where any cut or fill will exceed three (3) feet in depth, cross section of the road shall also be submitted.

- (b) Proposals for storm water drainage and flood control, including profiles of proposed drainage ways.
- (c) If lot areas are to be graded, a plan showing the nature of cuts and fills exceeding five (5) feet, and information on the character of the soil.

Section 14. Preliminary Review of Tentative Subdivision Plan. Upon receipt, the city surveyor shall distribute copies to appropriate officials and agencies designated by the city. In addition, coordination of the tentative plan should be made with affected counties, state, federal agencies, and all affected special districts. These officials and agencies shall be given a reasonable time to review the plan and to suggest any revisions that appear to be indicated in the public interest. The Planning Commission shall conduct a public hearing on the proposed subdivision and give notice as required in Section 15.

Section 15. Preliminary Approval of Tentative Subdivision Plan.

- (a) It shall be the responsibility of the Engineering Department and Planning Department to review a tentative plan to insure that it substantially conforms to the requirements of this ordinance prior to the submittal of the plan to the Commission. The Planning Director may refuse to submit a tentative plan to the Commission if it is found that it does not substantially conform to the ordinance requirements. All decisions of the Planning Director may be appealed to the Planning Commission.
- (b) Upon finding that a tentative plan substantially conforms to the requirements of this ordinance, the Planning Director shall submit the plan along with the reports of appropriate officials and agencies to the Commission for review at their earliest practicable meeting.
- (c) The Planning Commission shall hold at least one public hearing on an application for tentative plan approval.
 - (1) Notice of the public hearing shall be published in a newspaper of general circulation in the City not less than 5 days nor more than 15 days prior to the date of hearing.
 - (2) Written notice of the public hearing shall be mailed to all owners of property within 300 feet of the exterior boundary of the property for which the approval has been requested. Notice shall be mailed not fewer than 20 nor more than 30 days prior to the date of the hearing.
 - (3) Public hearings shall be conducted as per the requirements of McMinnville Ordinance No. 3682, as amended.

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- (4) Any public hearing may be continued to a specific date by oral pronouncement prior to the close of such hearing and such pronouncement shall serve as sufficient notice of such continuance to all applicants, adverse parties, and interested persons.
 - (5) A decision of the Commission shall become final 15 days after the date it is made provided that an appeal is not filed. For appeals procedures, see Section 44.
- (d) Approval of the tentative plan shall indicate approval for preparation of the of the final plat if there is no substantial change in the plan of the subdivision and if the subdivider complies with the requirements of this ordinance.
 - (e) The action of the Planning Commission shall be noted on two copies of the tentative plan, including reference to any attached documents describing conditions. One copy shall be returned to the applicant, and the other shall be retained by the City of McMinnville.

Final Subdivision Plat

Section 16. Submission of Final Plat. Within twelve (12) months after approval of the tentative plan, the subdivider shall prepare a final plat in conformance with the tentative plan as approved. The subdivider shall submit the original drawing and two exact copies and any supplementary information to the city surveyor. If the subdivider wishes to proceed with the subdivision after the expiration of the twelve (12) months' period following approval of the tentative plan by the Planning Commission, he must resubmit his tentative plan to the Planning Commission and make any revisions considered necessary to meet changed conditions.

Section 17. Information on Final Plat. In addition to that specified by ORS 92.050 and ORS 209.250, the following information shall be shown on the final plat and/or complied with:

- (a) The date, scale, north point, legend, controlling topography such as bluffs, creeks, and other bodies of water, and existing cultural features such as highways and railroads;
- (b) Legal description of the tract boundaries;
- (c) Name of the owner, subdivider, and surveyor;
- (d) Reference points of existing surveys identified, related to the plat by distances and bearings, and referenced to a field book or map as follows:
 - (1) Stakes, monuments, or other evidence found on the ground and used to determine the boundaries of the subdivision;

- (2) Adjoining lot corners of adjoining subdivisions;
 - (3) O.R.S. 93.360, Oregon Coordinate System;
 - (4) Error of closure throughout the subdivision shall not exceed one foot in 10,000 feet;
 - (5) Measurement error shall not exceed 0.10 of a foot between monuments, or 1/5,000 of distance shown on the subdivision plat, whichever is greater.
 - (6) Other monuments found or established in making the survey of the subdivision or required to be installed by provisions of this ordinance.
- (e) The exact location, deflection angle, and width of streets and easements intercepting the boundary of the tract. The width of the portion of streets being dedicated and the width of existing right-of-way. For streets on curvature, curve data shall be based on the street center line. In addition to showing bearings in degrees, minutes, and seconds of a degree and distances in feet and hundredths of a foot, the following curve information shall be shown on the subdivision either on the face of the map or in a separate table:
1. Arc length;
 2. Chord length;
 3. Chord bearing;
 4. Radius; and
 5. Central angle.
- (f) Tract, block, and lot boundary lines and street right-of-way and center lines, with dimensions, bearing and deflection angles, radii, arcs, points of curvature, and tangent bearings. Floodplain and normal high water lines for any creek, or other body of water. Tract boundaries and street bearings shall be shown to the nearest thirty (30) seconds with basis of bearings. Distances shall be shown to the nearest 0.01 feet. No ditto marks shall be used;
- (g) Easements denoted by fine dotted lines, clearly identified and, if already of record, their recorded reference. If an easement is not definitely located of record, a statement of the easement shall be given. The width of the easement, its length and bearing, and sufficient ties to locate the easement with respect to the subdivision shall be shown. If the easement is being dedicated by the plat, it shall be properly referenced in the owner's certificates of dedication;
- (h) Lot numbers beginning with the number "1" and numbered consecutively in each block. Paired lots shall be identified as such, e.g., 1A and 1B;

- (i) Area of each lot shall be shown on the face of the plat, with acreage calculated to 1/100 acre or square footage to nearest square foot, when area is less than one acre.
- (j) Block numbers beginning with the number "1" and continuing consecutively without omission or duplication throughout the subdivision. The numbers shall be solid, of sufficient size and thickness to stand out and so placed as not to obliterate any figure. Block numbers in an addition to a subdivision of the same name shall be a continuation of the numbering in the original subdivision;
- (k) Identification of land parcels to be dedicated for any purpose, public or private, so as to be distinguishable from lots intended for sale;
- (l) The following certificates which may be combined where appropriate;
 - (1) A certificate signed and acknowledged by all parties having any recorded title or interest in the land, consenting to the preparation and recording of the plat;
 - (2) A certificate signed and acknowledged as above, dedicating all parcels of land shown on the final map intended for public use except those parcels which are intended for the exclusive use of the lot owners in the subdivision, their licenses, visitors, tenants, and servants;
 - (3) A certificate with the seal of the surveyor responsible for the survey and final map;
 - (4) Other certifications, deed restrictions or covenants as now or hereafter may be required by law.
- (m) A statement of water right, if appropriate, and, if a water right is appurtenant, a copy of the acknowledgement from the Water Resources Department must be attached before the County recording officer may accept the plat of the subdivision for recording (ORS 92.120).

Section 18. Supplementary Information with Final Subdivision Plat. The following data shall accompany the final plat:

- (a) An amended subdivision guarantee report issued by a title insurance company in the name of the owner(s) of the land, showing all parties whose consent is necessary and their interest in the premises;
- (b) Sheets and drawings showing the following:

- (1) Traverse data including the coordinates of the boundary of the subdivision and ties to section corners and donation land claim corners, and showing the error of closure, if any, prior to adjustment;
 - (2) The computation of all distances, angles, and courses shown on the final map;
 - (3) Ties to existing monuments, proposed monuments, adjacent subdivisions, street corners, state highway stationing, and Oregon Coordinate System;
- (c) A copy of any deed restrictions applicable to the subdivision;
 - (d) A copy of any dedication requiring separate documents;
 - (e) Written proof that all taxes and assessments which have become a lien on the tract are paid;
 - (f) A certificate by the City Engineer that the subdivider has complied with the requirements of Sections 20 and 21.

Section 19. Technical Review.

- (a) Upon receipt of the final plat and accompanying data, the City Surveyor shall review the final plat and documents to determine that the plat conforms with the approved tentative plan, and that there has been compliance with provisions of the law and of this ordinance.
- (b) The City Surveyor shall examine the plat for compliance with requirements for accuracy and completeness and shall collect such fees as are provided by this ordinance. He shall make checks in the field to verify that the plat is sufficiently correct on the ground, and he may enter the property for this purpose. If he determines that there has not been full conformity, he shall advise the subdivider of the changes or additions that must be made, and afford the subdivider an opportunity to make such changes or additions.
- (c) If the City Surveyor determines that full conformity has been made, he shall so certify.

Section 20. Agreement for Improvements. Before Planning Commission approval is certified on the final plat, the subdivider shall either install required improvements and repair existing streets and other public facilities damaged in the development of the subdivision; or execute and file with the City an agreement between himself and the City, specifying the period within which required improvements and repairs shall be completed. The agreement shall provide that if the work is not completed within the period specified, the City may complete the work and recover the full cost and expense thereof

from the subdivider. The agreement may provide for the construction of the improvements in units and for an extension of time under specified conditions.

Section 21. Bond.

- (a) The subdivider will be required to file with the agreement for improvement as required in Section 20 above, to assure his full and faithful performance thereof, one of the following:
- (1) A surety bond executed by a surety company authorized to transact business in the State of Oregon in a form approved by the City Attorney;
 - (2) File with the City a copy of instructions to a qualified escrow agent, providing that said agent shall withhold any amounts due or to become due to the subdivider in amount sufficient to cover the cost of all public improvements to be completed or installed by the subdivider, in a form approved by the City Attorney;
 - (3) Cash.
 - (4) Letter of credit or loan commitment in a form approved by the City Attorney.
- (b) Such assurance of full and faithful performance shall be for a sum determined by the City Engineer as sufficient to cover the cost of the improvements and repairs, including related city expenses.
- (c) If the subdivider fails to carry out provisions of the agreement and the City has unreimbursed costs or expense resulting from such failure, the City shall call on the bond or cash deposit for reimbursement. If the amount of the bond or cash deposit exceeds the cost and expense incurred by the City, the City shall release the remainder. If the amount of the bond or cash deposit is less than the cost and expense incurred by the City, the subdivider shall be liable to the City for the difference.

Section 22. Approval of Final Subdivision Plat. If the City Surveyor determines that the final plat conforms fully with all applicable regulations and standards, the City Surveyor shall so advise the chairman of the Planning Commission. If the final plat is not in full conformance, it shall be submitted to the Planning Commission. If the final plat is referred to the chairman of the Planning Commission, the chairman may elect either to sign the plat or submit it to the Planning Commission for further review. When submitted to the Planning Commission for review, approval of the final plat shall be by a majority of those present. If the plat is signed without further review by the Planning Commission, the action shall be reported to the Planning Commission at the next regular meeting. In the absence of the chairman, his duties and powers with respect to action on final plats shall be vested in the vice-chairman.

Section 23. Filing of Final Subdivision Plat. The subdivider shall, without delay, submit the final plat for signatures of other public officials required by law, e.g., County Commissioners, County Assessor, County Clerk, and Tax Collector. Approval of the final plat shall be null and void if the plat is not recorded within thirty (30) days after the date of the last required signature has been obtained.

Approval of Streets and Ways

Section 24. Creation of Streets.

- (a) The creation of streets shall be in conformance with requirements for subdivision except, however, the Planning Commission shall recommend the creation of a street to be established by deed if any of the following conditions exist:
- (1) The establishment of the street is initiated by the City Council and is declared essential for the purpose of general traffic circulation, and the partitioning of land is an incidental effect rather than the primary objective of the street;
 - (2) The tract in which the street is to be dedicated is an isolated ownership of one acre or less;
 - (3) The tract in which the street is to be dedicated is an isolated ownership of such size and condition as to make it impractical to develop more than three (3) lots;
- (b) In those cases where approval of a street is to be established by deed, a copy of the proposed deed shall be submitted to the City Engineer at least fifteen (15) days prior to the Planning Commission meeting at which consideration is desired. The deed and such information as may be submitted shall be reviewed by the Planning Commission and, if not in conflict with the standards of Sections 25 to 30 of these regulations, shall be recommended for approval with such conditions as are necessary to preserve these standards;
- (c) An easement providing access to property and which is created to allow the partitioning of land for the purpose of lease, transfer of ownership or building development, whether immediate or future, shall be in the form of a street in a subdivision, except that a private easement to be established by deed without full compliance with these regulations may be approved by the Planning Director under the following conditions:
- (1) If it is the only reasonable method by which the rear portion of a lot being unusually deep or having an unusual configuration that is large enough to warrant partitioning into two more new parcels (e.g., a total of not more than three (3) parcels including the original may then exist) that may be provided with access and said access shall be

not less than 15 feet in width and shall have a hard surfaced drive of 10 feet width minimum;

- (2) The Planning Director shall require the applicant to provide for the improvement and maintenance of said access way; and to file an easement for said access way which includes the right to passage and the installation of utilities.; Such requirements shall be submitted to and approved by the City Attorney.
 - (3) Access easements shall be the preferred form of providing access to the rear lots created by minor partition if the alternative is the creation of a flag lot.
- (d) A private way/drive which is created to allow the subdivision of land shall be in the form of common ownership, provide on-street parking or parking bays to replace that displaced by limited parking area, be approved by the Planning Commission in the form of a planned development, and meet the following conditions:
- (1) If it is the only reasonable method by which the rear portion of the existing parcel can be provided with access, or because of unusual topography, vegetative cover (preservable trees), lot size, or shape, it is the most feasible way to develop the parcel,
 - (2) The Planning Commission shall require the subdivider to provide the improvements to standards as set forth in Section 30(p) and maintenance of said private way/drive; and to establish binding conditions upon each parcel taking access over said private way/drive, not limited to only the required maintenance but to include adherence to the limited parking restrictions imposed by the individual planned development ordinance; and to provide necessary easements for the installation, operation, and maintenance of public utilities.
 - (3) Provisions must be made to assure that the private streets will be properly maintained over time and that new purchasers of homes or lots within the subdivision are notified, prior to purchase, that the street is private, and that maintenance fees may be charged. Such provisions must meet with the approval of the Planning Commission.
 - (4) Street sign posts on private streets must contain a sign stating that the street is private. The design and location of such signs must be approved by the City Engineer.

Tentative Minor Partition Plan

Section 25. Submission of Tentative Minor Partition Plan. Land partitioning other than major partition or subdivision shall be approved under the following procedure:

- (a) There shall be submitted to the Planning Director a tentative plan with sufficient information to show the following:
 - (1) The date, north point, scale, and a copy of recorded deed and any conveyed rights to define the location and boundaries of the parcel to be partitioned;
 - (2) Name and address of the recorded owner(s);
 - (3) Approximate acreage of the parcel under a single ownership or, if more than one ownership is involved, the total contiguous acreage of all owners of land directly involved in the minor partitioning;
 - (4) For land adjacent to and within the parcel to be partitioned, show locations, names and existing widths of all streets and easements of way; locations, width, and purpose of all other existing easements; and location and size of sewer and water lines and drainage ways;
 - (5) Outline and location of existing buildings to remain in place;
 - (6) Lot layout showing size and relationship to existing or proposed streets and utility easements;
 - (7) Such additional information as required by the Planning Director.

- (b) The plans shall be submitted to the Planning Director for review and determination that the proposal will be compatible with the comprehensive development plan. The Planning Director may require such dedication of land and easements and may specify such conditions or modifications in the plan as are deemed necessary to carry out the McMinnville Comprehensive Plan. In no event, however, shall the Planning Director require greater dedications or conditions than could be required if the entire parcel were subdivided.
 - (1) If the parcel of land to be partitioned, being large in size, shall be divided into more than two parcels within any one calendar year, full compliance with all requirements for a subdivision plat may be required if the Planning Director should determine, in his judgment, that the entire parcel is in the process of being subdivided.

Section 26. Preliminary Approval of Tentative Minor Partition Plan.

- (a) It shall be the responsibility of the Engineering Department and Planning Department to review a tentative plan to insure that it substantially conforms to the requirements of this ordinance. The Planning Director may reject a tentative plan if it is found that it does not substantially conform to the ordinance requirements. All decisions of the Planning Director may be appealed to the Planning Commission.
- (b) Approval of the tentative plan shall indicate approval for preparation of the of the final plat if there is no substantial change in the plan of minor partition and if the subdivider complies with the requirements of this ordinance.
- (c) The action of the Planning Director shall be noted on two copies of the tentative plan, including reference to any attached documents describing conditions. One copy shall be returned to the applicant, and the other shall be retained by the City of McMinnville.

Final Minor Partition Plat

Section 27. Submission of Final Minor Partition Plat. Within twelve (12) months after approval of the tentative plan, the subdivider shall prepare a final plat in conformance with the tentative plan as approved. The subdivider shall submit the original drawing and two exact copies thereof, and any supplementary information to the city surveyor. If the subdivider wishes to proceed with the minor partition after the expiration of the twelve (12) months' period following approval of the tentative plan by the Planning Director, he must resubmit his tentative plan to the Planning Director and make any revisions considered necessary to meet changed conditions.

Section 28. Filing of Final Minor Partition Plat. The subdivider shall, without delay, submit the final plat for signatures of other public officials required by law. Approval of the final plat shall be null and void if the plat is not recorded within thirty (30) days after the date of the last required signature has been obtained.

Major Partitions

Section 29. Major Partitioning Procedure for Approval. Major partitioning shall be approved under the procedures outlined in this ordinance for subdivision approval. These include:

- (a) Submission of Tentative Major Partition Plans. See Section 6.
- (b) Scale. See Section 7.
- (c) General Information. See Section 8.
- (d) Existing Conditions. See Section 9.

- (e) Proposed Plan of Major Partition. See Section 10.
- (f) Partial Development. See Section 11.
- (g) Explanatory Information with Major Partition Plan. See Section 12.
- (h) Supplemental Plans with Major Partition Plans. See Section 13.
- (i) Preliminary Review of Tentative Major Partition Plans. See Section 14.
- (j) Preliminary Approval of Tentative Major Partition Plans. See Section 15.
- (k) Submission of Major Partition Final Plat. See Section 16.
- (l) Information on Final Plat. See Section 17.
- (m) Supplementary Information with Final Major Partition Plat. See Section 18.
- (n) Technical Review. See Section 19.
- (o) Agreement for Improvements. See Section 20.
- (p) Bond. See Section 21.
- (q) Approval of Final Major Partition Plat. See Section 22.
- (r) Filing of Final Major Partition Plat. See Section 23.

Section 30. Streets.

- (a) General. The location, width, and grade of streets shall be considered in their relation to existing and planned streets, to topographical conditions, to public convenience and safety, and to the proposed use of the land to be served by the streets. Where location is not shown in a comprehensive plan, the arrangement of streets in a subdivision shall:
 - (1) Provide for the continuation or appropriate projection of existing principal streets in surrounding areas; or
 - (2) Conform to a plan for the neighborhood approved or adopted by the Planning Commission to meet a particular situation where topographical or other conditions make continuance or conformance to existing streets impractical; or
 - (3) Maximize potential for unobstructed solar access to all lots or parcels. Streets providing direct access to abutting

lots shall be laid out to run in a generally east-west direction to the maximum extent feasible, within the limitations of existing topography, the configuration of the site, predesigned future street locations, existing street patterns of adjacent development, and the preservation of significant natural features. The east-west orientation of streets shall be integrated into the design.

- (b) Minimum right-of-way and roadway widths. The width of rights-of-way and roadways shall be adequate to fulfill city specifications as provided in Section 38 of this ordinance, and, unless otherwise indicated on a comprehensive plan or otherwise varied through the planned development process, shall not be less than the minimum widths in feet shown in the following table:

<u>Type of Street</u>	<u>Minimum Right of Way^a</u>	<u>Minimum Roadway</u>
Major arterials	100	Varies ^b
Minor arterials	60	Varies ^b
Collector street and continuous residential and industrial/commercial	60	36 ^c
Discontinuous local streets not extending over 1,800' in length	50	34 ^c
Eyebrows shall have a maximum length of 125', serving no more than 3 dwelling units	50	36
Radius for turn-around at end of residential cul-de-sac	50	40 ^d
Radius for end of eyebrow	25	18
Alley	20	20

- a. Exclusive of side slope easement which may be required in addition for cuts and fills in rough terrain.
- b. Width standards will be defined in improvement specifications adopted by the city.
- c. The minimum roadway width may be varied by the action of the Council taking into consideration the unique characteristics of the land, to include geography, topography, and its relation to land developments already present in the area.
- d. The turnaround radius of commercial/industrial streets will be dependent upon the types of vehicle traffic to be served.

Where existing conditions, such as the topography or the size or shape of land parcels, make it otherwise impractical to provide buildable lots, the Planning Commission may accept a narrower right-of-way, ordinarily not less than fifty (50) feet. If necessary, special slope easements may be required;

- (c) Reserve strips. Reserve strips or street plugs controlling access to streets will not be approved unless necessary for the protection of the public welfare or of substantial property rights, and in these cases they may be required. The control and disposal of the land comprising such strips shall be placed within the jurisdiction of the Planning Commission under conditions approved by them;
- (d) Alignment. As far as practical, streets other than minor streets shall be in alignment with existing streets by continuations of the center lines thereof. Staggered street alignment resulting in "T" intersections shall, wherever practical, leave a minimum distance of 200 feet between the center lines of streets having approximately the same direction and otherwise shall not be less than 125 feet;
- (e) Future extension of streets. Where necessary to give access to or permit a satisfactory future subdivision of adjoining land, streets shall be extended to the boundary of the subdivision; and the resulting dead-end streets may be approved without a turn-around. Reserve strips and street plugs may be required to preserve the objectives of street extensions;
- (f) Intersection angles. Streets shall be laid out to intersect at angles as near to right angles as practical except where topography requires a lesser angle, but in no case shall the acute angle be less than sixty (60) degrees unless there is a special intersection design. The intersection of an arterial or collector street with another street shall have at least 100 feet of tangent, measured from right-of-way adjacent to the intersection unless topography requires a lesser distance. Other streets, except alleys, shall have at least fifty (50) feet of tangent measured from property line adjacent to the intersection unless topography requires a lesser distance. Intersections which contain an acute angle of less than eighty (80) degrees or which include an arterial street shall have a minimum corner radius sufficient to allow for a roadway radius of twenty (20) feet and maintain a uniform width between the roadway and the right-of-way line;
- (g) Existing streets. Whenever existing streets adjacent to or within a tract are of inadequate width, additional right-of-way shall be provided at the time of subdivision;

- (h) Half streets. Half streets, while generally not acceptable, may be approved where essential to the reasonable development of the subdivision, when in conformity with other requirements of these regulations, and when the Planning Commission finds it will be practical to require the dedication of the other half when the adjoining property is subdivided. Whenever a half street is adjacent to a tract to be subdivided, the other half of the street shall be platted within such tract. Reserve strips and street plugs may be required to preserve the objectives of half streets;
- (i) Cul-de-sacs. A cul-de-sac shall be as short as possible and shall have a maximum length of 400 feet and serve no more than eighteen (18) dwelling units. A cul-de-sac shall terminate with a turn-around;
- (j) Street names. Except for extensions of existing streets, no street name shall be used which will duplicate or be confused with the names of existing streets. Street names and numbers shall conform to the established pattern in the city; street names shall be subject to the approval of the Planning Commission;
- (k) Grades and curves. Grades shall not exceed six (6) percent on arterials, ten (10) percent on collector streets, or twelve (12) percent on any other street. Centerline radii of curves shall not be less than 300 feet on major arterials, 200 feet on secondary arterials, or 100 feet on other street, and shall be to an even ten (10) feet. Where existing conditions, particularly topography, make it otherwise impractical to provide buildable lots, the Planning Commission may accept steeper grades and sharper curves;
- (l) Streets adjacent to a railroad right-of-way. Wherever the subdivision contains or is adjacent to a railroad right-of-way, provision may be required for a street approximately parallel with and on each side of such right-of-way at a distance suitable for the appropriate use of the land between the streets and the railroad. The distance shall be determined with due consideration at cross streets of the minimum distance required for approach grades to a future grade separation, and to provide sufficient depth to allow screen planting along the railroad right-of-way;
- (m) Frontage roads/streets. Where a subdivision or partition abuts or contains an existing or proposed arterial street, the Planning Commission may require frontage streets, reverse frontage lots with suitable depth, screen planting contained in a nonaccess reservation along the rear or side property lines, or other treatment necessary for adequate protection of residential properties and to afford separation of through and local traffic;
- (n) Alleys. Alleys shall be provided in commercial and industrial districts, unless other permanent provisions for access to off-

street parking and loading facilities are approved by the Planning Commission;

- (o) Eyebrows. Where conditions do not warrant the use of cul-de-sacs and the land available in the proposed plan does not allow for a discontinuous minor street extension and where there are no more than three (3) dwelling units proposed to take access, the City Engineer may allow eyebrows. Eyebrows shall be limited to a maximum length of 100 feet, when measured from the main street right-of-way with which it takes access. The City Engineer may allow less than that required in (d) above, after taking into consideration the effects upon traffic flows. The right-of-way width shall be no less than thirty-six (36) feet, curb to curb, with an eighteen foot radius at the terminus;
- (p) Private way/drive. This type of street will be allowed when the conditions of Section 24(d) are met. A private drive shall be constructed to the same structural standards that would apply to a public street. Storm runoff will be controlled to prevent damage to adjacent properties. A storm drainage plan shall be approved by the City Engineer. The right-of-way width will be determined based on site conditions and proposed use and will be approved by the Planning Commission.
- (q) Bikeways. Provisions shall be made for bikeways planned along arterial and collector streets and where shown on the Bikeway Master Plan. Arterial streets shall be designed to be wide enough to accommodate a five-foot wide bike land adjacent to each outside traffic lane. Collector streets shall be designed so that bike lanes may be striped in the future. Where a proposed development abuts a collector street less than 44 feet in width, the Planning Commission may require that on-street parking be restricted to one side of the street only or that the deed(s) of the lot(s) adjacent to the street show that on-street parking will be eliminated in the future for bikeway development.

Section 31. Blocks.

- (a) General. The length, width, and shape of blocks shall take into account the need for adequate lot size and street width and shall recognize the limitations of the topography.
- (b) Size. No block shall be more than 1,000 feet in length between street corner lines unless it is adjacent to an arterial street, or unless the topography or the location of adjoining streets justifies an exception. The recommended minimum length of blocks along an arterial street is 1,800 feet.
- (c) Easements.
 - (1) Utility lines. Easements for sewers, water mains, electric lines, or other public utilities shall be dedicated whenever

necessary. The easements shall be at least ten (10) feet wide and centered on lot lines where possible, except for utility pole tieback easements which may be reduced to six (6) feet in width. Easements of ten (10) feet in width shall be required along all fifty (50) foot rights-of-way, and five (5) feet in width shall be required along all sixty (60) foot rights-of-way.

- (2) Water courses. If a subdivision is traversed by water courses such as a drainage way, channel, or stream, there shall be provided a storm unit easement or drainage right-of-way conforming substantially with the lines of the water course and of such width as will be adequate for the purpose, unless the water course is diverted, channelled or piped in accordance with plans approved by the City Engineer's office. Streets or parkways parallel to major water courses may be required.
- (3) Pedestrian ways. When desirable for public convenience, safety, or travel, pedestrian ways not less than ten (10) feet in width may be required to connect to cul-de-sacs, to pass through unusually long or oddly shaped blocks, to connect to recreation or public areas such as schools, or to connect to existing or proposed pedestrian ways.

Section 32. Lots.

- (a) Size and shape. Lot size, width, shape, and orientation shall be appropriate for the location of the subdivision and for the type of use contemplated. All lots in a subdivision shall be buildable.
 - (1) Lot size shall conform to the zoning requirement of the area. Depth and width of properties reserved or laid out for commercial and industrial purposes shall be adequate to provide for the off-street parking and service facilities required by the type of use contemplated. The depth of lots shall not ordinarily exceed two times the average width.
- (b) Access. Each lot shall abut upon a street other than an alley for a width of at least twenty-five (25) feet except those lots approved and created under the provisions of Section 24(c) above. Direct access onto a major collector or arterial streets designated on the McMinnville Comprehensive Plan Map shall be avoided for all lots subdivided for single-family, common wall or duplex residential use, unless no other access point is practical.
- (c) Through lots. Through lots shall be avoided except where they are essential to provide separation of residential development from major traffic arteries or adjacent nonresidential activities or to overcome specific disadvantages of topography and orientation. A planting screen easement at least ten (10) feet wide, and across

which there shall be no right of access may be required along the line of lots abutting such a traffic artery or other incompatible use.

- (d) Lot side lines. The side lines of lots, as far as practicable, shall run at right angles to the street upon which the lots face.
- (e) Flag lots. The creation of flag lots shall be discouraged and allowed only when it is the only reasonable method of providing access to the rear of a lot which is large enough to warrant partitioning or subdividing.

Section 33. Lot Grading. Lot grading shall conform to the following standards unless physical conditions demonstrate the propriety of other standards.

- (a) Cut slopes shall not exceed one and one-half feet horizontally to one foot vertically.
- (b) Fill slopes shall not exceed two feet horizontally to one foot vertically.
- (c) The character of soil for fill and the characteristics of lots made usable by fill shall be suitable for the purpose intended.
- (d) The minimum elevation at which a structure may be erected, taking into consideration the topography of the lot, the surrounding area, drainage patterns, and other pertinent data shall be established by the City Building Official.
- (e) The City Engineer shall determine whether a storm drainage system is necessary to control, manage, and dispose of water lying on or running over a subdivision. In addition, the subdivider shall be required to meet other standards and conditions imposed by state laws and city ordinances.

Section 34. Building lines. If special building setback lines are to be established in the subdivision or partition, they shall be shown on the plat or included in the deed restrictions.

Section 35. Large Lot Subdivision. In subdividing tracts into large lots which at some future time are likely to be resubdivided, the Planning Commission may require that the blocks be of such size and shape, be so divided into lots, and contain such building site restrictions as will provide for extension and opening of streets at intervals which will permit a subsequent division of any parcel into lots of smaller size.

Section 36. Left-over Land. Islands, strips, or parcel of property unsuited for subdividing and not accepted by the City for appropriate use shall not be left unsubdivided but shall be identified as required in Section 17(k) above.

Improvements

Section 37. Improvement Procedures. In addition to other requirements, improvements shall conform to the requirements of this ordinance and improvement standards or specifications adopted by the City, and shall be installed in accordance with the following procedure:

- (a) Work shall not be commenced until plans have been reviewed for adequacy and approved by the City. To the extent necessary for evaluation of the subdivision proposal, the plans shall be required before approval of the final plat. All plans shall be prepared in accordance with requirements of the City;
- (b) Work shall not be commenced until the City has been notified in advance, and if work has been discontinued for any reason it shall not be resumed until the City has been notified;
- (c) Required improvements shall be inspected by and constructed to the satisfaction of the City. The City may require changes in typical sections and details if unusual conditions arising during construction warrant such change in the public interest;
- (d) Underground utilities, sanitary sewers and storm drains installed in streets by the subdivider shall be constructed prior to the surfacing of the streets. Stubs for service connections for underground utilities and sanitary sewers shall be placed to lengths that will avoid the need to disturb street improvements and utilities when service connections are made;
- (e) Plans showing public improvements as built shall be filed with the City Engineer within 30 days after acceptance of the improvements by the Engineer.

Section 38. Specifications for Improvements. The City Engineer has submitted and the City Council has adopted the standard specifications for public works construction, Oregon Chapter A.P.W.A. and has included those special provisions that are, by their very nature, applicable to the City of McMinnville. The specifications cover the following:

- (a) Streets including related improvements such as curbs and gutters, shoulders, and median strips, and including suitable provisions for necessary slope easements;
- (b) Drainage facilities;
- (c) Sidewalks in pedestrian ways;
- (d) Sewers and sewage disposal facilities.

Section 39. Improvement Requirements. The following improvements shall be installed at the expense of the subdivider:

- (a) Water supply system. All lots within a subdivision shall be served by the City water supply system;
- (b) Electrical system. All lots within a subdivision shall be served by the City electrical system;
- (c) Sewer system. All lots within a subdivision shall be served by the City sewer system;
- (d) Drainage. Such grading shall be performed and drainage facilities installed conforming to City specifications as are necessary to provide proper drainage within the subdivision and other affected areas in order to assure healthful, convenient conditions for the residents of the subdivision and for the general public. Drainage facilities in the subdivision shall be connected to drainage ways or storm sewers outside the subdivision. Dikes and pumping systems shall be installed, if necessary, to protect the subdivision against flooding or other inundations;
- (e) Streets. The subdivider shall grade and improve streets in the subdivision, and the extension of such streets to the paving line of existing streets with which such streets intersect, in conformance with City specifications. Street improvements shall include related improvements such as curbs, intersection sidewalk aprons, street signs, gutters, shoulders, and median strips to the extent these are required;
- (f) Pedestrian ways. A paved sidewalk not less than five (5) feet wide shall be installed in the center of pedestrian ways;
- (g) Private way/drive. The subdivider shall grade and improve to conform with City specifications in terms of structural standards.

Exceptions, Variances, and Enforcement

Section 40. Exceptions in Case of Large Scale Development. The Planning Commission may modify the standards and requirements of this ordinance if the subdivision plat comprises a planned development unit, a large-scale shopping center, or a planned industrial area. The Planning Commission shall determine that such modifications are not detrimental to the public health, safety, and welfare, and that adequate provision is made within the development for traffic circulation, open space, and other features that may be required in the public interest.

Section 41. Exceptions in the Case of Hillside Development. The Planning Commission may modify the standards and requirements of this ordinance if the subdivision is located on land of twenty (20) percent or greater slope. To minimize disturbance of the existing grade and to take advantage of natural building sites, modification may concern alignment width and improvement of streets and building site locations. If modification involves the creation of some lots of less than the minimum area, the average area of lots

in the subdivision shall equal the density established for the area under the zoning in effect.

Section 42. Variance Application. When necessary, the Commission may authorize conditional variances to the requirements of this ordinance. The Commission shall hold at least one public hearing on a variance application. Procedures for the public hearing shall be the same as those described in Section 15(c) (1, 2, 3, 4, & 5). Public hearings for variances may be held simultaneously with tentative plan hearings when the same property is affected. Applications shall be made on forms provided by the Planning Department. Before a variance may be granted, the Commission shall first determine that the following circumstances substantially exist:

- (a) That there are special conditions affecting the property that are not common to all property in the area;
- (b) That the variance is necessary for the preservation and enjoyment of a substantial property right of the petitioner and extraordinary hardship would result from strict compliance with these regulations because of the special circumstances or conditions affecting the property;
- (c) That the variance complies with the spirit and intent of these regulations and will not be detrimental to the public health, safety, or welfare or injurious to other property in the vicinity;
- (d) The variance requested is the minimum variance which would alleviate the hardship.

Section 43. Failure to Receive Notice - Not to Impair Hearing. For the purposes of giving notice to affected parties, the names and addresses of owners as shown on the records of the County Assessor may be used. Failure of a person or persons to receive notice as prescribed in this article shall not impair the validity of the hearing.

Section 44. Enforcement. The administration and enforcement of this subdivision ordinance shall reside with the City Engineer and the City Planning Director.

Section 45. Appeal from Ruling of Commission. An action or ruling of the Commission pursuant to this title may be appealed to the Council within fifteen days after the Commission has rendered its decision. Written notice of the appeal shall be filed with the City Recorder and shall set forth in detail the basis for and issues raised in the appeal. If the appeal is not taken within the fifteen day period, the decision of the Commission shall be final. If the appeal is filed, the Council shall receive a report and recommendation thereon from the Commission and shall hold a public hearing on the appeal. Notice of a Council hearing on an appeal of a decision of the Commission shall take the form of that provided for in the initial application before the Commission.

- (a) The City Council shall hold a hearing on the appeal within forty (40) days from the time the appeal is filed. The Council may continue the hearing for good cause. Following the hearing, the Council may overrule or modify the decision or requirement made by the Planning Commission if the decision of the Council complies with the spirit and intent of the ordinance. The disposition of the appeal shall be final.

Section 46. Severability. If any provision of this ordinance shall for any reason be judged invalid or unconstitutional, the judgment shall not affect the validity of the rest of the ordinance.

Section 47. Violation - Procedure - Penalty.

- (a) A uniform complaint, or citation to appear, may be issued to the owner or developer of property being used in violation of this ordinance, requiring said owner or occupier to appear in court regarding a violation of the subdivision ordinance.
- (b) A trial shall be heard before the judge without a jury. No appeal from the decision may be taken. The standard of proof required shall be by a preponderance of the evidence.
- (c) A person convicted of violating a provision of this ordinance shall, upon conviction, be punished by a fine of not more than five hundred dollars (\$500) for each offense.
- (d) A violation of this ordinance shall be considered a separate offense for each day that the violation continues.
- (e) In the event the owner/developer fails to pay any fine imposed upon conviction of a violation, the court may issue a Show Cause Order to the individual so charged and require his presence in court to set forth the reasons for said failure to pay. If good and sufficient reasons do not exist, the court may request the Council to adopt an ordinance making the amount a lien against the property.

LETTERS SENT TO ALL BELOW THROUGH 10/20/01

Attn:	Mailing Address	City	State	Zip
	1685 NW EMERSON CT	MCMINNVILLE	OR	97128
	2155 NW 2ND ST	MCMINNVILLE	OR	97128
	243 E SCOTT DR	SHELTON	WA	98584
	2163 NW 2ND ST	MCMINNVILLE	OR	97128
	2194 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
	2186 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
HANES VICTORIA TRUSTEE	2168 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
MARCOULLIER CHARLES D	2162 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
SNYDER BEVERLY A	2148 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
LUTZ GLORIA J REVOCABLE LIVING TRUST	2140 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
	2124 NW WILLAMETTE DR	MCMINNVILLE	OR	97128
	PO BOX 452	CARLTON	OR	97111
	14190 SW BARROWS RD #4	PORTLAND	OR	97223
	115 SW WESTVALE ST	MCMINNVILLE	OR	97128
	2264 MCGILCHRIST ST SE SUITE 210	SALEM	OR	97302
PLANNING DEPARTMENT	231 NE 5TH ST	MCMINNVILLE	OR	97128

Letters sent to all below postmarked
March 13, 2021

Map No	Tax Lot	Site Address	Owner
1	R4419AC00500	2177 NW 2ND ST	BITTERROOT LLC
2	R4419AC00501		MCMINNVILLE COVENANT CHURCH
3	R4419AC00502	2191 NW 2ND ST	N COLLINS PROPERTY LLC
4	R4419AC00503	2163 NW 2ND ST	RST DEVELOPMENT LLC
5	R4419AC00600	2194 NW WILLAMETTE DR	BARON LINDA
6	R4419AC00700	2186 NW WILLAMETTE DR	WINBOLT CALVIN
7	R4419AC00800	2168 NW WILLAMETTE DR	HANES DENNIS M SR TRUSTEE
8	R4419AC00900	2162 NW WILLAMETTE DR	MARCOULLIER MONIQUE T
9	R4419AC01000	2148 NW WILLAMETTE DR	SNYDER EDWIN E
10	R4419AC01100	2140 NW WILLAMETTE DR	LUTZ GLORIA J TRUSTEE FOR
11	R4419AC01200	2124 NW WILLAMETTE DR	CRAMER EVONNE
12	R4419AC01300	2116 NW WILLAMETTE DR	PEDRAZA JAMIE
13	R4419DB04801	2200 SW 2ND ST	E & A PROPERTY LLC - 1
14	R4419DB04900	115 SW WESTVALE ST	WALKER HEATHER
15	R4419DB90000	2240 N.W. 2nd ST	WESTVALE PROFESSIONAL CENTER LLC - hand delivered
			CITY OF MCMINNVILLE
16	TRACT A		

mailed March 13

March 12, 2021

To: Current neighbors of 2191 NW 2nd tax lot

From: N Collins properties LLC

RE: A Neighborhood meeting to share and discuss concerns and/or questions regarding a zoning variance request to be able to partition a single tax lot with two buildings (2191 and 2185) into two separate tax lots.

DATE: Tuesday April 6, 2021

Time: 6 pm pacific standard time

Place: Zoom meeting

Join Zoom Meeting

<https://us04web.zoom.us/j/77571479011?pwd=S2x2cVBUBW8yMmZBVEowQkQweXJ5dz09>

Meeting ID: 775 7147 9011

Passcode: SVk0k4

Dear Neighbors,

I am asking the Planning department for a partition on my tax lot 2191 that is 1.45 acres with two buildings on it. My lot is part of the Yamhill Valley Wellness Plaza. It was developed in 2005 and we are grateful to be part of the McMinnville community. I am asking for the partition into two separate tax lots so long term tenants have the opportunity to purchase the building they have been leasing.

The city of McMinnville has a restriction on three lots per access. This partition would create four lots with one access and hence, the variance I am asking for. This partition would not change anything about the long established Wellness plaza, no change in traffic patterns, no increased need for parking. All businesses would run as they have for the past 16 years, small businesses would have an opportunity to be owners.

Thank you for taking the time to read this and participate in the neighborhood zoom meeting. This is an opportunity to ask questions and voice concerns you may have about the variance to the zoning application I am filing. If you are unable to attend but have a concern or question, you can contact me by email at nc2ability@gmail.com or calling 503 538 2964.

Respectfully,


Nora Collins (N Collins Properties LLC)

Tentative Partition Map for:

N Collins Property LLC

Location: NE 1/4 Section 19, T. 4 S., R. 4 W., WM.,
 Parcel 1 PT 2005-06, in a portion of the
 Solomon Beary DLC #54, & the William Davis
 DLC #69, City of McMinnville, Yamhill County, OR

Tax Lot: 4419AC - 0502

Date: 11 September 2020

OWNER: N COLLINS PROPERTY LLC
 NORA COLLINS, MANAGING MEMBER

SITE: 2191 NW 2ND ST.
 MCMINNVILLE, OR 97128

ZONING: C-3

OWNER CONTACT: NORA COLLINS
 PH: 503-730-4642

Legend

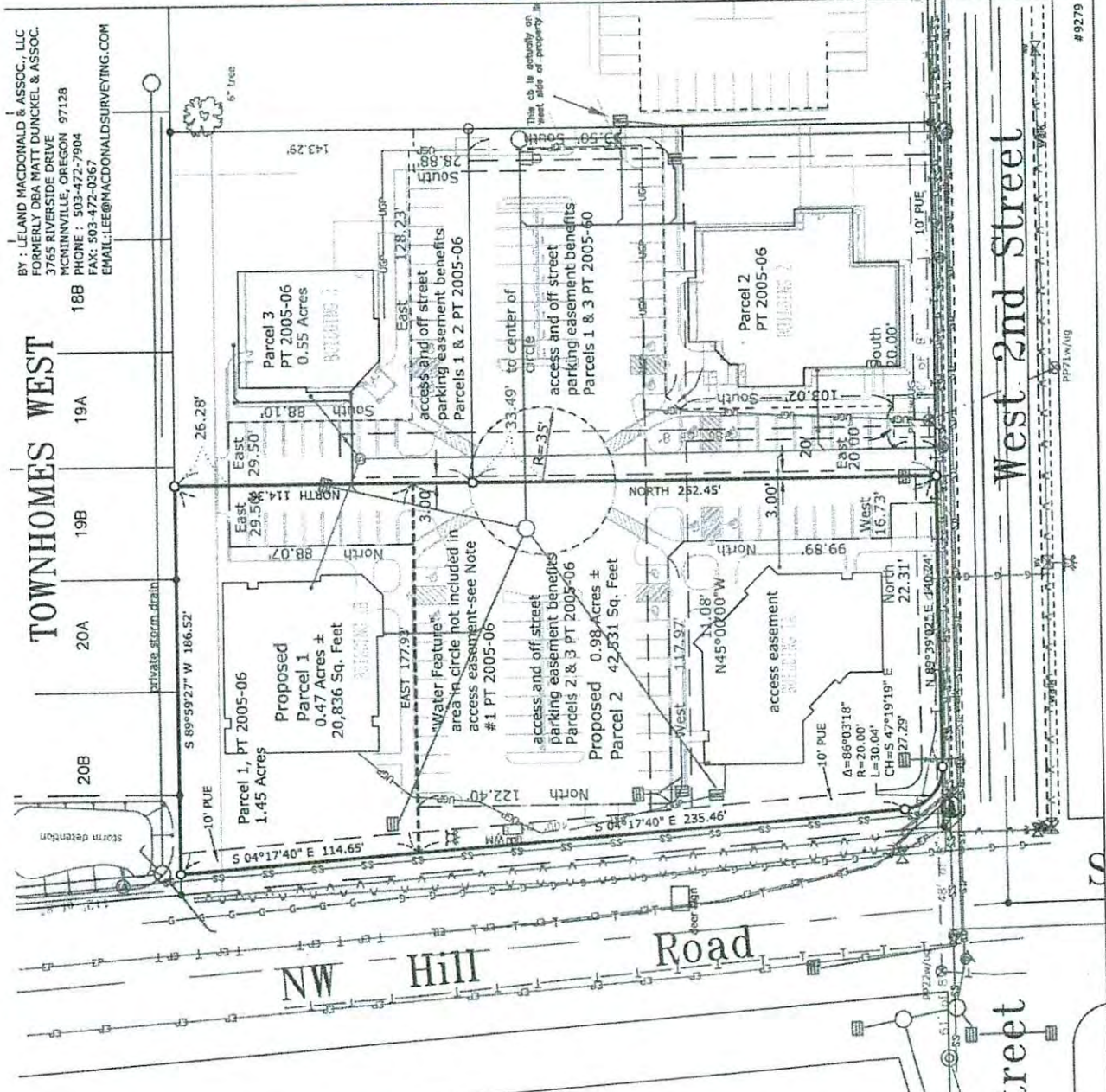
- = existing property line
- = proposed parcel lines
- = water valve, hydrant, meter
- = existing water main line
- = existing fog stripe
- = existing NW Natural Gas
- = existing NW Natural Gas Valve
- = existing concrete curb
- = existing gutter
- = existing back of walk
- = existing telephone
- = existing tree
- = existing power pole
- = sign
- = existing edge of pavement
- = existing culvert
- = existing underground power
- = overhead power
- = existing storm drain
- = catch basin, area drain
- = existing sanitary main line
- = existing sewer manhole

Scale: 1" = 50'

REGISTERED
 PROFESSIONAL
 LAND SURVEYOR

 OREGON
 January 16, 2002
 IELAND A. MACDONALD
 53226

Renews 31 December 2020



BY: IELAND MACDONALD & ASSOC. LLC
 FORMERLY DBA MATT DUNICKEL & ASSOC.
 3765 RIVERSTE DRIVE
 MCMINNVILLE, OREGON 97128
 PHONE: 503-472-0366
 FAX: 503-472-0366
 EMAIL: LEE@MACDONALDSURVEYING.COM

TOWNHOMES WEST
 19A
 19B
 20A
 20B

#9279

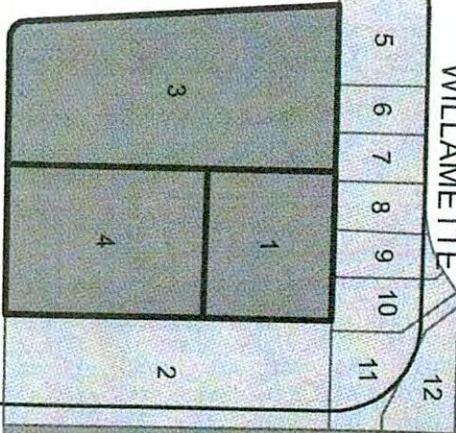
Enclosure II

MEADOWLARK WAY
CT
MEADOWLARK

ST

N

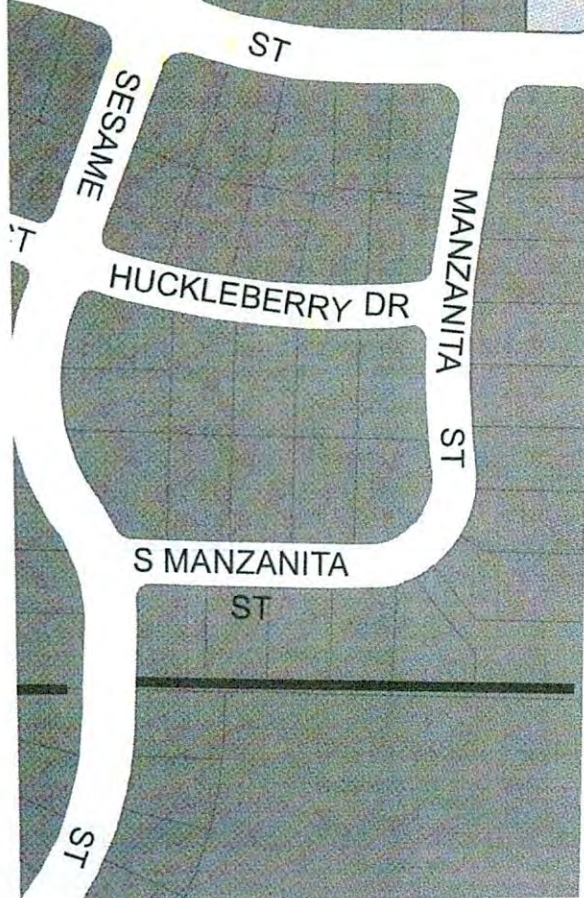
RD



WILLAMETTE

WILLAM

DR



W

HILLSIDE PARK WAY

COUNTRY CT

Neighborhood meeting for N Collins Properties LLC

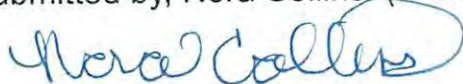
A Neighborhood meeting was held via zoom at 6 pm Tuesday, April 6, 2021. Those attending were Ashley Hyder representing RST Development LLC, 2163 NW 2nd and Gloria Lutz, representing Gloria Lutz J Trustee for, 2140 NW Willamette Dr.

Ashley and Gloria commented on how much the neighborhood liked the Wellness Plaza and felt that the variance to the zoning should be allowed by the city so that a partition of the current tax lot for 2191 NW 2nd and 2185 NW 2nd could proceed. They both stated that they would be willing to write letters to the city if needed to support approval of the zoning variance. Discussion of continuing the great rapport that the Yamhill Valley Wellness plaza has with each owner as well as the neighbors along Willamette drive was expressed by both participants.

The meeting ended at 630pm. No phone or emails were sent to N Collins Properties LLC prior to the meeting.

The only revisions that we made to the proposal based on comments received at the meeting were to point out the pedestrian safety that a second access would have and the confusion putting an access off Hill road would pose to drivers as well as pedestrians.

Respectfully submitted by, Nora Collins (N Collins Properties LLC)





NEIGHBORHOOD MEETING

FUTURE LAND USE APPLICATION

Zoning Variance to McHenryville Municipal code in the process of participating, one lot into two lots at 2191 and 2165 NW 2nd street.

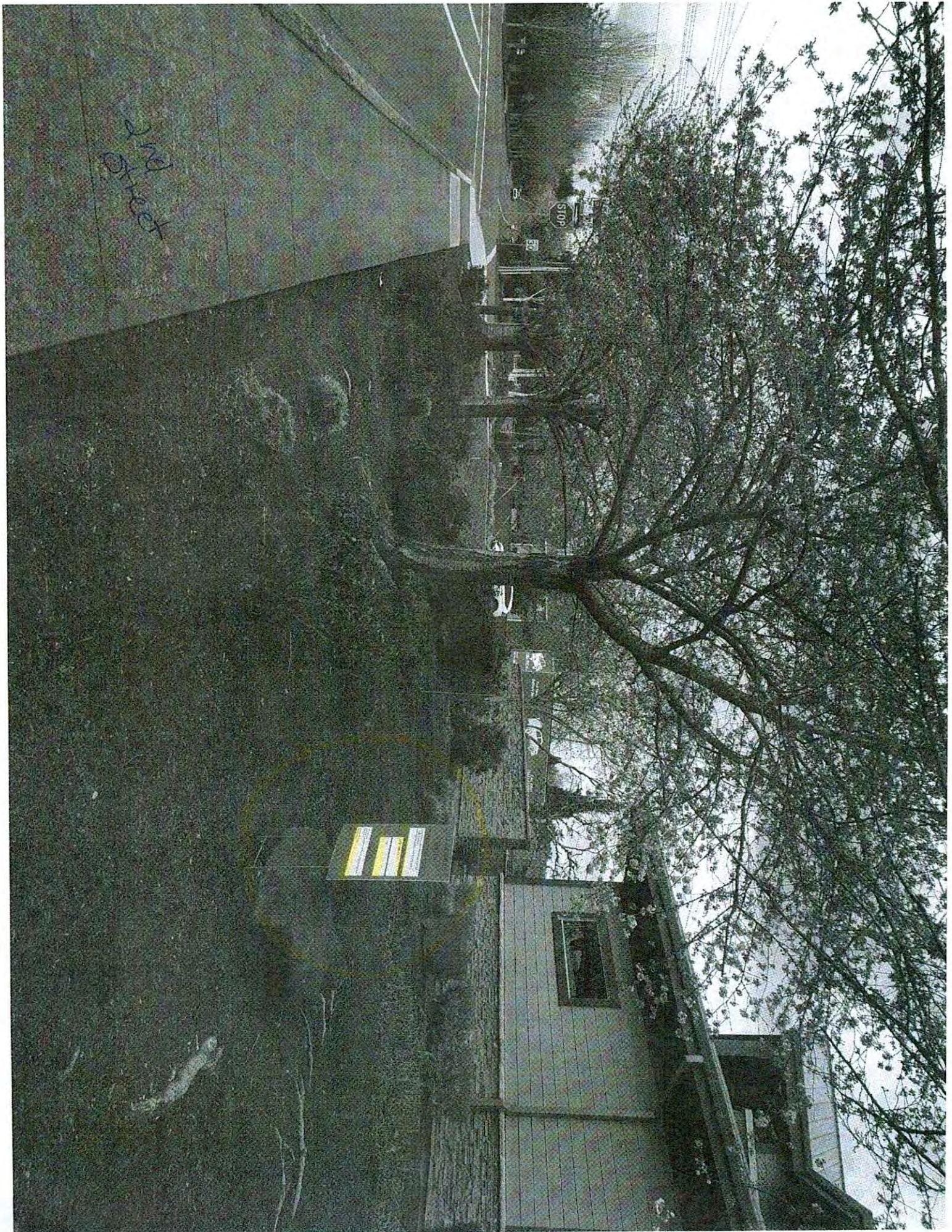
DATE: TUESDAY APRIL 6TH 2021

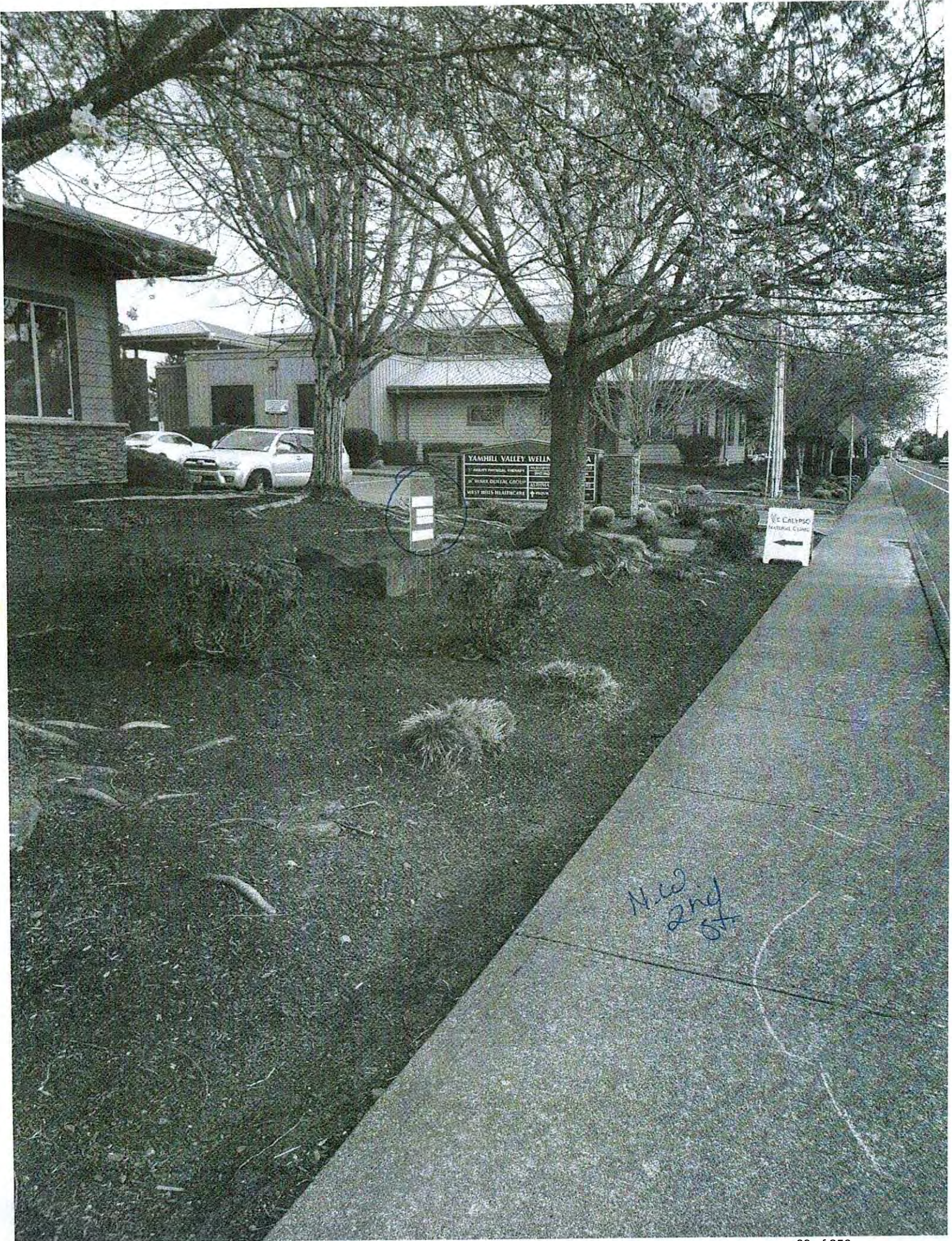
TIME: 6 PM

MEETING LOCATION

City Town Meeting
McHenryville Municipal Center, 111 Broadway Blvd, Washington, VA 22601
Meeting 6:00 PM - 7:00 PM
540-921-4214

Hill Rd.





To: City of McMinnville Planning department
From: Nora Collins
RE: Variance application for partition of 2191 and 2185 NW 2nd lots

To Whom it may concern,

Thank you for the opportunity to present additional information for my variance application, I appreciate the time and effort you are giving this matter.

I am seeking a variance to the limitation because the circumstances for my property are unique and extraordinary. My property is located at the corner of second St and Hill Road.

I am writing additional information to specifically address MMC 17.53, Circumstances requiring the variance is extraordinary or exceptional to the specific property in question

From what I understand, the city is not allowing me to partition my property and use the existing access. There don't seem to be any viable and reasonable additional access points. This is evident by the traffic on Hill road and the current sidewalks used by pedestrians. The existing access had been safe since 2005 and has been an asset to the surrounding neighbors as was shown at the neighborhood meeting I had Tuesday April 6.

A variance to the partition application that I have submitted would not change the traffic flow, pedestrian flow or make any structural changes to the Yamhill Valley Wellness Plaza that my buildings are part of. The only changes would be on paper. Please consider this variance so I can put each building on a separate tax lot so long term tenants can purchase the buildings they have been doing business out of. I will submit additional information on Tuesday July, 6,2021.

Respectfully submitted,

Nora Collins (N Collins Properties)

From: [Nora Collins](#)
To: [Tom Schauer](#); [Sarah Sullivan](#)
Subject: Additional information for the variance application for N Collins Properties
Date: Tuesday, July 6, 2021 10:11:49 AM

This message originated outside of the City of McMinnville.

Dear Tom,

Thank you for taking the time to review my application and for allowing me to submit additional information to my letter sent Thursday September 1, 2021.

The exceptional or extraordinary circumstances that apply to this parcel and not other parcels in the zone or vicinity over which I have no control is the location in proximity to Hill Road and Second Street. The City has indicated that a second access onto Hill Road is not safe, nor ideal for traffic flow and safe pedestrian usage. In addition, my property is the only parcel with a traffic circle in the parking lot that has been an effective traffic routing system, therefore elevating the need for a second access point. This concept was put in at the design phase in 2004 and implemented in 2005. A second access to this traffic circle is not efficient use of property nor safe for the current businesses in the plaza and confusing for the customers.

Therefore the only desirable and safe solution would be to continue using the existing access on Second Street, which would require the granting of the variance for the partition I have applied for.

I appreciate your time and consideration in granting a variance for the partition of 2191 and 2185 2nd Street.

Respectfully submitted,

Nora Collins (N Collins Properties LLC)



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311
www.mcminnvilleoregon.gov

EXHIBIT 3 - STAFF REPORT

DATE: July 15, 2021
TO: Planning Commission Members
FROM: Heather Richards, Planning Director
SUBJECT: Minor Partition Application MP 6-20
for a partition of 835 SW Hilary Street into three (3) parcels

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

Guide growth & development strategically, responsively & responsibly to enhance our unique character.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

A quasi-judicial public hearing of the Planning Commission to consider an application for a Minor Partition (MP 6-20) of 835 SW Hilary Street (Tax Lot 1600, Section 29AB, T. 4 S., R. 4 W., W.M.) was opened on Thursday, June 17, 2021. The proposed partition would divide an approximately 7.22-acre parcel of land into three (3) parcels, approximately 6.43, 0.31, and 0.48 acres in size to allow for residential development of the two smaller parcels. The decision of the Planning Commission is the final decision unless appealed to City Council. The hearing is conducted in accordance with quasi-judicial hearing procedures, and the application is subject to the 120-day processing timeline.

At the end of the public testimony on June 17, 2021, the Planning Commission voted to continue the public hearing to July 15, 2021.

The applicant has requested that the public hearing be continued until Thursday, August 19, 2021 and that the application deadline for a decision be extended from September 17, 2021 to October 31, 2021. (Please see attached email).

The record for this project can be found at the following link: [Minor Partition \(MP 6-20\) - 835 SW Hilary Street | McMinnville Oregon](#)

Staff Recommendation:

Staff recommends continuance of the public hearing for MP 6-20 to August 19, 2021.

Attachment – Email from Steve and Mary Allen, 07.07.21

From: [Mary Allen](#)
To: [Heather Richards](#)
Subject: MP 6-20
Date: Wednesday, July 7, 2021 3:25:14 PM

This message originated outside of the City of McMinnville.

We are requesting that the public hearing for MP 6-20 be continued to the August 19, 2021 planning commission meeting, so that we can continue to put together the materials that were requested of us by oppositional testimony.

In order to extend this deadline we are also asking to allow the City to extend the deadline for issuing a decision with a possible local appeal to October 31, 2021.

Thank you for this consideration,

Mary & Steve Allen
835 SW Hilary Street
McMinnville , OR 97128
maryballen5@gmail.com
971 237 1461 Steve



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311
www.mcminnvilleoregon.gov

EXHIBIT 4 - STAFF REPORT

DATE: July 15, 2021
TO: Planning Commission Members
FROM: Tom Schauer, Senior Planner
SUBJECT: CPA 2-20 & ZC 3-20, Kimco McMinnville, LLC Comprehensive Plan Map Amendment and Zone Change with Planned Development Overlay, for a portion of property at 3310 SE Three Mile Lane

STRATEGIC PRIORITY & GOAL:



GROWTH & DEVELOPMENT CHARACTER

Guide growth & development strategically, responsively & responsibly to enhance our unique character.

OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

A quasi-judicial hearing of the Planning Commission to consider an application for a Comprehensive Plan Map Amendment (CPA 2-20) and Zone Change with a Planned Development Overlay (ZC 3-20) for a portion of the property at 3310 SE Three Mile Lane (Tax Lot 700, Section 26, T. 4 S, R. 4 W., WM) was opened on May 20, 2021. The proposed amendments would change the Comprehensive Plan Map designation from "Industrial" to "Commercial" and would change the zoning from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development Overlay). The proposed amendment is for approximately 37.7 acres of the 90.4-acre property. The 37.7 acres includes 4.25 acres intended for right-of-way dedication for future transportation improvements. The application also shows a portion of the area subject to the proposed map amendment intended for a north-south extension of Cumulus Avenue and future east-west street connectivity.

The Planning Commission makes a recommendation to City Council. The hearing is conducted in accordance with quasi-judicial hearing procedures. Since the application includes an amendment to the Comprehensive Plan map, it is not subject to the 120-day processing timeline per state law.

At the end of the public testimony on May 20, 2021, the Planning Commission voted to continue the public hearing to July 15, 2021.

The applicant has requested that the public hearing be continued to the Thursday, August 19, 2021 Planning Commission meeting. It is possible that the applicant may request the continuance instead be

to the September 16, 2021 Planning Commission meeting, in which case they will provide a written request no later than 2:00 pm on July 15. (Please see e-mail attached as **Attachment 1**). The applicant did not need to request an extension for the decision deadline since the 120-day processing timeline does not apply.

Discussion:

Staff is providing several attachments to this staff report to respond to several questions that were raised at the May 20, 2021 Planning Commission public hearing. This information will be entered into the public record.

- **City of McMinnville Economic Opportunities Analysis (EOA).** (Please see **Attachment 2**). The most recent acknowledged Economic Opportunity Analysis conducted and adopted by the City of McMinnville is from 2013.

At the May 20, 2021 Planning Commission meeting, public testimony was provided that stated it was inappropriate for the applicant to rely on the City’s adopted and acknowledged EOA which was adopted on February 25, 2014 since it was funded by a private party, namely the applicant of this land-use application.

Planning Commissioners requested more information about the process for developing and adopting this EOA.

On August 15, 2012, planning staff took a proposal to the McMinnville City Council to update the 2003 McMinnville EOA (completed in 2001 and acknowledged in 2003) with funds provided by Kimco McMinnville LLC. The proposal outlined a city led process for the development and acknowledgement of the EOA. The City Council appointed a 12-member project advisory committee to work with city staff and consultants on the development of a draft EOA to be evaluated and considered by the City Council through a public process. Below are the members of the PAC that met six times over the course of 18 months to develop the EOA.

EOA Project Advisory Committee Members:

Scott Chambers
Jody Christensen
Mark Davis
Jeff Dyck
Ed Gormley
Roger Hall
Doug Hurl
Phil Hutchinson
Kevin Jeffries
Daniel Lee
Alan Ruden
Cassie Sollars
Marilyn Worrix
Gene Zinda

Oregon DLCD Participants:
Tom Hogue
Angela Lazarean

The EOA was developed within the regulatory framework of the Oregon Revised Statutes of the time and the recently revised Oregon Administrative Rules. Two representatives from the Department of Land Conservation and Development participated on the PAC.

The PAC made a recommendation of adoption to the City of McMinnville. A public hearing was conducted with the McMinnville Planning Commission on January 16, 2014, and another public hearing was conducted with the McMinnville City Council on February 11, 2014, at which time it was adopted via Ordinance No. 4976 and acknowledged by the Department of Land Conservation and Development. (Please see **Attachment 3**).

- **Discussion of Commercial Land Need and Supply (Ceiling and Floor):** At the public hearing on May 20, 2021, there was considerable discussion regarding the amount of additional commercial acreage that could be added to the McMinnville commercial buildable land supply. In the State of Oregon, cities need to maintain a supply of land needed to support growth in its community for a planning horizon of twenty (20) years. Typically, this land supply is described as housing, employment (industrial and commercial) and public facilities. For employment land need, cities must conduct an Economic Opportunities Analysis. The process for this evaluation is governed by Oregon Revised Statutes and Oregon Administrative Rules. The governing regulations focus on a minimum land supply needed to support the City's economic development objectives, and cities need to ensure that they are actively ensuring that minimum land supply is available within their urban growth boundaries.

The 2013 City of McMinnville Economic Opportunities Analysis identified a land supply deficit of 35.8 acres of commercial land and a surplus of 235.9 acres of industrial land. (Please see **Attachment 4**)

What this means is that the City should add at least 35.8 acres of commercial land supply to its buildable land supply within the urban growth boundary, but it is not held to that amount as a maximum, but rather that is the minimum. The City can redesignate any other land within its buildable land supply to another type of land designation as long as it does not drop below its minimum land need. A memorandum from Stoel Rives dated June 21, 2021 provides this analysis, which was then reaffirmed by Department of Land Conservation and Development staff and the City of McMinnville's City Attorney. (Please see **Attachment 5, 6 and 7**).

- **McMinnville Three Mile Lane Area Plan - Market Analysis:** Planning Commissioners asked to receive a copy of the Three Mile Lane Area Plan Market Analysis that was provided by Leland Consulting Group on April 16, 2019. (Please see **Attachment 8**).

In addition, staff has received questions from Planning Commission members, and we are preparing a memo with responses to those questions, which will be distributed to the Planning Commission, so all members and the public will have the same information. The memo will also be entered into the record.

Staff has also been in discussion with the applicant and ODOT regarding transportation issues and the applicant's proposed mitigation. Additional comments provided by ODOT and materials provided by the applicant received after the May 20, 2021 public hearing will be posted to the website and will be entered into the record.

Any additional public testimony received will also be posted to the website and entered into the record.

The record for this project can be found at the following link:

<https://www.mcminnvilleoregon.gov/planning/page/comprehensive-plan-map-amendmentzone-change-cpa-2-20zc-3-20>

Attachments:

1. Applicant's request for continuance
2. 2013 Economic Opportunities Analysis (EOA)
3. EOA Hearing Memorandum from Doug Montgomery to McMinnville City Council, February 4, 2014
4. Excerpts from 2013 Economic Opportunities Analysis
5. Goal 9 analysis memo from applicant's attorney Dana Krawczuk
6. E-mail from DLCD regarding Goal 9 analysis memo
7. E-mail from City Attorney regarding Goal 9 analysis memo
8. Three Mile Lane Area Plan (3MLAP) Market Analysis (April 16, 2019 Final Draft)

Recommendation:

Continue the public hearing to a date certain of August 19, 2021, or to September 16, 2021 if requested by the applicant by 2:00 pm on July 15.

Suggested Motion:

I MOVE THAT THE PLANNING COMMISSION CONTINUE THE PUBLIC HEARING FOR APPLICATION CPA 2-20/ZC 3-20 TO THE AUGUST 19, 2021 [OR SEPTEMBER 16, 2021] PLANNING COMMISSION MEETING.

From: [Krawczuk, Dana L.](#)
To: [Tom Schauer](#); [Heather Richards](#)
Cc: [Strahs, Michael](#); [Knutson, Samuel](#); [Alan Roodhouse \(amr@rpsdevco.com\)](#); [Moeller, Merissa A.](#); [Kristine Connolly](#)
Subject: CPA 2-20 / ZC 3-20: Request for continuance
Date: Thursday, July 8, 2021 8:13:52 AM

This message originated outside of the City of McMinnville.

Kimco McMinnville LLC's ("Kimco") pending application CPA 2-20 / ZC 3-20 is scheduled for a public hearing before the Planning Commission on July 15.

Kimco requests a continuance of the scheduled hearing to the Planning Commission's August 19, 2021 public hearing. It is possible that Kimco may request an additional continuance (to the September 16, 2021 Planning Commission hearing), in which case we will provide you a written request to no later than 2 PM on July 15.

Thank you,
Dana

Dana Krawczuk | Partner
STOEL RIVES LLP | 760 SW Ninth Avenue, Suite 3000 | Portland, OR 97205
Direct: (503) 294-9218 | Mobile: (503) 504-8081 | Fax: (503) 220-2480
dana.krawczuk@stoel.com | www.stoel.com



This email may contain material that is confidential, privileged and/or attorney work product for the sole use of the intended recipient. Any unauthorized review, use, or distribution is prohibited and may be unlawful.

ORDINANCE NO. 4976

An Ordinance adopting an updated "McMinnville Economic Opportunities Analysis" as part of the McMinnville Comprehensive Plan, and repealing Ordinance No. 4795.

RECITALS:

WHEREAS, the City Council adopted McMinnville's first "Economic Opportunities Analysis" (EOA) on October 14, 2003, (Ordinance No. 4795) as part of the City's work to determine future commercial and industrial land needs; and

WHEREAS, it has been more than 10 years since the EOA's adoption, during which there have been significant changes to the local, regional, national and international economic landscape. In addition, new rules governing the EOA process have been adopted by the State, and the City's policies direct that such updates occur on a regular basis. In light of these events, the City Council has directed the 2003 EOA be updated in order that it more accurately reflect the current economic situation, trends, and policy; and

WHEREAS, to assist in this update process the City Council appointed a 12-member advisory committee whose members represent a broad spectrum of economic interests and expertise. Between November 2012 and October 2013, this committee met on six separate occasions to review and guide the work of the EOA update project consultant. A November 2013 final draft EOA was recommended by consensus of the committee for adoption by the City; and

WHEREAS, the final draft EOA was presented to the McMinnville Planning Commission at a public work session on December 19, 2013, and at a public hearing on January 16, 2014, at which public comments were received and considered. Notice of the work session and hearing were published as required by the McMinnville zoning ordinance related to legislative amendments to the comprehensive plan.

WHEREAS, after closing the January public hearing and further deliberating the testimony received, the Planning Commission voted (5 – 3) to recommend the City Council adopt the final draft EOA as recommended by the EOA Advisory Committee; and

WHEREAS, the City Council conducted a public hearing on February 11, 2014, to consider the Planning Commission and EOA Advisory Committee recommendations, and receive testimony regarding the final draft EOA. Public notice of the hearing was published in the News Register on February 4, 2014; now, therefore,

THE CITY OF McMINNVILLE ORDAINS AS FOLLOWS:

Section 1. That the "McMinnville Economic Opportunities Analysis," dated November 2013, a copy of which is attached to this ordinance (Exhibit "A") and incorporated herein by this reference, is adopted as part of the McMinnville Comprehensive Plan.

Section 2. That Ordinance No. 4795 is hereby repealed in its entirety.

Section 3. That this ordinance shall be subject to the terms and conditions of Ordinance No. 3823 entitled, "Initiative and Referendum," for a period of 30 (thirty) days.

Passed by the City Council this 25th day of February 2014, by the following votes:

Ayes: Hill, May, Menke, Yoder

Nays: _____

Approved this 25th day of February 2014.



MAYOR

Attest:



RECORDER

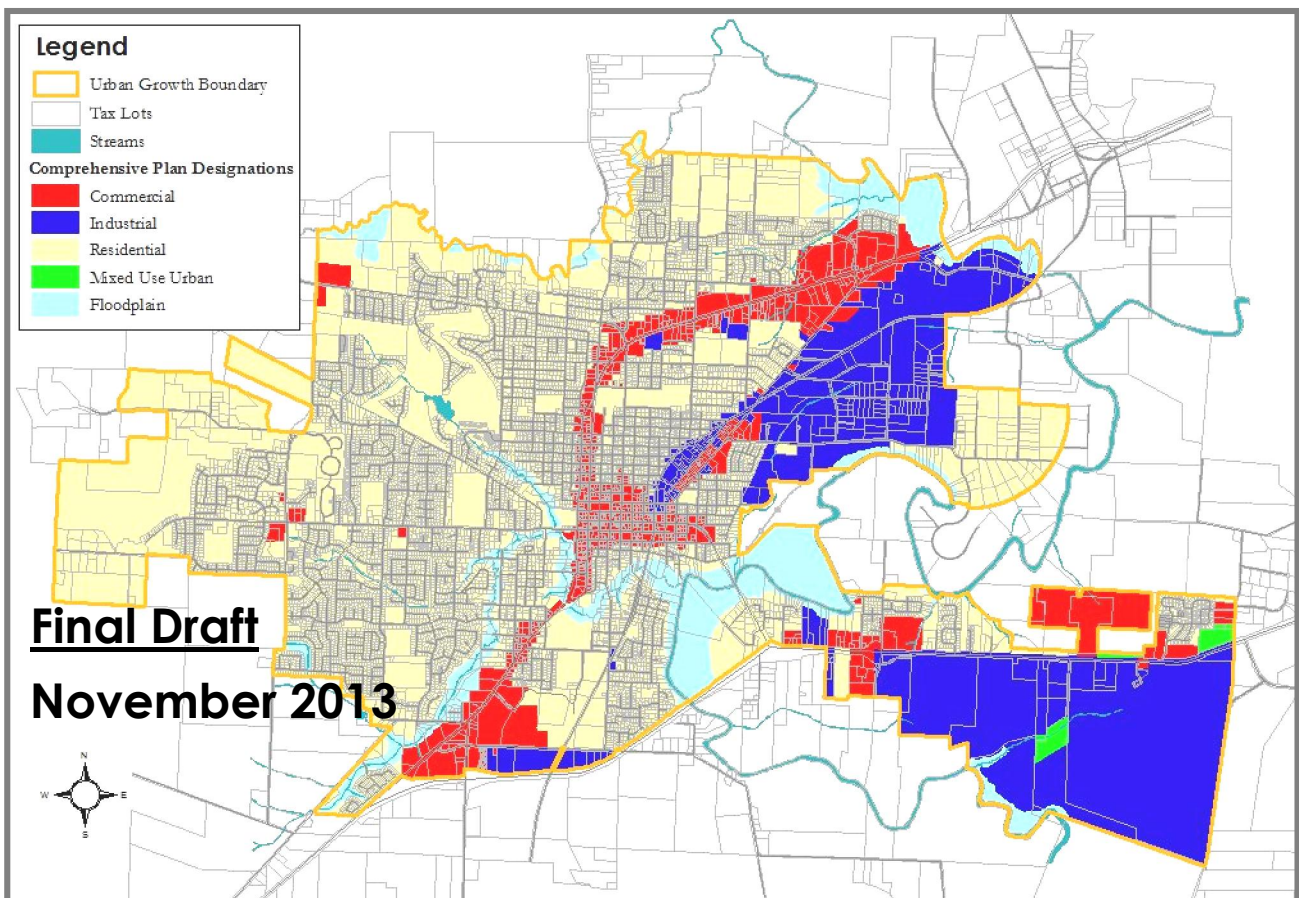
Approved as to Form:



CITY ATTORNEY

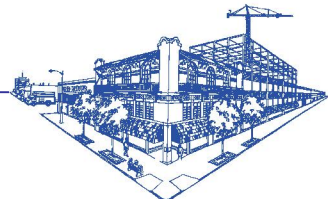
CITY OF MCMINNVILLE

ECONOMIC OPPORTUNITIES ANALYSIS



E. D. Hovee & Company, LLC

Economic and Development Services



City of McMinnville Economic Opportunities Analysis

Final Draft

Prepared for:

**City of McMinnville
Planning Department
Community Development Center
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311**

Prepared by:

**E.D. Hovee & Company, LLC
P.O. Box 225
2408 Main Street
Vancouver, Washington 98666
(360) 696-9870 / (503) 230-1414**

November 2013

ACKNOWLEDGEMENTS

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

Scott Chambers
Jody Christensen
Mark Davis
Jeff Dyck
Ed Gormley
Roger Hall
Doug Hurl
Phil Hutchinson
Kevin Jeffries
Daniel Lee
Alan Ruden
Cassie Sollars
Marilyn Worrix
Gene Zinda

Oregon DLCD Participants:
Tom Hogue
Angela Lazarean

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

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

Advisory Committee and funding participation is gratefully acknowledged.

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

GLOSSARY

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

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

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

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

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

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

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

MDA – McMinnville Downtown Association.

MEDP – McMinnville Economic Development Partnership.

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

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

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

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

OEA – State of Oregon Office of Economic Analysis.

OED – Oregon Employment Department.

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

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

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

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

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I. INTRODUCTION

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

BACKGROUND

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

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

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

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

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

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

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

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

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

PLANNING AREA DEFINITION

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

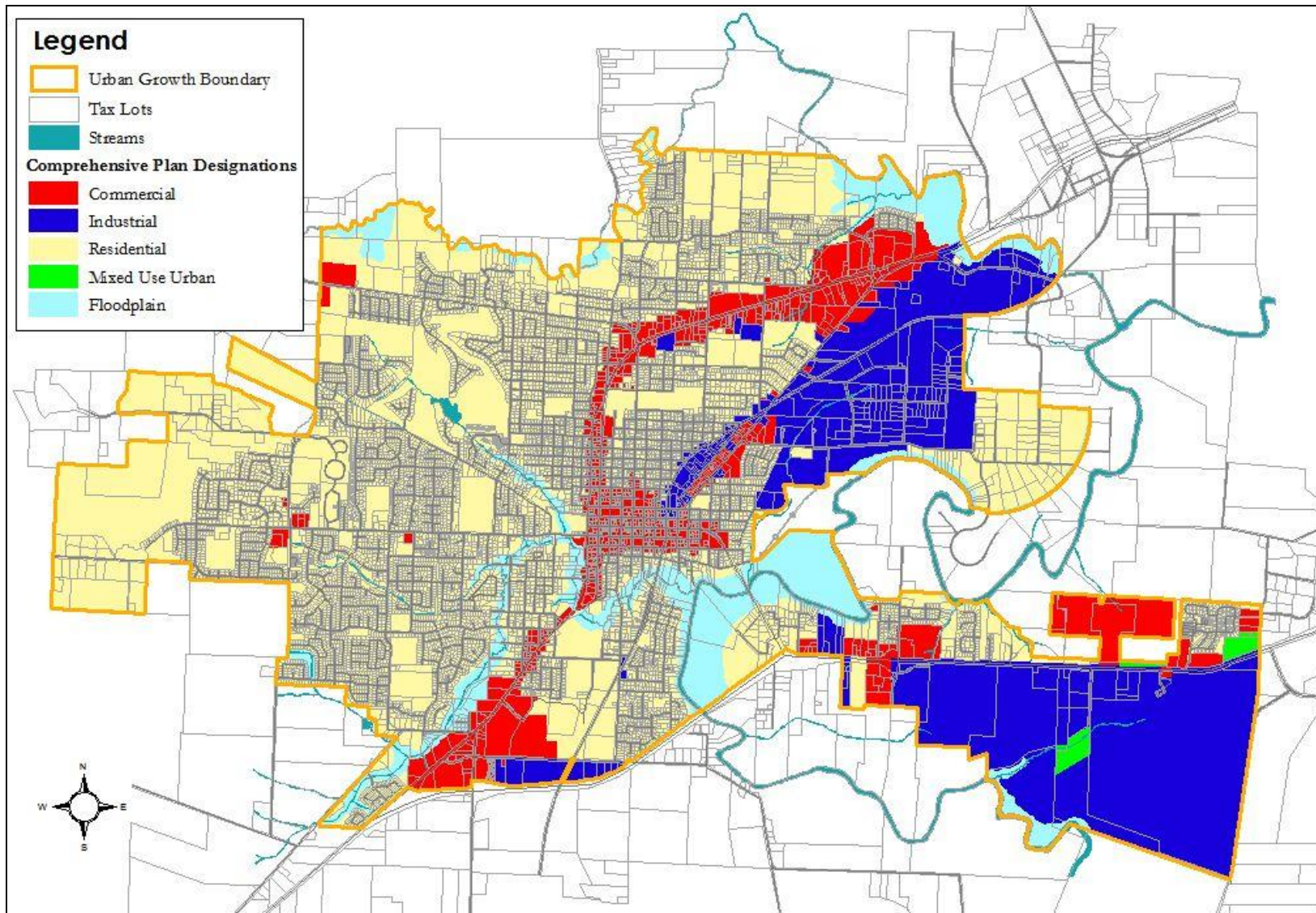
EOA UPDATE METHODOLOGY

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

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

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

Figure 1. McMinnville Comprehensive Plan Designations



Source: City of McMinnville.

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

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

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

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

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

COMMUNITY ECONOMIC DEVELOPMENT OBJECTIVES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EOA ORGANIZATION

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

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

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

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

II. THE MCMINNVILLE ECONOMY

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

DATA SOURCES

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

GEOGRAPHIES CONSIDERED

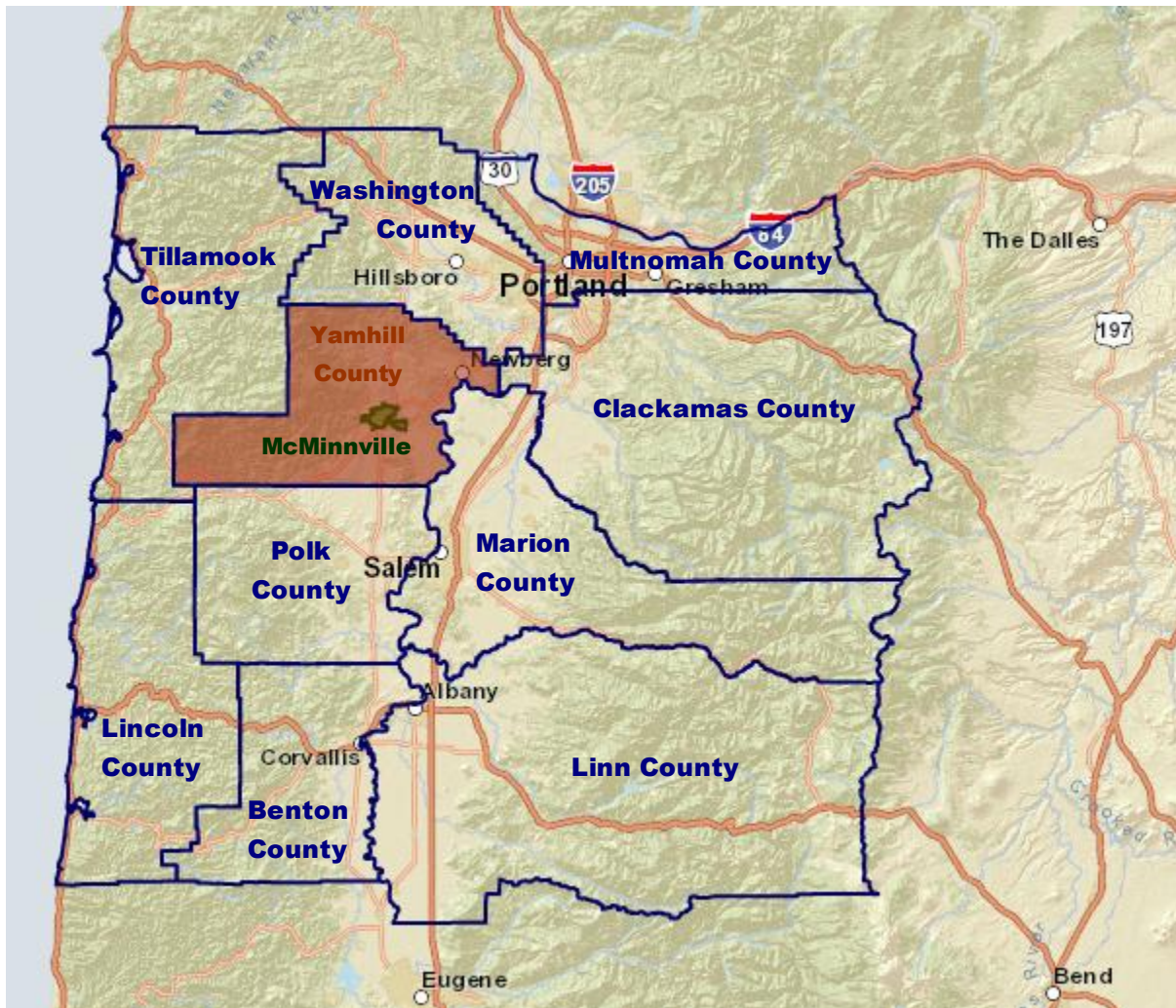
As amended in 2007, OAR 660-009-0015 (1) requires a review of national, state, regional, county and local trends. The geographies covered by this EOA are the City of McMinnville, Yamhill County, and a 10-county economic region, which are as depicted by the following map (Figure 2). Also included, as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

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

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

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

Figure 2. City, County & Regional Geographies



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

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

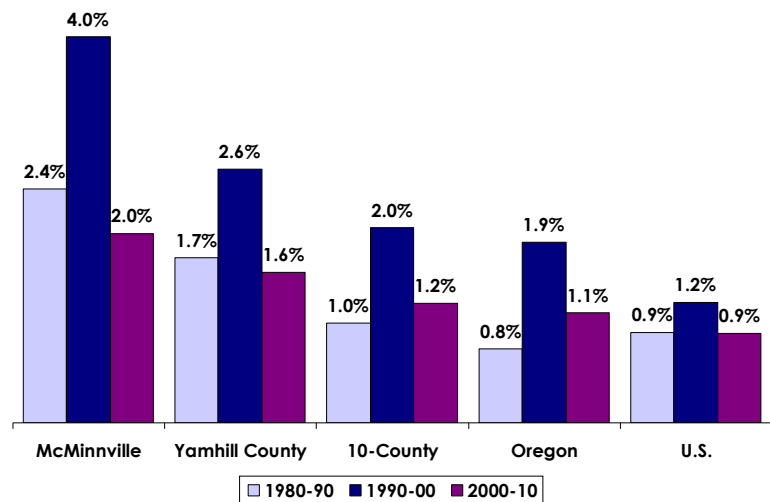
POPULATION & DEMOGRAPHIC TRENDS

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

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

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

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



Source: U.S. Census Bureau.

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

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

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

Median Age:

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

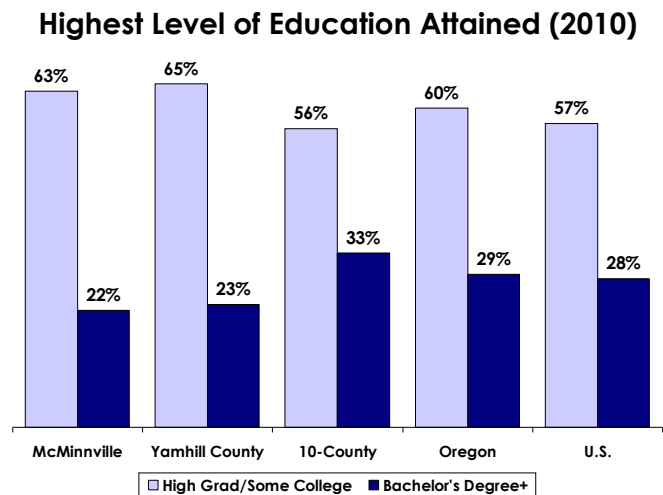
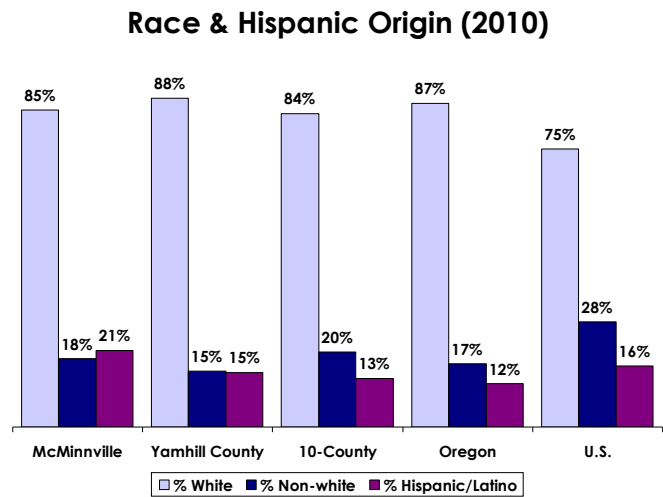
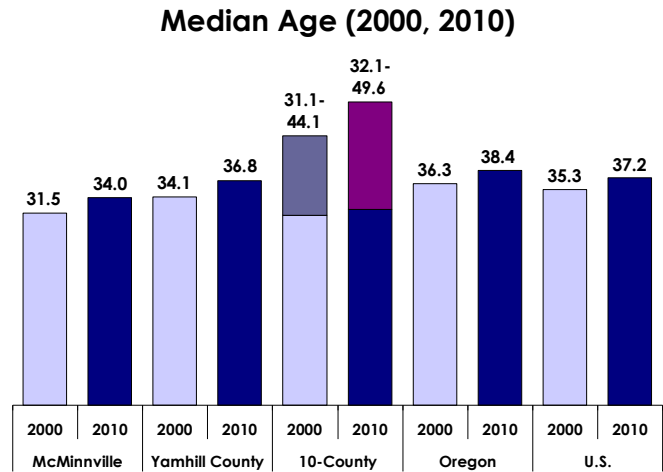
Race/Ethnicity:

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

Education:

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

Figure 4. Demographic Indicators



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

Source: U.S. Census Bureau.

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

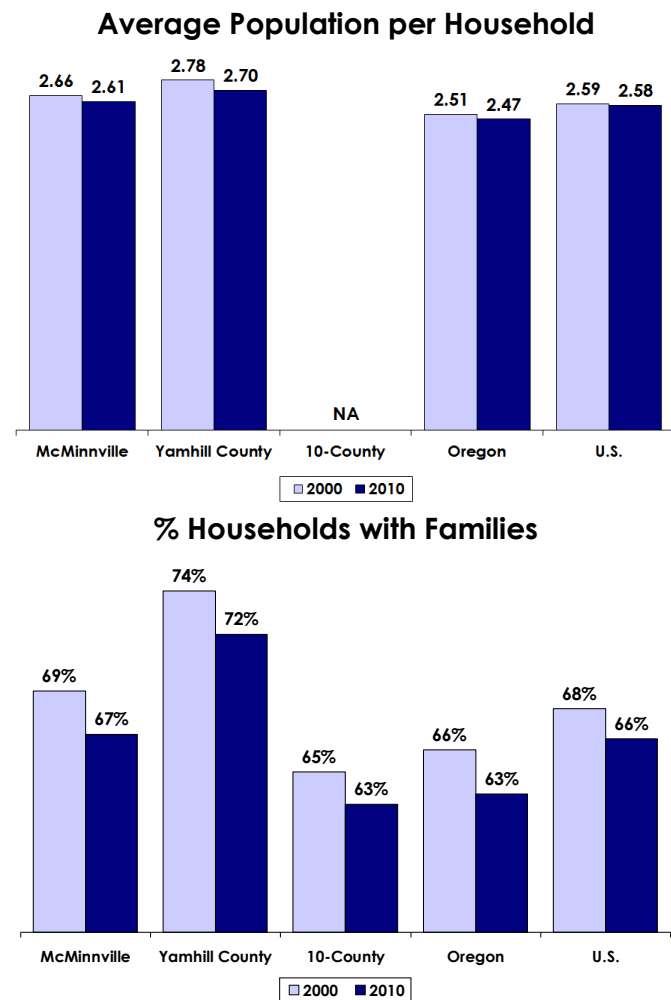
Households & Household Size:

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

Household Composition:

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

Figure 5. Household Trends (2000-10)



Source: U.S. Census Bureau.

ECONOMIC TRENDS

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

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

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

Figure 6. Major McMinnville Employers (2013)

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

Source: McMinnville Economic Development Partnership.

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

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

Recent Industrial & Downtown Commercial Projects

Industrial Properties and Sites:²

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

Commercial Properties and Sites:

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

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

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

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

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

2010 McMinnville Employment Base:

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

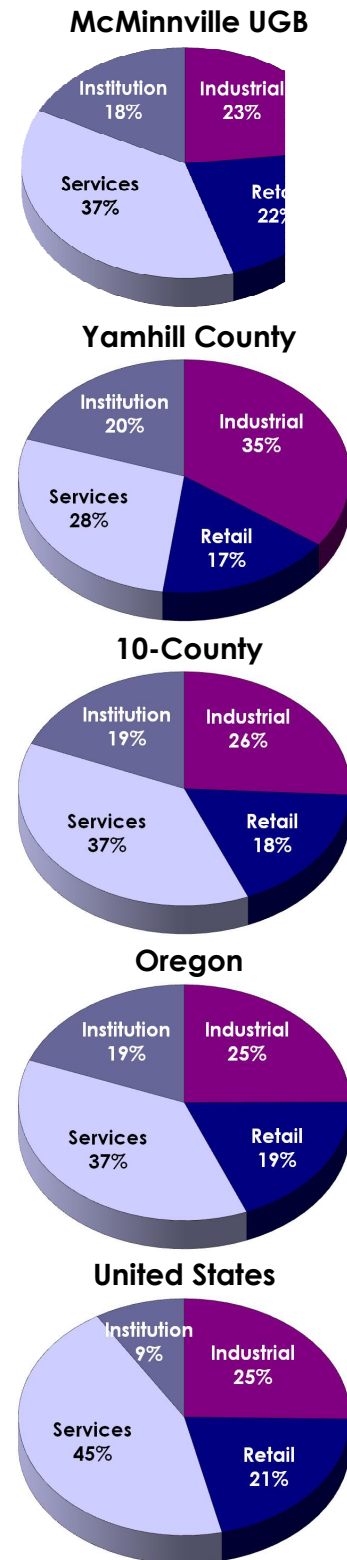
Employment Composition (or Job Mix):

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

2003-10 Employment & Wage Change:

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

Figure 7. Job Mix (2010)



Source: Oregon Employment Department.

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

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

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

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

Source: Oregon Employment Department (OED).

The following observations are noted with this more detailed dataset:

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

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

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

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

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

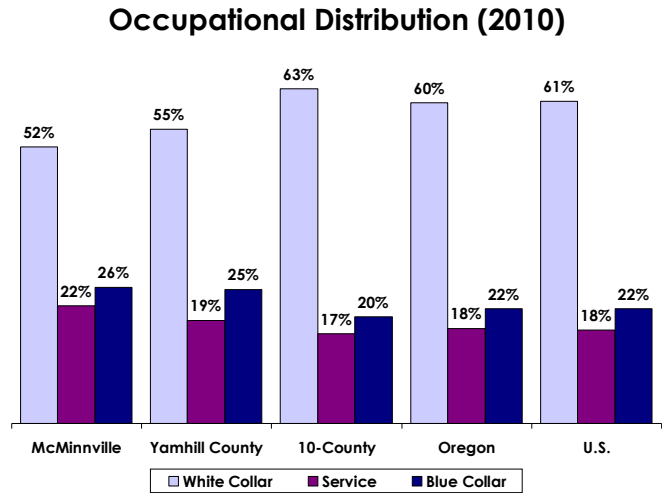
- Compared to the 10-county region, state and nation, a relatively high percentage (22%) of personal income comes from transfer payments. Nationally and for the 10-county region, transfer payments account for about 18% of personal income; for Oregon, the comparable figure is 21%. *Note:* transfer payments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

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

Occupation Distribution:

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

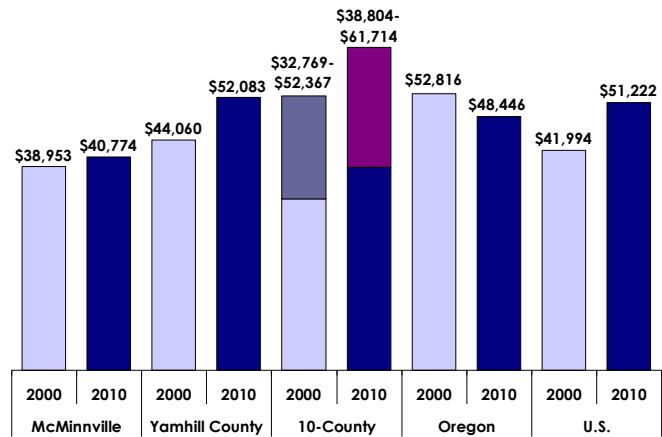
Figure 9. Other Economic Indicators



Median Household Incomes:

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

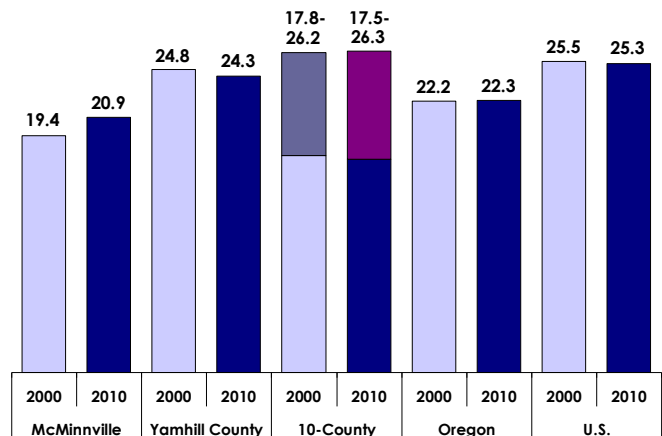
Median Household Income (2000, 2010)



Work Commutes:

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

Average Travel Time to Work (2000, 2010)



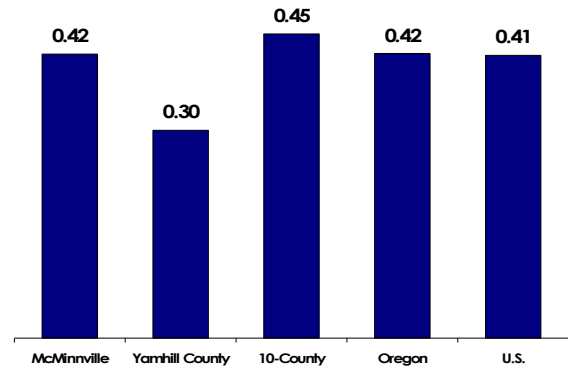
Note: 2010 data is from American Community Survey 3-year averages. For the 10-county area, median and average figures are noted as a *range* of low to high.

Source: U.S. Census Bureau.

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

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

Figure 10. Jobs / Capita (2010)



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

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

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

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

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

III. NATIONAL, STATE & REGIONAL OUTLOOK

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

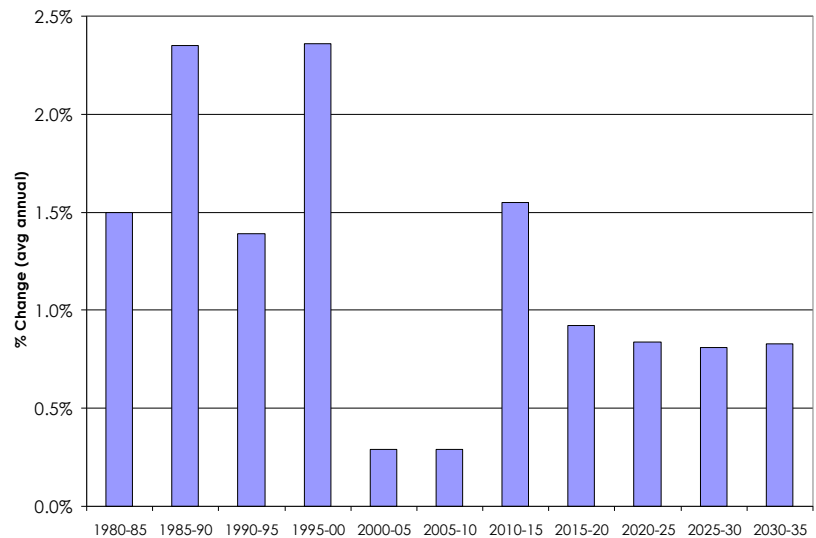
NATIONAL EMPLOYMENT TRENDS & FORECAST

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

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

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

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



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

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

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

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

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

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

Manufacturing:

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

Other Industrial-Related Employment:

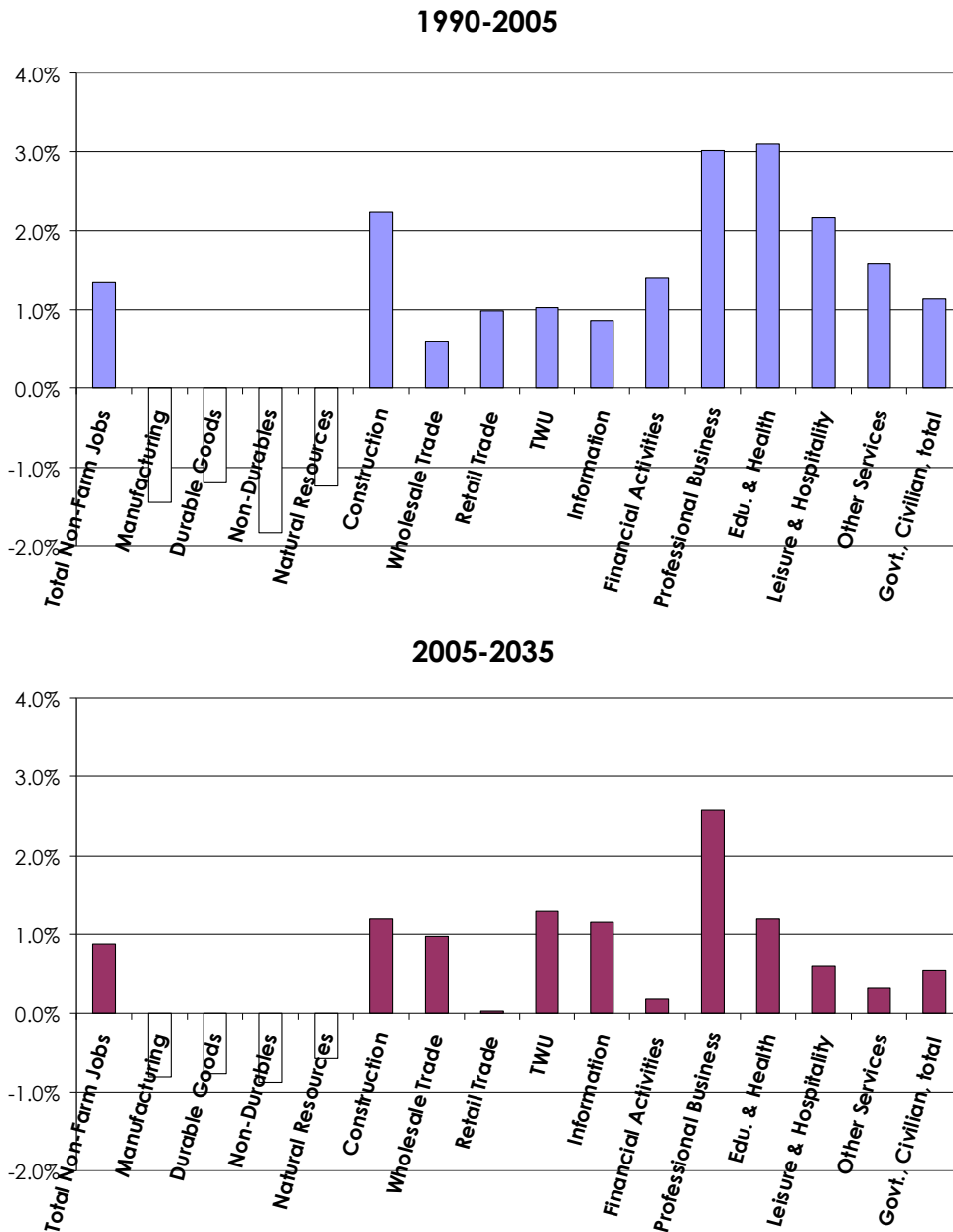
- With the added exception of natural resources, all other *industrial-related* sectors experienced job growth from 1990-2005 and are projected for continued job growth through 2035. These other industry-related sectors include construction, wholesale trade, transportation/warehousing/utilities (IWU),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

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

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

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

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



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

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

Service Sector Employment:

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

OREGON EMPLOYMENT OUTLOOK

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

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

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

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

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

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

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

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

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

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

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

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

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

REGIONAL TRENDS & OUTLOOK

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

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

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

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

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

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

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

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

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

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

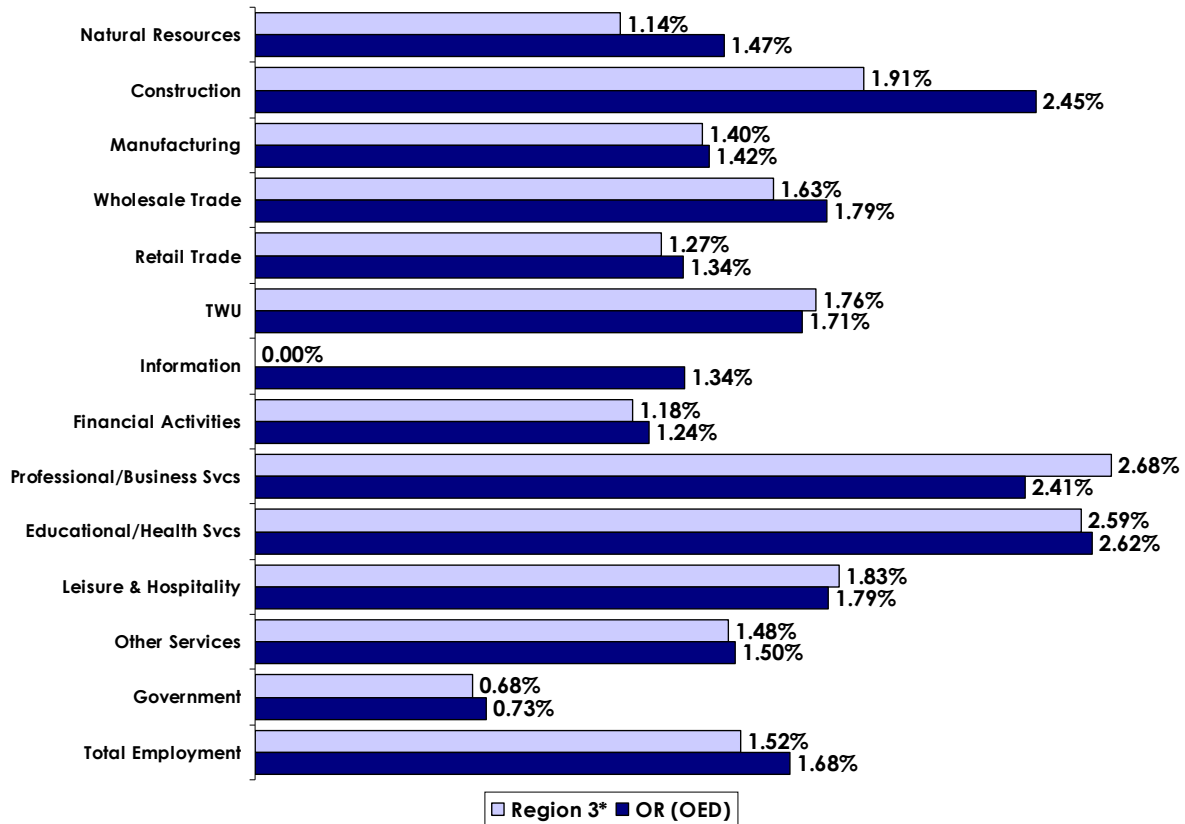
<u>Existing Clusters</u>	<u>Emerging clusters</u>
✓ Metals, machinery & equipment	✓ I-5 business park development
✓ Value-added forest products	✓ Small business entrepreneurship
✓ Agriculture, food & beverage products	
✓ Specialty materials manufacturing	
✓ Traded sector services	

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

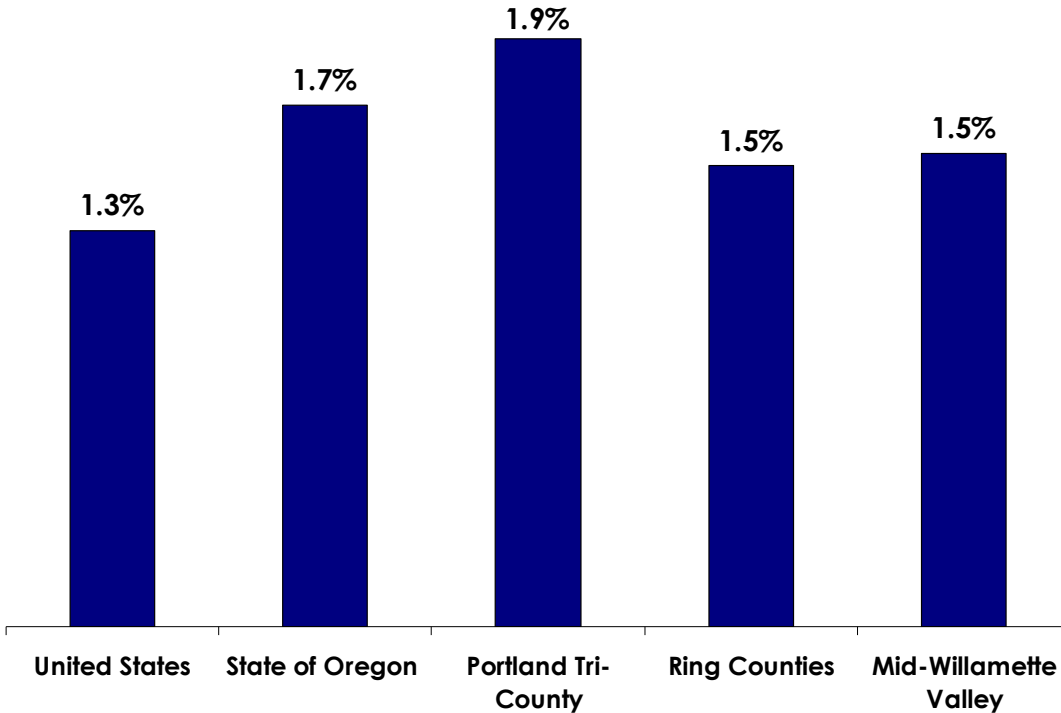
OED forecasts that these counties may experience employment growth averaging about 1.5% per year over the 2010-20 time period. This rate of growth is comparable to that anticipated for the mid-valley region (with little difference for job growth between the Benton-Linn and coastal counties).

EMPLOYMENT OUTLOOK SUMMARIZED

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

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

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



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

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

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

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

Looking to the future (through 2033):

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

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

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

IV. ECONOMIC DEVELOPMENT POTENTIAL

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

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

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

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

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

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

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

FACTORS AFFECTING COMMUNITY ECONOMIC DEVELOPMENT POTENTIAL

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

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

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

Advantages:

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

¹¹ Source is www.maps.google.com.

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

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

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

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

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

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

Disadvantages:

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

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

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

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

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

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

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

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

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

Advantages:

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

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

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

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

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

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

Disadvantages:

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

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

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

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

Newberg-Dundee Bypass Forecast Effects on Regional Travel Time

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

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

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

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

Advantages:

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

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

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

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

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

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

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

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

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

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

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

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

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

Disadvantages:

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

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

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

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

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

Advantages:

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

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

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

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

Disadvantages:

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

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

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

Advantages:

- *Stability of population & economic growth – with less boom-bust than much of Oregon.* Since 2000, population has been increasing somewhat more rapidly than the state, but at an approximate 2.0% per year average rate which City services have been able to match without experiencing major fiscal issues. Continued population growth at a somewhat reduced coordinated population growth rate averaging about 1.84% per year is now forecast through 2033.

On the economic side of the ledger, McMinnville has a relatively diverse mix of industry for a community its size, a factor noted by the 2001 EOA. This diverse employment base is attributed, in part, to the actions of McMinnville Industrial Promotions (MIP) and, more recently, the McMinnville Economic Development Partnership (MEDP). Also noted by the 2001 EOA and with the 2007 MEDP Strategic Plan is that the local diversity of employment is due in part to the perceived quality of life in McMinnville. This factor is important to attracting businesses and entrepreneurs seeking quality communities for themselves and their employees.

- *A relatively young & diverse population – with increased Latino presence.* Median age of McMinnville residents is four years less than that of the entire state of Oregon. Higher proportions of residents are found locally for all age cohorts from childhood to young adults (to age 34). Companies looking for youthful workforce can find it in McMinnville.

McMinnville is at the leading edge of Oregon’s population transformation. The community’s Latino population increased from less than 15% of the city-wide total in 2000 to nearly 21% in 2010 (well above the statewide proportion of 12%). Throughout the entire mid-Willamette Valley region as well as statewide, the Hispanic/Latino population is expected to represent an increasingly important component of the next generation of workers and of customers for commercial services. McMinnville has an opportunity to lead the way – providing new career options for Latino workers and business development options for Hispanic-owned businesses.

- *Small-town residential charm including a walkable downtown.* While quality of life is often considered difficult to quantitatively assess, perceptions of quality of life relative to other communities can affect business location and expansion decisions. This is especially the case for entrepreneurial and other individually owned, non-corporate enterprises.

The 2001 EOA noted that “McMinnville’s small-town character may make the city attractive to some households and businesses, particularly to family households with children and businesses that seek a quality community for their employees that have families.”²² As described by the website of the McMinnville Area Chamber of Commerce, “McMinnville is located in the western portion of Oregon’s agriculturally rich Willamette Valley on U.S. Highway 99W.”

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

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

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

Disadvantages:

- *Vulnerability to eroding incomes & standard of living.* As of 2010, median household incomes for McMinnville are only 78% of Yamhill County and 84% of statewide medians. Average wages for the McMinnville UGB are comparable to Yamhill County but well below comparable regional, county statewide and national figures.

As is occurring statewide and nationally, wages are now accounting for less than a 50% share of total personal income. Yamhill County residents also are more dependent on transfer payments than is the case regionally or nationally.

Future prosperity may be jeopardized to the extent that non-wage sources of income are subject to changing federal policies and the status of national/global investment markets – combined with social service needs for those dependent on transfer payments. Improving the ratio of wage to non-wage income will be influenced directly through the combination of providing more jobs and better paying job opportunities locally.

- *Tentative integration of Latino population into community & business leadership.* As noted with the 2007 MEDP Strategic Plan, in many communities with rapidly growing Hispanic populations, it has proven challenging to effectively draw Latinos into positions of community leadership and business ownership. The result can be lost opportunity for Latino business patronage and a more dynamic cultural environment that draws new blood, new ideas and new investment.
- *Inadequacy of commercial buildable land.* The 2001/03 EOA processes both concluded that the McMinnville UGB would experience a deficit of buildable commercial land over a 20-year time horizon. Due to increased efficiencies associated with target employment densities, redevelopment and less encroachment of non-employment related public/semi-public uses, this commercial land deficiency may be reduced in the years ahead – but with a resulting 36 acre shortfall experienced from 2013-33. This factor is considered in more detail as part of Section V to this EOA report.

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

ECONOMIC DEVELOPMENT POTENTIAL SUMMARIZED

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

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

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

V. FORECAST EMPLOYMENT & LAND NEEDS

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

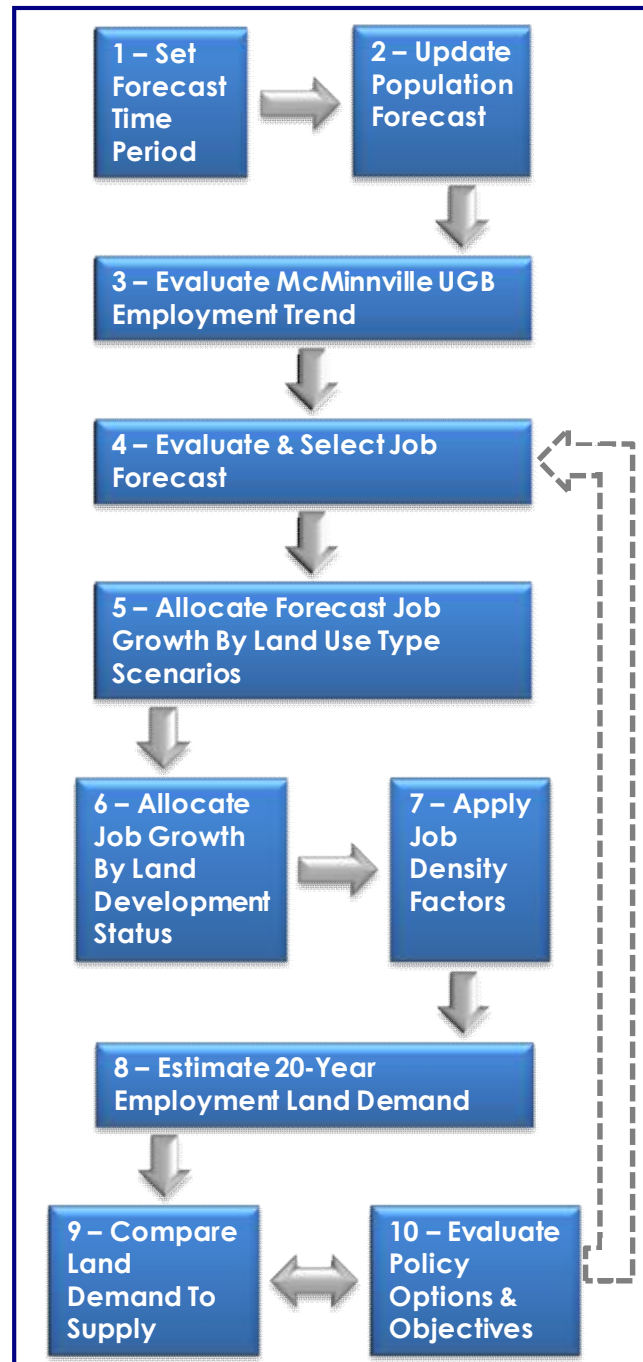
EOA UPDATE PROCESS

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

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

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

Figure 15. McMinnville EOA Forecast Methodology



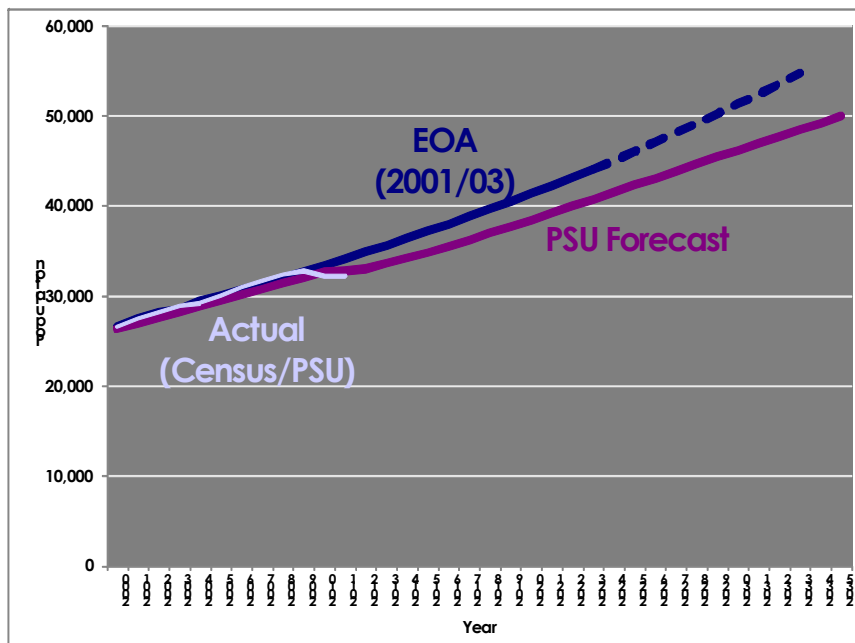
- Of particular importance to this EOA update are conditions for which substantial change could be documented over the last dozen years – as with respect to job growth rates, the changing mix of commercial and industrial employment, job density, developable land supply, ‘other uses’ not directly related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

LONG-TERM EMPLOYMENT LAND NEEDS

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

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

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



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

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

Step 2 – Update

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employment Growth Forecast Options for EOA Advisory Committee Input

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Figure 20. Allocation of Job Growth by Land Use Type

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

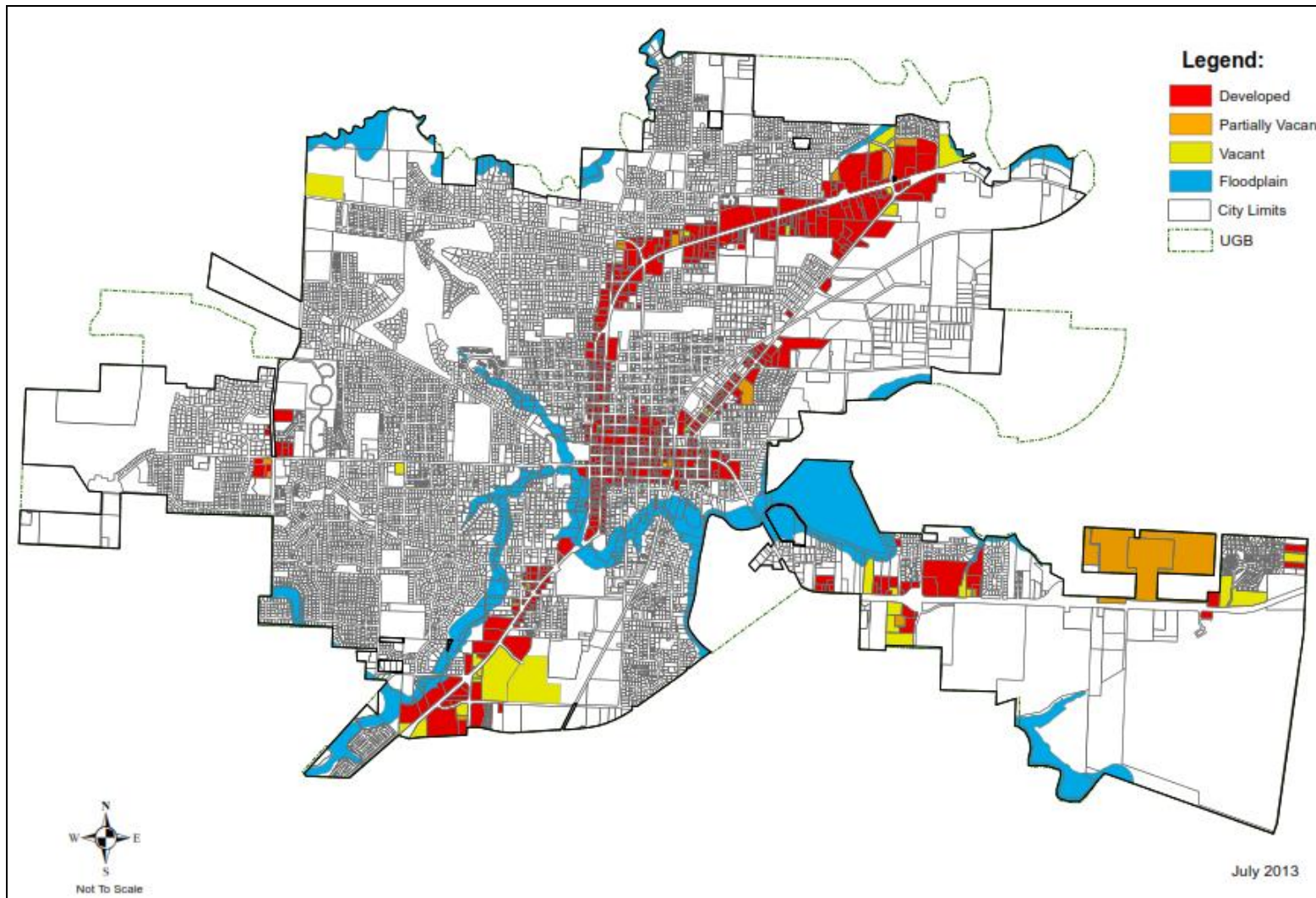
Figure 23. McMinnville Commercial & Industrial BLI (2012)

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

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

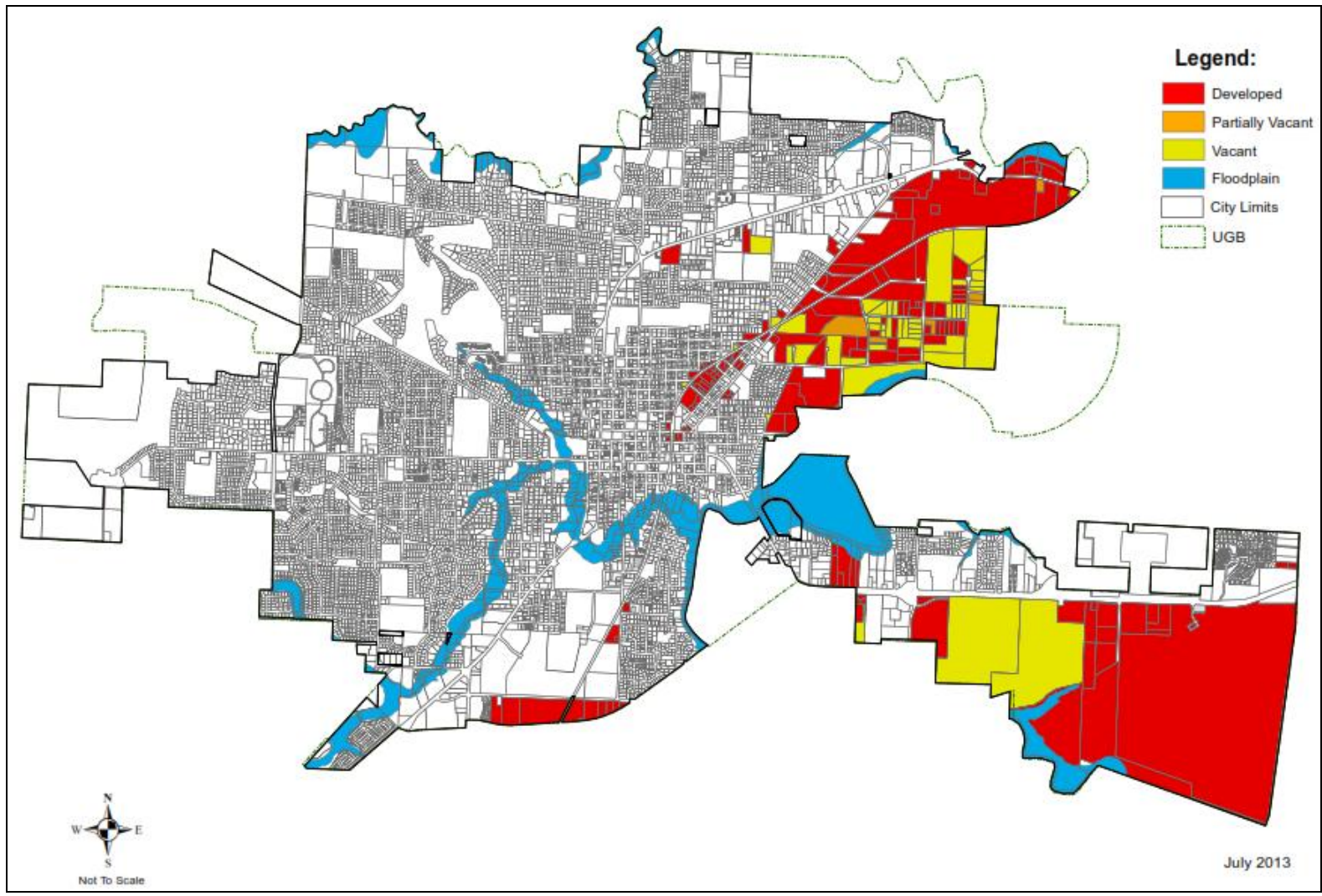
³³ With the 2000 detailed base inventory, non-residential lands were classified as vacant, partially vacant, undevelopable, developed, public, religious or land committed to other uses. Areas with steep slopes (of 25%+), floodplains, wetlands (as defined by the National Wetlands Inventory, without access,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

Figure 24. Commercial Buildable Lands Inventory (2012)



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

Figure 25. Industrial Buildable Lands Inventory (2012)



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

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

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

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

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

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

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

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

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

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

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

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

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

Considerations for Conversion of Industrial to Commercial Land

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

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

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

SHORT-TERM NEED DETERMINATION

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

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

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

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

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

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

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

PARCEL SIZE EVALUATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

POLICY MEASURES WITH COMMERCIAL & INDUSTRIAL LAND DESIGNATIONS

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

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

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

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

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

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

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

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

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

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

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

20-YEAR ECONOMIC OPPORTUNITY IMPLICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. IMPLEMENTATION POLICIES

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

ADEQUATE SITES & FACILITIES COMMITMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

RESOURCES FOR PUBLIC/PRIVATE IMPLEMENTATION

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

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

State & Federal Resources:

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

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

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

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

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

City Resources:

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

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

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

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

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

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

Partnership Opportunities:

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

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

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

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

FULFILLMENT OF COMMUNITY ECONOMIC DEVELOPMENT OBJECTIVES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Updating EOA Target Clusters

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

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

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

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

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

APPENDIX. SUPPLEMENTAL EOA DATA TABLES

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

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

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

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

Source: U.S. Census Bureau.

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

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

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

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

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

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

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

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

Source: U.S. Census Bureau.

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

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

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

Source: U.S. Census Bureau.

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

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

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

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

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

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

Source: U.S. Census Bureau.

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

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

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

Source: U.S. Census Bureau.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Figure 40. Comparative Employment Density & Redevelopment Factors

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

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



DATE: February 4, 2014
TO: Mayor and City Council
CC: Kent Taylor, City Manager
FROM: Doug Montgomery, Planning Director 
SUBJECT: ***PUBLIC HEARING – ECONOMIC OPPORTUNITIES ANALYSIS***

Background –

Oregon land use administrative rule requires that each jurisdiction in the State prepare and adopt an analysis that, in part, examines a community's inventory of employment lands, assesses its economic development potential, states its objectives for economic growth and development, and forecasts its need for employment lands over a 20-year planning period. Referred to as an "Economic Opportunities Analysis" (EOA), McMinnville last completed such work in 2001 (revised in 2003) as part of the urban growth boundary project.

This past year, with funding provided by a private party, the City Council authorized staff to begin work to update this now 12-year-old analysis. Consistent with their direction, City staff and consultant Eric Hovee, E.D. Hovee & Company, have worked with the Council's appointed EOA advisory committee to prepare the draft analysis that is the subject of this public hearing. This committee, whose 12 members represent a diverse range of backgrounds and strong community involvement, met on six occasions between November 2012 and September 2013 to review and discuss the various assumptions, analyses, and policies contained in this draft. Input was also received from the public during the course of this work, which was given considerable attention by the committee members. By consensus, the advisory committee has recommended the November draft EOA be adopted by the City.

At its December 14, 2013, meeting, the McMinnville Planning Commission was introduced to the work done by the EOA advisory committee and the content of the draft analysis. Eric Hovee, the project's consultant, led this review, and was assisted in that task by three members of the EOA advisory committee and City staff. Subsequent to this work session, a hearing was scheduled for the Commission's January 16, 2014, meeting for the purpose of taking public testimony and action on the EOA advisory

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committee's recommendation. Public notice of this hearing was provided as required by the City's zoning ordinance and State-wide planning law. The hearing received written and oral testimony from 1000 Friends of Oregon, Friends of Yamhill County, McMinnville residents Steve Iversen and Mark Davis (a member of the EOA advisory committee), and Bill Brown, representing Kimco Realty.

After closing the hearing, the Planning Commission voted (5 – 3) to recommend the City Council adopt the draft EOA as recommended by the EOA advisory committee. In arriving at their decision, the three commission members voting in opposition voiced separate concerns that: 1) the analysis should include stronger reference to the airport's potential as an economic driver (Commissioner Drabkin); 2) more study should be given to the impact economic growth may have on the Newberg-Dundee bypass (Commissioner Chroust-Masin); and 3) potential market "leakage" in the industrial sector should receive at least equal, if not greater emphasis, to retail market "leakage" in the analysis (Commissioner Hillestad).

Staff notes that subsequent to that hearing, the Planning Department received an email from the Oregon Department of Land Conservation and Development Commission staff regarding their review of the final draft EOA. The communication, dated January 21, 2014, is copied below.

Doug,

Tom [Hogue, Economic Development Specialist] and I reviewed McMinnville's EOA submittal and we wanted to extend a Great Job on the process and work that went into the committee discussions and the final analysis! This is an exemplary product that we will certainly use as future examples of EOAs.

Best,

*Angela Lazarean / Willamette Valley Regional Representative
Community Services Division
Oregon Dept. of Land Conservation and Development*

In order to provide additional opportunity for public input, staff has scheduled a public hearing on the final draft EOA. Notice of this hearing was published in the *News Register* on February 4, 2014; staff has also contacted by email those individuals that have participated in this matter at prior meetings and hearings. Included in your packet for this hearing are copies of the materials reviewed by the Planning Commission at their January 16, 2014, hearing and minutes from that meeting. Copies of the draft EOA and written correspondence had been previously transmitted to the City Council to permit additional time for your review. Copies of those materials are also included in this electronic packet.

Excerpts from the 2013 Economic Opportunities Analysis (EOA)

From Pages 56-57 of the 2013 EOA:

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

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

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

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

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

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

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

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.



MEMORANDUM

June 21, 2021

TO: HEATHER RICHARDS, MCMINNVILLE PLANNING DIRECTOR
 cc: Michael Strahs and Sam Knutson, Kimco McMinnville LLC
 Alan Roodhouse

FROM: DANA L. KRAWCZUK

RE: Goal 9 Legal Analysis: EOA and Comprehensive Plan Policy 48.70 Establish
 Minimum Land Need Quantities

Introduction

Kimco McMinnville LLC's ("Kimco") pending Comprehensive Plan Map and Zone Change with PD Overlay application (CPW 2-20/ZC 3-20) (the "Application") proposes to rezone 37.7 acres (with approximately 4.25 acres needed for right of way) from M-2 (General Industrial) to C-3 PD (General Commercial with a Planned Development Overlay). The 2013 Goal 9 economic opportunities analysis ("2013 EOA") is applicable to the Application and identified a deficit of 35.8 acres of commercial land and surplus of 235.9 acres of industrial land.

Separately, the City has been engaging in long range planning processes related to the McMinnville Growth Management and Urbanization Plan and the Three Mile Lane Area Plan ("3MLAP"). Through those processes, the City has determined that the Comprehensive Plan and Zone Map designations for "40 acres of property along the south side of the Highway 18 frontage" shall be changed from industrial to commercial, as provided in Comprehensive Plan Policy 48.70 (Ordinance 5098). This policy supports the dual purposes of efficiently utilizing land within the City's urban growth boundary ("UGB") by redesignating excess land and also facilitating the 3MLAP preferred alternative.

A question has arisen about whether a consequence of redesignating Kimco's 37.3 acres commercial is that other properties south of Highway 18 would only be able to rezone approximately 2 to 6.5 acres¹ of their industrial zoned property as commercial because most of the 40 acres described in Policy 48.70 would have been absorbed by the Application. The short answer is no.

For the reasons detailed below, both the 2013 EOA and Policy 48.70 provide the minimum acreage needed to accommodate the City's commercial land demand. The only quantitative

¹ The range reflects how the 4.25 acre portion of Kimco's land required for right of way purposes is considered.

limitation on how much additional land can be redesignated and rezoned from industrial to commercial is the 235.9 acre surplus of industrial land identified in the 2013 EOA cannot be reduced so that there is a deficit of industrial land.²

In other words, the 35.8 acre and 40 acre land need described respectively in the EOA and Policy 48.70 is the floor of how much land can be redesignated and rezoned from industrial to commercial. The ceiling is 235.9 acres, which is the existing surplus of industrial land. Accordingly, the City has the legal authority to approve Kimco's 37.7 acre commercial rezone and to approve an additional significant commercial land redesignations south of Highway 18 in the future.

Summary of Analysis

The quantitative land need issue presented by the Application and the question of whether other properties south of Highway 18 can be rezoned commercial is exclusively a Goal 9 issue. The Goal 14 requirement to align land demand and supply in order to keep boundary expansions as limited as possible does not apply. This means that the detailed analysis, process and efforts to balance land supply and demand that the City just engaged in as a part of the UGB and urban reserve designations do not apply here.

Goal 9 requires in relevant part that the City "provide at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses." Goal 9, Section 3 (emphasis added). Also see OAR 660-009-0025(2). The City is authorized to designate land for industrial or commercial uses in excess of the need identified in the EOA. For example, the December 2020 UGB expansion retained a surplus of industrial land, consistent with Goal 9. A redesignation violates Goal 9 only if of the supply of industrial or commercial sites is reduced to the extent that a deficit is created.

The 2013 EOA concluded that the City has a deficit of 35.8 acres of commercial land and surplus of 235.9 acres of industrial land. The 235.9 acre industrial surplus is the "ceiling" and 35.8 acres is the "floor" for redesignating industrial land as commercial. Accordingly, Goal 9 is violated only if 236 or more industrial acres are redesignated as commercial. If Kimco's 37.7 acres are zoned commercial, Goal 9 authorizes the City to redesignate 198.2 additional industrial acres as commercial.

Policy 48.70 does not limit the number of acres that can be rezoned commercial south of Highway 18 to 40 acres. At a minimum, UGB-related efficiencies require that 40 acres be redesignated and rezoned from industrial to commercial. However, there are several policy and practical reasons why the City is authorized to exercise its discretion and redesignate and rezone more than 40 acres from industrial to commercial south of Highway 18, so long as the supply of industrial land is not depleted (the 235.9 acre "ceiling"). For example, the 3MLAP preferred alternative is a high-level concept plan of potential zoning designations. A finer grain analysis of development feasibility, connectivity and design principles could support commercial

² All rezones are required to meet all approval criteria, such mitigating significant impacts to the transportation system and adequacy of public services.

designations in excess of 40 acres and/or a deeper area than is depicted in the preferred alternative.

Detailed Analysis

A. Goal 9 Requires the City to Maintain *Minimum* Quantities of Commercial and Industrial Land

Goal 9 requires in relevant part that the City “provide at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses.” Goal 9, Section 3 (emphasis added). Also see OAR 660-009-0025(2). The Goal 9 rules require the City to adopt an EOA that applies to areas within the UGB that, among other things, “compare[s] the demand for land for industrial and other employment uses to the existing supply of such land.” OAR 660-009-0015. The outcome of this analysis is a quantitative conclusion of whether the City has an adequate supply of needed land, identify any deficit or surplus, and adopt policies committing to providing an adequate supply of industrial and commercial land. OAR 660-009-0020.

Once the Comprehensive Plan and EOA are acknowledged, post-acknowledgment plan amendments, such as the proposed Application, “... that changes the plan designation of land in excess of two acres within an existing urban growth boundary from an industrial use designation to a non-industrial use designation,” must demonstrate consistency with Goal 9. OAR 660-009-0010(4). One option to do so is to “[d]emonstrate that the proposed amendment is consistent with [the city’s] most recent [EOA] and the parts of its acknowledged comprehensive plan which address the requirements of this division[.]” OAR 660-009-0010(4); *see also Shamrock Homes LLC v. City of Springfield*, 68 Or LUBA 1, 5 (2013).

To demonstrate that a proposed plan amendment (a) maintains “at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses” and (b) is “consistent with” the City’s most recent EOA, the City must find that the amendment will not cause the quantity of the City’s commercial or industrial land supply to drop below the minimum thresholds identified in the most recent acknowledged EOA. That is, the City must evaluate whether “the amendments physically reduce the acreage of land in the Goal 9 inventory” or “threaten to convert lands inventoried for Goal 9 uses to uses not protected by Goal 9.” *Shamrock Homes LLC*, 68 Or LUBA at 8.

Goal 9 is implicated when a land use decision “has the effect of depleting” the available lands inventory or “could reduce” the available supply of industrial or commercial land beyond the minimum threshold identified in the EOA. *Grahn v. City of Newberg*, 50 Or LUBA 219, 223 (2005) (emphasis added). “The key is whether the amendment affects one or more of the assumptions that underlie the Goal 9 inventory so that the Goal 9 inventory may be rendered inadequate.” *Shamrock Homes LLC*, 68 Or LUBA at 9. *See also Opus Development Corp. v. City of Eugene*, 141 Or App 249, 254 (1996); *Volny v. City of Bend*, 37 Or LUBA 493, 510–11 (2000). Neither the Land Use Board of Appeals nor the Oregon Court of Appeals has ever concluded that a land use decision violates Goal 9 simply because it would cause a city’s commercial land supply to exceed the minimum threshold identified in the acknowledged EOA.

B. Goal 14 Does Not Apply to the Application

It is important to distinguish the required analysis under Goal 9 from the analysis required under Goal 14. Goal 14 applies when a city proposes to convert rural land to urban uses, primarily in the context of UGB expansions. It does not apply to this Application, which seeks to redesignate and rezone urban land already within the City’s UGB. Like the Goal 9 analysis that applies to this Application, the Goal 14 analysis also relies on the City’s acknowledged EOA. *See* OAR 660-024-0010(2); 660-024-0040(6). However, the EOA serves a different purpose within the context of Goal 14.

The purpose of Goal 14 is to balance the state’s need for urban land with the state’s competing policy to protect rural land. Thus, unlike under Goal 9 which applies exclusively to urban land, the presumption under Goal 14 is that rural land should not be included in the UGB and designated for commercial and industrial uses, unless the local government can first identify a “demonstrated need” for additional land. OAR 660-015-0000(14). Accordingly, in the context of Goal 14, the EOA serves as the starting point for a local government to justify its need to expand the UGB to accommodate additional industrial and commercial land. *See* OAR 660-024-0040(5)–(6) (describing Goal 14 process to establish industrial and commercial “land need”). Also unlike Goal 9, Goal 14 places a high burden on local governments to demonstrate that they cannot satisfy commercial land needs without first redesignating land within the UGB. *See* OAR 660-024-0050(4) (“Prior to expanding the UGB, a local government must demonstrate that the estimated needs cannot reasonably be accommodated on land already inside the UGB.”). Policy 48.70 is an example of how McMinnville complies with this Goal 14 requirement.³

Goal 9’s purpose differs from Goal 14’s. The purpose of Goal 9 is to promote economic development within the UGB. OAR 660-015-0000(9). For that reason, as discussed above, cities cannot take actions that would reduce the quantity of land necessary to support that goal; “at least and adequate supply of sites” must be provided. However, Goal 9 does not restrict cities from encouraging commercial economic development beyond the minimum level identified in the EOA or providing land in excess of the minimum quantity identified in the EOA.

³ Policy 48.70 provides:

Redesignation to Commercial. As an identified efficiency measure necessary to reduce the needed size of the “Phase 2” UGB amendment to meet additional Commercial land needs, the City shall initiate a change to the Comprehensive Plan and Zone Map to redesignate and rezone 40 acres of property along the south side of the Highway 18 frontage from commercial to industrial, leaving the rear portions in an Industrial designation. This recognizes that the City will retain an Industrial surplus as a result of adding the Riverside North area to the UGB as part of the “Phase 2” UGB amendment.

C. The Application Complies with Goal 9 and Does Not Preclude Future Redesignations and Rezones from Industrial to Commercial

The 2013 EOA identified a deficit of 35.8 acres of commercial land and a surplus of 235.9 acres of industrial land. As a result, the EOA recommended that the City redesignate “at least” 36 acres from industrial to commercial use. The Application proposes to redesignate 37.7 acres of land from industrial to commercial. If the City approves the Application, the City will still retain a surplus of 198.2 acres of industrial land. In other words, the Application does not threaten the adequacy of the City’s future industrial or commercial land supply, and it will not preclude other land owners from seeking to redesignate their own property as commercial land in the future. It will simply enable the City to accommodate the existing commercial land deficit identified in the EOA and move closer to its efficiency goal in Policy 48.70.

From: [MCILVAINE Leigh * DLCD](#)
To: [Tom Schauer](#)
Cc: [Heather Richards](#); [MARVIN Sarah * DLCD](#)
Subject: RE: Goal 9 Land Need Quantity Analysis(111342832.1)
Date: Friday, July 2, 2021 5:10:37 PM
Attachments: [image002.png](#)
[image003.png](#)

This message originated outside of the City of McMinnville.

Hi Tom and Heather – apologies for the late follow up. The Stoel Rives memo interprets the Division 9 OARs correctly related to employment land rezone within the UGB. Since the 2013 EOA is the most recently adopted study, it’s appropriate to cite the industrial and commercial land need identified in that report.

Thanks – happy 4th to you both.

Leigh



Leigh McIlvaine
Pronouns: She/her
Economic Development Specialist | Community Service Division
Oregon Department of Land Conservation and Development
635 Capitol Street NE, Suite 150 | Salem, OR 97301-2540
Cell: 971-701-1041 | Main: 503-373-0050
leigh.mcilvaine@state.or.us | www.oregon.gov/LCD

*Beginning **Monday, June 14th**, my new email address will be leigh.mcilvaine@dlcd.oregon.gov. Please update your records and note that your Outlook Cache may need to be cleared.*

From: Tom Schauer <Tom.Schauer@mcminnvilleoregon.gov>
Sent: Wednesday, June 23, 2021 4:48 PM
To: MCILVAINE Leigh * DLCD <Leigh.MCILVAINE@dlcd.oregon.gov>
Cc: YOUNG Kevin * DLCD <Kevin.YOUNG@dlcd.oregon.gov>; Heather Richards <Heather.Richards@mcminnvilleoregon.gov>
Subject: RE: Goal 9 Land Need Quantity Analysis(111342832.1)

Resending the email below (I had a typo in Leigh’s e-mail address and it bounced back).

Hi Leigh,

Thank you for talking through questions about employment land “floors” and

"ceilings" during our recent phone call. Attached is a memo from Kimco's attorney related to their proposed map amendment, regarding the interpretation of Goal 9 and the Goal 9 Rule, providing more detail in writing regarding the issues we discussed by phone. It is my understanding that this is consistent with DLCD's interpretation of Goal 9 and the Goal 9 rule. Please let me know if there is anything in the memo that differs from DLCD's interpretation of the applicable law.

Thank you,
Tom

Tom Schauer, AICP
Senior Planner



231 NE 5th Street
McMinnville, OR 97128
(503) 474-5108

*The City of McMinnville, due to budget shortfalls, has implemented an employee furlough program. **Until further notice I will not be working on Fridays.** All of our development services programs (building, code compliance, engineering and planning) will still be offered Monday – Friday, 8:00 am – 5:00 pm. We will do everything that we can to maintain timely customer service, but due to the reduced work weeks for staff you may experience some delays in our programs. We apologize in advance and appreciate your patience as we work through this situation.*

From: Krawczuk, Dana L. <dana.krawczuk@stoel.com>
Sent: Monday, June 21, 2021 4:30 PM
To: Heather Richards <Heather.Richards@mcminnvilleoregon.gov>; Tom Schauer <Tom.Schauer@mcminnvilleoregon.gov>
Cc: 'Strahs, Michael' <MStrahs@kimcorealty.com>; 'Knutson, Samuel' <SKnutson@kimcorealty.com>; Alan Roodhouse (amr@rpsdevco.com) <amr@rpsdevco.com>; Moeller, Merissa A. <merissa.moeller@stoel.com>
Subject: FW: Goal 9 Land Need Quantity Analysis(111342832.1)

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

This message originated outside of the City of McMinnville.

Heather,

Attached please provide our analysis of how the 2013 EOA and Comp Plan Policy 48.70 are the quantitative “floor” not the “ceiling” for redesignating and rezoning land from industrial to commercial. The analysis supports the conclusion that the City has the authority to approve both Kimco’s 37.7 acre redesignation/rezone application, as well as other future conversions from industrial to commercial land south of Highway 18.

Thank you,
Dana

Dana Krawczuk | Partner

STOEL RIVES LLP | 760 SW Ninth Avenue, Suite 3000 | Portland, OR 97205

Direct: (503) 294-9218 | Mobile: (503) 504-8081 | Fax: (503) 220-2480

dana.krawczuk@stoel.com | www.stoel.com



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From: [Tom Schauer](#)
To: [Tom Schauer](#)
Subject: FW: Goal 9 Land Need Quantity Analysis(111342832.1)
Date: Thursday, July 8, 2021 11:15:23 AM
Attachments: [image001.png](#)

From: Amanda Guile-Hinman <Amanda.Guile@mcminnvilleoregon.gov>
Sent: Tuesday, July 6, 2021 3:52 PM
To: Heather Richards <Heather.Richards@mcminnvilleoregon.gov>
Subject: RE: Goal 9 Land Need Quantity Analysis(111342832.1)

Hi Heather,

Along with DLCD, I concur with Stoel Rives' memo. In particular, Goal 9 only requires "at least an adequate supply" of land for industrial and commercial uses, which is further clarified in the OARs to mean that the total acreage of land must at least equal the projected land need for industrial and other employment use. This language indicates a floor, not a ceiling. The 2013 EOA and CP Policy 48.70 confirm this. Since there is a surplus of industrial land, other property owners surrounding the Kimco property could also seek to redesignate their land, as long as the minimum amount of industrial land need identified in the 2013 EOA is not depleted.



Amanda Guile-Hinman (she/her)

City Attorney

amanda.guile@mcminnvilleoregon.gov

(503) 434-7303

Disclosure: Messages to and from this email address may be subject to the Oregon Public Records Law.

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Circular 230 Disclaimer: If any portion of this communication is interpreted as providing federal tax advice, Treasury Regulations require that we inform you that we neither intended nor wrote this communication for

you to use in avoiding federal tax penalties that the IRS may attempt to impose and that you may not use it for such purpose.

McMinnville Three Mile Lane Area Plan: Market Analysis

Date April 16, 2019 | FINAL DRAFT
To McMinnville Three Mile Lane Area Plan
 Project Management Team
From Chris Zahas and Sam Brookham,
 Leland Consulting Group

Executive Summary

This executive summary provides an overview of the McMinnville Three Mile Lane Market Analysis, which assesses conditions for residential, commercial, office, and industrial development, as well as public recreational facilities. The executive summary includes a description of residential, commercial, office, and industrial forecasts and demand.

Population and Employment Forecasts

The Population Research Center at Portland State University (PSU) produces the annual Population Estimates for Oregon and its counties and cities, as well as the estimates by age and sex for the state and its counties. The population is projected to grow faster from 2020 onwards within the McMinnville UGB than in Yamhill County.

Table ES- 1. Population Forecasts, 2017-2040

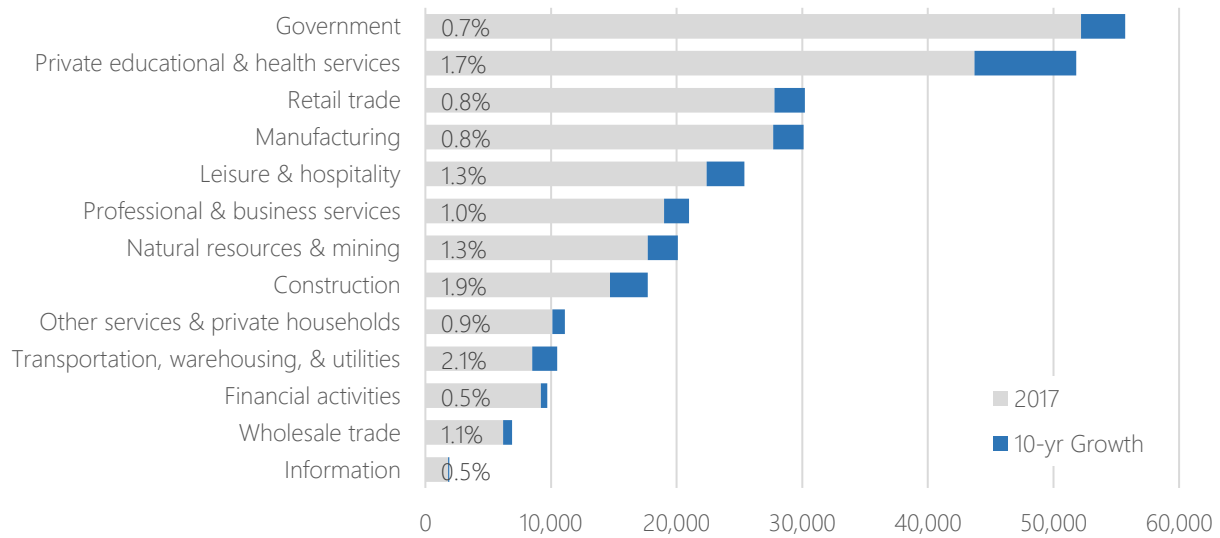
Area / Year	2017	2020	2025	2030	2035	2040
Yamhill County	106,555	111,101	119,339	127,404	135,096	142,311
Annual Growth Rate	N/A	1.40%	1.44%	1.32%	1.18%	1.05%
McMinnville UGB	34,293	35,709	38,437	41,255	44,122	46,956
Annual Growth Rate	N/A	1.36%	1.48%	1.43%	1.35%	1.25%

Source: Portland State University

The study area has a diversified employment base, reflecting the broad range of commercial and industrial businesses in the area. Key takeaways relating to regional employment forecasts include:

- More than one-quarter of all projected employment growth is expected to be in the educational and health services industries, with most in the health care field specifically.
- Industries that typically drive the majority of new office demand—namely Professional and Business Services, Financial Activities, and Information—are among the industries projected to see the slowest employment growth among all industries, and collectively account for eight percent of total projected employment growth.
- Manufacturing employment—the primary driver of industrial development—is projected to be responsible for eight percent of total employment growth.

Figure ES- 2. Projected New Employment Growth, Mid-Valley Region, 2017-2027



Source: Oregon Employment Department (QualityInfo.org).

Real Estate Market

Key takeaways relating to market conditions and real estate trends within the region, City, and Three Mile Lane study area specifically, are as follow.

- Residential prospects** are strong regionally and nationally, but market conditions are weaker in McMinnville. Significant growth in the Mid-Valley region has driven demand for household growth—for both multifamily and single-family. Growth projections for the region suggest demand will remain strong market-wide, although new development in McMinnville has clustered around the western and northern edges of the city. However, existing rents in the region are relatively low and may struggle to attract prominent multifamily developers in the region due to the continuously rising nature of construction costs. The single-family market is very tight, with strong absorption but very little inventory currently listed for sale—particularly in the sub-\$400,000 categories. Single-family homes, multiplexes, townhomes, cottage clusters, and low-rise “garden” apartments are all residential development types that would likely be feasible in the study area in the near-term. Higher-density developments may require additional incentives or other interventions.
- Retail prospects** are relatively strong for certain retail sectors, despite relatively weak market conditions (including rent, vacancy, absorption, etc.). The Three Mile Lane study area likely checks off many site selection criteria and market characteristics typically desired by prospective retailers. While there are few retailers currently in the area, desired physical characteristics, such as visibility, vacant developable land, and ease of access are all present. Further, McMinnville’s central location between the Oregon Coast, the Portland Metro, and Salem provides access to a wide variety of markets. Significant household growth and the burgeoning tourism industry will continue to improve retail prospects.
- Industrial users** are likely to find the Three Mile Lane area an attractive location given its separation from incompatible land users (like residential), ease of access, highway location, level terrain, and

proximity to the airport. While industrial development prospects at the national level are strong, especially warehouse and distribution—largely because of the rise of e-commerce—the Three Mile Lane corridor is not centrally located to large population centers and is therefore unlikely to capture much of this growing market. Instead, industrial growth is likely to be down to the growing agriculture and food and beverage production industry (including the wine industry). These latter users would be consistent with the existing industrial zoning while creating interesting places and improving walkable access to amenities.

- **Office prospects** are potentially strong but limited. Employment data shows few jobs and low historical growth for industry sectors that typically drive demand for new office space. Regionally, however, projections show significant employment growth in education, healthcare, and professional and business services—all of which drive the most demand for new office construction. If McMinnville is able to reposition its office market to capture a greater share of this regional growth, office prospects may expand. Indeed, two businesses recently relocated to the Three Mile Lane Area because of the lack of available office space downtown—reflecting the very low vacancy rate—but wished to remain in McMinnville because of the high quality of life. McMinnville’s quality of life not only has a positive impact on business retention, but there has also recently seen a significant uptick in small high-tech relocations from Silicon Valley that are struggling to find office space. Build-to-suit office opportunities may also arise and help build momentum in the local office market, especially with regard to healthcare and education where there are some existing major tenants and institutions.
- **Lodging** is likely to be a significant development type over the long-term, but the area may struggle to attract hotel developers due to its existing industrial character, lack of walkable amenities, and isolation from downtown. An assessment of the opportunities to capture demand associated with the burgeoning \$7 billion wine industry in the Willamette Valley and related tourism development requires further, more nuanced analysis.
- **Tourism** is a booming industry, particularly with regard to the wine industry, increasing market pressure for the new construction of compatible uses, such as experiential retail and restaurants, lodging, and craft industrial, as well as recreational amenities, such as trails and parks, that combined help to create an authentic, vibrant place.

Three Mile Lane in its entirety is located within an Opportunity Zone, a new tax program created by the 2017 Tax Cuts and Jobs Act designed to spur investment in distressed communities. Investors may defer tax on capital gains up to December 31, 2026, by making an appropriate investment through a qualified opportunity fund (QOF) in accordance with certain requirements. This will increase returns and should make investing in opportunity zones more appealing.

Demand and Forecasted Absorption

The following table provides a summary of market area demand for all applicable land uses. The table also includes an estimated development program for the Three Mile Lane study area, which is LCG’s projected “capture” of regional growth—based on historical trends, land supply, and anecdotal evidence based on the

two focus group discussion conducted to date.¹ The justification for both these numbers is included in the “Notes” column.

It is important to note that these numbers are not specific recommendations; rather, they simply provide an indication of the potential program mix based on market strength. Changes to the mix and specific numbers are anticipated with changes to the zoning, land supply, and public interventions, among other market disrupters.

Table ES- 3. Summary of Market Area Demand and Three Mile Lane Capture

Land Use	Market Area Demand	3ML Est. Program	Notes
Ownership Residential	2,555 units	NA	The market is strong for single-family, with high home values, household incomes, sales volumes, absorption, and construction activity. The quantity depends largely on the City’s vision for the area, applicable zoning, and buildable land.
Rental Residential	1,224 units	240 units	Despite solid national development prospects and strong market area demand due to high growth, low-rise rental apartments and multiplexes are likely the primary building types feasible in the study area because of relatively weak market characteristics.
Retail	539,200 sf	150,000 sf	The study area is well-positioned for new retail development, particularly large-format retail. Neighborhood-serving retail may be a mid- to long-term aspiration when additional residential construction occurs.
Office	144,500 sf	30,000 sf	The office market is relatively weak, and the absorption of significant speculative new development should not be expected. However, opportunities may arise because of McMinnville’s high quality of life, and the Three Mile Lane corridor’s proximity to the airport and institutional users, such as healthcare and education.
Industrial	793,000 sf	80,000 sf	The industrial market remains strong due to the growth of agriculture, food and beverage production, and manufacturing. Continued growth may generate demand in the study area, but development may negatively impact prospects for other land uses, such as lodging and multifamily.
Lodging	NA	NA	Lodging is a specialized development type, which may be feasible given McMinnville’s strong tourism industry. However, a weak office market may limit feasibility in the short-term.

Source: Leland Consulting Group

¹ Where applicable, LCG increased the projected growth rate to reflect higher spending due to tourism from the burgeoning wine industry. Spending generated from tourism would not otherwise get captured within LCG’s demand models as the majority of demand is typically generated by those that live and work within the primary market area.

Introduction

The Three Mile Lane Area Plan (3MLAP) project will develop an area plan for the Three Mile Lane corridor in McMinnville, updating the 1981 Three Mile Lane Overlay District (amended in 1994) and the 1996 Highway 18 Corridor Refinement Plan. The 3MLAP will integrate a wide range of land uses and a multi-modal transportation system that serves both local and state transportation needs and provides active connectivity within the plan area as well as to the City's downtown core. The project will consider how to maximize the opportunities for job creation, housing, and resiliency planning in the corridor by leveraging the land assets to their highest and best use for affordable housing, industrial development, tourism development, hospital expansion, airport expansion, and gateway improvements.

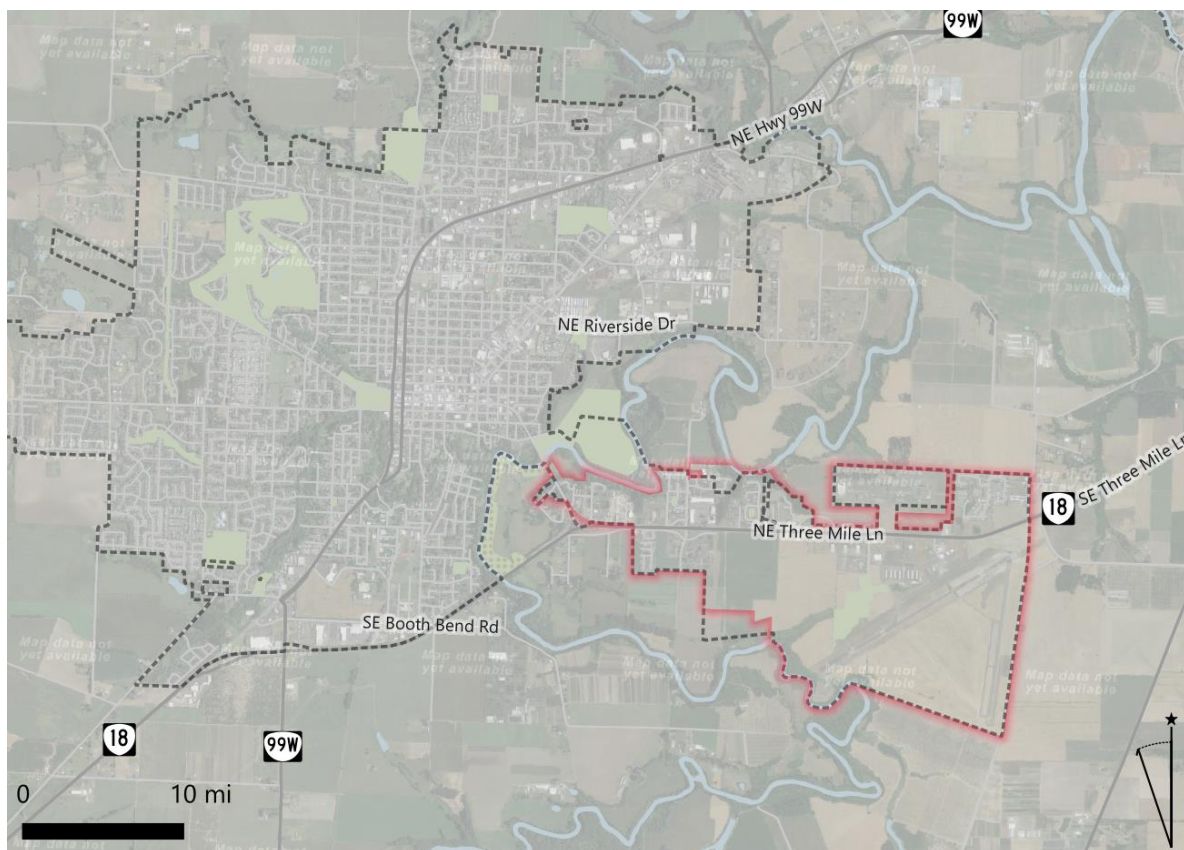
Task Overview

This Market Analysis includes existing and future market conditions for development in the Project Study Area based on current forecasts for population and employment growth; published forecasts for expected growth and development trends; contact with industry professionals; and information provided by participants project meetings and other public input.

Project Study Area

The project study area is located in the southeast arm of McMinnville, centered around State Highway 18/Three Mile Lane, as indicated below in Figure 1.

Figure 1. Three Mile Lane Study Area



Source: Google, TIGER, Leland Consulting Group

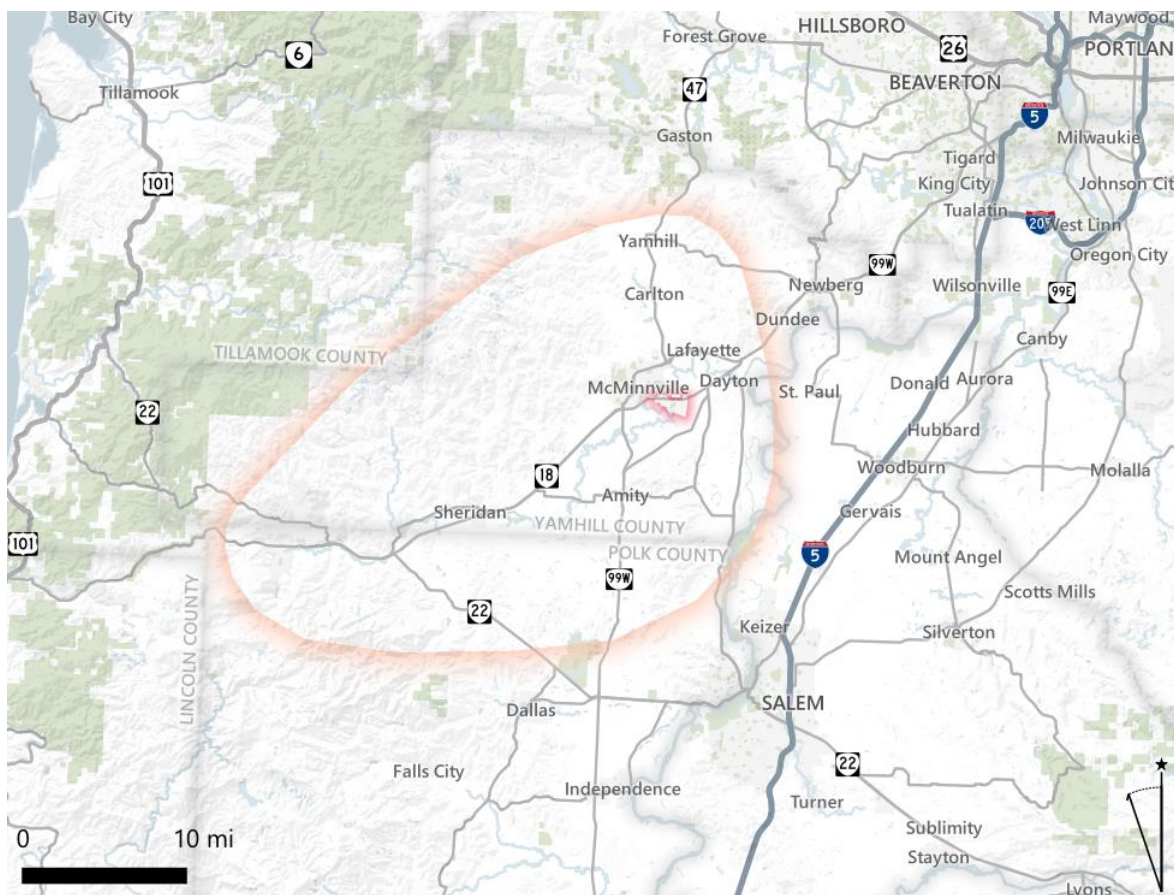
The Market Area

The market area, as defined in Figure 2, represents the area from which the most demand for residential, commercial, and industrial uses will originate, and where most of the competitive development is located. Residents and businesses located in this area are the primary groups to support retail on site, lease/utilize office space, and live in the study area. The market area is roughly bounded by the Willamette River to the east, Tillamook State Forest to the west, and Polk County to the south—although the market does extend into Polk County, there are few residents or jobs located in this area—and the City of Yamhill to the north.

The market area is defined based on several variables, including drive time, destinations, and commute patterns and other relationships to the City of McMinnville. As the most southwestern city of significance on the way to the coast, the market area extends further southwest than it does to the north and south, where McMinnville is unlikely to out-compete with Oregon’s major metropolitan regions—namely Portland and Salem. The pass-through traffic on Highway 18 from Portland to the coast is another market of importance to retailers and tourism-related developers, but not necessarily captured within this report. The retail leakage analysis, discussed in depth later in this report, would capture some of the retail spending, but impacts to hotels, wineries, and other important tourism-related organizations and development would not be cataloged.

McMinnville and other cities located on the western periphery are likely to capture the majority of demand in the Western Willamette Valley, while Newberg is closer to the Portland Metropolitan Area and more likely to capture demand for residents and businesses whose lives and livelihoods are oriented towards Portland.

Figure 2. Regional Overview and Market Area



Source: TIGER, Leland Consulting Group

National and Regional Context

Development Context and Market Trends

Development and Land Use Types

This section includes excerpts from the Urban Land Institute’s (ULI) Emerging Trends in Real Estate report for 2019, an annual publication that assesses the state of real estate markets both nationally and locally based on interviews and surveys with experts in development and finance. Both national and regional trends have an impact on future land uses in the study area: they set the stage for the types of investments that are desirable for real estate developers and investors.

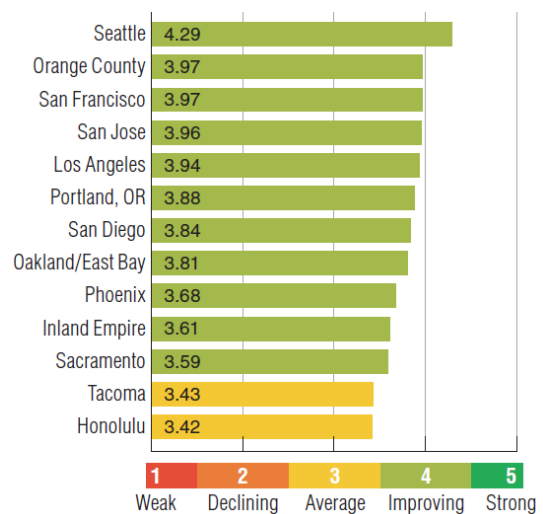
*Emerging Trends*² suggests that access to talent (i.e., well-educated workers) is what drives the economies of many of the Pacific Northwest markets.

The Portland metropolitan region³ is described by ULI as a "solid 18-hour city" whose strengths include strong economic growth due to increased wealth in the market, a high quality of life and attractive outdoor activities, and a diverse workforce that helps to supply trained labor to industries.

While the regional economy is not considered as strong as other Pacific Coast major metropolitan regions, it has experienced the benefit of being able to offer a more competitive cost structure to its more expensive neighbors along with a high quality of life for residents. This is a prime example of how quality of life can drive an economy and one that McMinnville can continue to leverage, especially given the affordability challenges facing the Portland metro.

Indeed, the main challenges in the Portland metropolitan area are housing affordability and critical infrastructure enhancements, where the median home value is \$338,000 and the median household income is \$68,100. McMinnville’s relationship to the Portland metropolitan region may be nuanced, but affordability appears to be a factor. According to 2015-2016 migration data from the IRS (which is based on the address on annual tax returns), Yamhill County attracted approximately 230 households from Multnomah County, with only 173 households migrating *from* Yamhill to Multnomah during this same period. In general, Yamhill’s migratory relationship with other Oregon counties is more prevalent than Multnomah: approximately 65 percent of incoming households to Yamhill County in 2015 to 2016 were from Oregon, compared to only 37 percent for Multnomah. Further, 69 percent of households *leaving* Yamhill migrated to other Oregon counties, compared to only 51 percent of Multnomah households.

Figure 3. Local Outlook: Pacific Northwest



Source: ULI

² [URL](#)

³ Since McMinnville is on the periphery of the Portland metropolitan area, Portland directly impacts McMinnville’s economy.

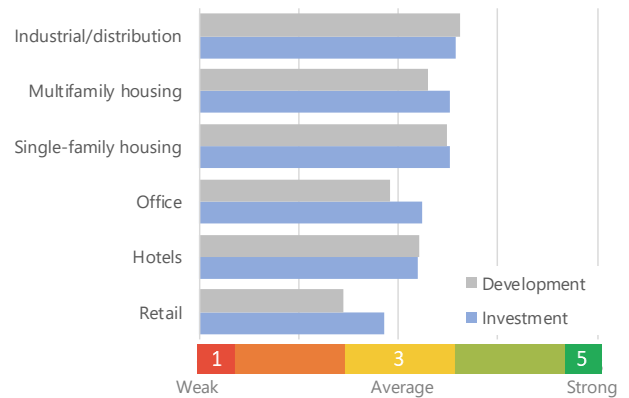
National Real Estate Development Prospects

Emerging Trends also provides guidance about the types of development that are likely to be most desirable in the coming years from a developer and investor perspective. While this is a national outlook, the guidance is relevant for most local markets, including McMinnville.

The following figure shows ULI’s high-level summary of national investment and development prospects for 2019. Several notable features are described below.

Industrial and distribution are favored development types, largely because of the acceleration of online retailing, and the need for distribution points for these goods. However, developers will seek to locate online distribution centers near the center of metropolitan areas where the density of residents and businesses is greatest, therefore the impact of this trend in McMinnville is likely to be modest. Single-family housing has picked back up significantly; for many years following the great recession the development of single-family housing was much slower. Multifamily housing is also seen as having fair to good development prospects. Hotel development is judged to be just above fair.

Figure 4. National Development Prospects, 2019



Source: ULI

LCG’s experience is that hotel development is a specialized form of development, which will continue to work in specific locations, often with an established base of major employers or a major tourism draw, as McMinnville has. Office development is less desirable,⁴ in part because the new generation of white-collar employees requires less space: many hard-wall offices have been eliminated in favor of open floor plans, more employees are working remotely, and paper filing and other “analog” space requirements have become digitized. A majority of new office development has also taken place in close proximity to central business subareas (e.g., downtown Portland), where many young professionals locate and where job growth has been fastest.

New retail development is seen by investors as the riskiest and least desirable type of development, primarily due to the rapid expansion of online retailers who are capturing market share from mall anchors and commodity retailers. Sears, Macy’s, Toys R Us, Sam’s Club, J.C. Penny, and Payless Shoes are among the chains that have completed major store closures. The retrenchment of these traditional retailers and years of high vacancies have made retail developers cautious. Nevertheless, there may be opportunities for retail growth in under-served markets or areas with significant population growth.

The Impact of Tourism on Development

There are several emerging trends in traveler behavior and consumer preferences that have a significant impact on tourism, and therefore should be considered in terms of potential investment decisions. While investments

⁴ However, two office-related businesses have recently moved to Three Mile Lane because they outgrew downtown locations. Office market characteristics provided later in this report shows a low vacancy rate in the office market of 1.4 percent, suggesting a significant lack of available office space.

are typically related to commercial estate, tourism can often also result in residential demand as visitors are drawn to a particular quality of life (for example, young, emerging professional looking to relocate or retirees looking for a place to retire). Some of these trends are described below.

- **Authenticity** – Travelers are increasingly seeking authenticity in the places they visit, where they can experience deeper and more personal connections. According to a travel trend poll of travel agents by American Express in 2014, more than one-third (34 percent) of respondents said customers are seeking to immerse themselves in unique and authentic aspects of their travel destinations.
- **Interactive/Experiential Tourism** – It is more likely that a visitor will be motivated to travel to a destination, extend their stay or return for a future visit if the attractions and assets allow for direct interaction. This has significant implications for the art/culture, entertainment/festival, culinary and other sectors of the McMinnville visitor offering.
- **Culinary/Food Tourism** – Authentic food experiences have become a popular motivator for travel, according to research conducted by TrekkSoft, an international tour operator software company. In a worldwide survey of nearly 150 tour operators, respondents described food markets, tasting sessions, cooking lessons and vineyard/farm visits as growing in popularity.
- **Health and Wellness** – Health-conscious consumers are now seeking to enhance their well-being through travel experiences. In 2017, Booking.com found that 40 percent of travelers are interested in a health and well-being travel experience, such as locally sourced menus, improved access to recreational activities such as yoga, and wellness- or fitness-oriented events.
- **Leveraging Waterfronts** – Both large- and mid-sized communities throughout the country have invested in their scenic waterfronts by planning and supporting the development of shopping districts, outdoor restaurants and river walks. Cities such as Grand Rapids (MI), Bend (OR), Pueblo (CO), Reno (NV) and many others have developed extensive plans and zoning adjustments to add riverside cafes, unique retail, gondolas, craft breweries and other assets that build on these invaluable natural assets.

The Impact of Airports on Development

The 650-acre McMinnville Municipal Airport is located within the Three Mile Lane Study Area on the south side of Highway 18. The facility can accommodate private jet aircraft, but there is no commercial airline that services McMinnville. Most of the aircraft housed at the airport are small planes owned by private individuals. There are also a few jets and a significant helicopter presence due to the helicopter flight school.

While there is not currently commercial air service operating out of the airport, it is important to acknowledge any impact it has on the area's prospects, including any related development opportunities. An assessment of national trends in general aviation and related development helps provide context for possible opportunities.

Nationally, many modern airports now generate most of their revenues from sources other than aviation. Airport authorities are no longer stale bureaucracies. They have quietly been morphing into what can best be called entrepreneurial landlords.

Depending on local circumstances, airports have seen the following types of development (in addition to the usual airport facilities like parking, etc.), either on their lands or directly adjacent to their lands (many of these are in high demand and, therefore, currently at a premium):

- Hotel developments
- Conference/convention centers
- High-end outlet malls
- Destination shopping centers
- Corporate head offices
- Mixed-use developments (shop, work, play, stay)
- Office buildings
- Post-secondary education facilities, specifically aerospace-related
- High-tech business parks
- Industrial developments (manufacturing, warehousing)
- Cargo facilities
- Casinos
- Entertainment destinations
- Recreational facilities
- Botanical gardens
- Butterfly gardens
- Residential developments
- Libraries
- International sports facilities
- Local amenities

Demographics

This section provides an overview of past, existing, and projected demographic conditions.

Household and Population Characteristics

In 2018, the project study area was home to just over 2,000 residents—approximately six percent of McMinnville’s total population and three percent of the market area. The market area—which is mostly located in Yamhill County—contains about three-quarters of the County’s population.

The study area’s population has grown at the fastest rate versus the city, county, and state, although total numerical growth has been relatively little. McMinnville, in general, has generally experienced significant population growth—particularly from 2000 to 2010.

Table 1. Population Counts

	Study Area	McMinnville	Market Area	Yamhill Co.	Oregon
2000 Total Population	1,536	27,198	59,834	84,992	3,421,399
2010 Total Population	1,856	32,187	69,597	99,193	3,831,074
2018 Total Population	2,086	34,366	75,125	104,675	4,185,014
00-10 Annual Growth Rate	1.9%	1.7%	1.5%	1.6%	1.14%
10-18 Annual Growth Rate	1.5%	0.8%	1.0%	0.8%	1.11%
00-18 Annual Growth Rate	1.7%	1.3%	1.3%	1.2%	1.13%

Source: ESRI and Leland Consulting Group

Selected household characteristics are provided in the following table. Generally, existing households in the Three Mile Lane study area are slightly smaller, have higher incomes, and are significantly older, more diverse, and less educated than McMinnville and the wider region. Further, home values are higher than the City and market area average, yet lower than the county and state, likely because despite there being relatively few homes in the study area, most were built post-2000.

Table 2. Select Demographic and Housing Characteristics, 2018

	Study Area	McMinnville	Market Area	Yamhill Co.	Oregon
Avg. Household Size	2.58	2.65	2.74	2.73	2.50
Median Home Value*	\$291,043	\$277,574	\$292,514	\$307,273	\$301,025
Median HH Income	\$55,460	\$53,456	\$57,553	\$61,863	\$57,902
Per Capita Income	\$27,729	\$26,783	\$27,420	\$28,571	\$31,775
Median Age	40.9	35.7	38.1	38.0	39.7
Non-white Pop	20.6%	17.8%	16.5%	14.6%	16.4%
Bachelor's +	19.0%	24.4%	22.2%	26.3%	33.4%

Source: ESRI and Leland Consulting Group

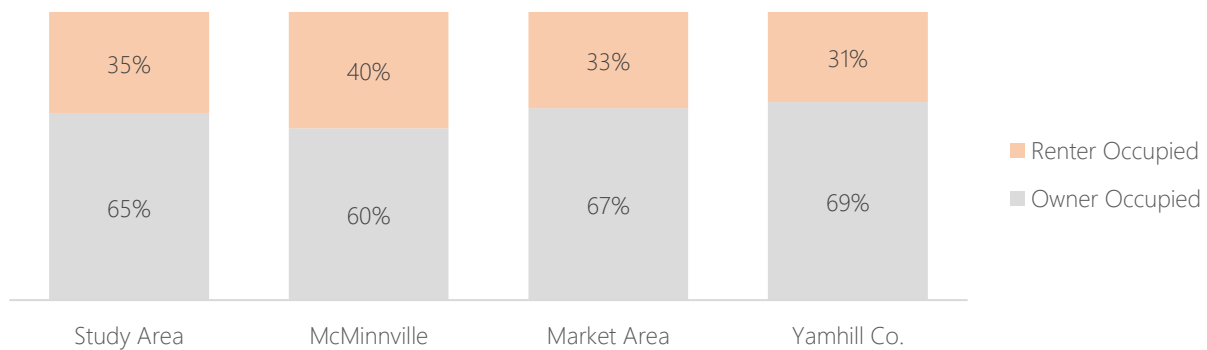
*Owner-occupied housing only

As shown in Figure 5, the study area has a greater proportion of renters compared to market area and county (where owner-occupied households are the norm), but less than the City of McMinnville. This is likely reflective of the higher proportion of older and higher-income households in the study area versus McMinnville.

The Pew Research Center indicates that certain demographic groups—such as young adults, nonwhites, and those with less educational attainment—have historically been more likely to rent than other groups, and rental rates have increased among these groups over the past decade. However, rental rates have also increased among some groups that have traditionally been less likely to rent, including whites and middle-aged adults.⁵

In fact, although renting is most common among young adults, nearly everyone rents at some point in their lives—whether by choice or by necessity. However, rental housing is particularly important for low-income and minority households, about half of whom are renters. As a result, supplying affordable units in a variety of structure types and neighborhoods is a critical national housing policy priority.^{6,7}

Figure 5. Tenure, 2018



Source: ESRI and Leland Consulting Group

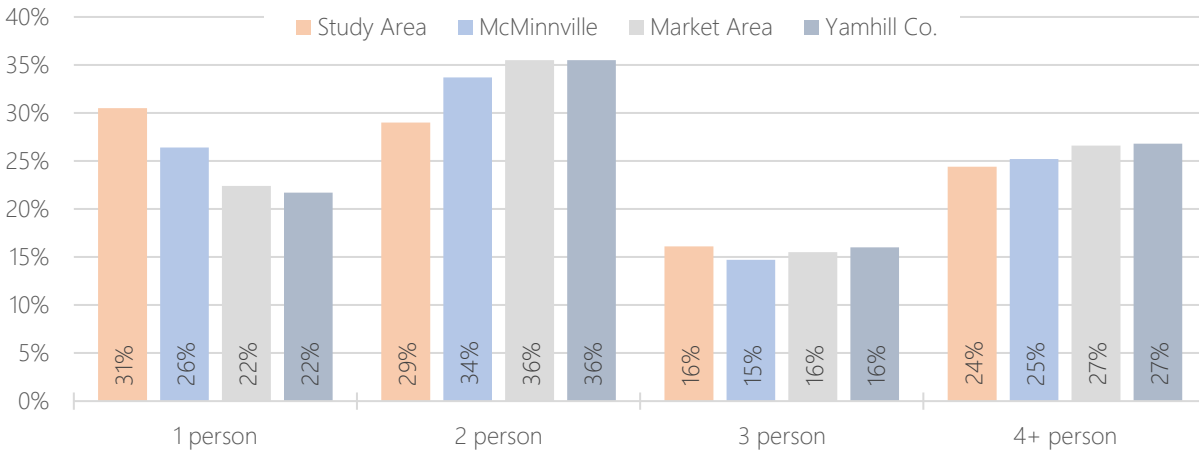
⁵ Pew Research Center, "More U.S. households are renting than at any point in 50 years," 2018, [URL](#)

⁶ From "Renter Demographics" by the Joint Center for Housing Studies of Harvard University, [URL](#)

⁷ At the time of writing, McMinnville was undertaking a Housing Needs Analysis (HNA), the preliminary results of which show housing affordability as a growing challenge in McMinnville.

Figure 6 shows the proportion of households by size for each comparison area. The study area currently has the greatest proportion of one-person households but is consistent with all comparison areas for households with three or more people. Generally, one- and two-person households are the most common household size.

Figure 6. Households by Size, 2010



Source: ESRI and Leland Consulting Group

Residential Forecasts

Population growth is a key indicator and driver of demand for both residential and commercial development, and therefore, population forecasts are critical in estimating future demand. The projected growth—or lack thereof—of the population, households, and employment help to inform future growth rates which are used in the demand analyses presented in this report.

The Population Research Center at Portland State University (PSU) produces annual population estimates for Oregon and its counties and cities, as well as estimates by age and sex for the state and its counties.

The population is projected to grow faster within the limits of the McMinnville UGB than in Yamhill County as a whole. As such, an increasing share of the county’s population is expected to reside in McMinnville over the next 40 years (32 percent in 2018 and 35 percent by 2067).

While McMinnville will have high actual population growth, other cities in Yamhill County have higher projected growth rates over the next two decades. These cities include Dundee (1.84 percent), Newberg (1.81 percent), Lafayette (1.7 percent), Carlton (1.6 percent), and Yamhill (1.2 percent).

Table 3. Population Forecasts, 2017-2040

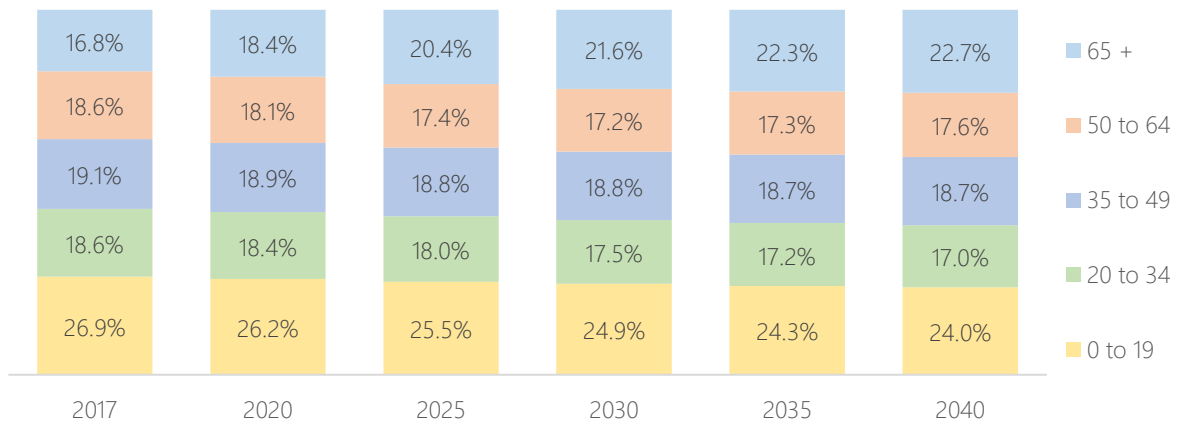
Area / Year	2017	2020	2025	2030	2035	2040
Yamhill County	106,555	111,101	119,339	127,404	135,096	142,311
Annual Growth Rate	N/A	1.40%	1.44%	1.32%	1.18%	1.05%
McMinnville UGB	34,293	35,709	38,437	41,255	44,122	46,956
Annual Growth Rate	N/A	1.36%	1.48%	1.43%	1.35%	1.25%

Source: Portland State University

The 65-and-over age group is projected to experience the most growth in the next two decades as the entire baby boomer generation enters retirement age. After 2030, the millennial presence is projected to significantly

increase the proportion of the population aged between 50 and 64. Access to essential services and a sufficient range of appropriate housing options will be critical in accommodating these aging demographics. These shifting demographics are likely to have a significant impact on residential development. For example, growth in the number of seniors will result in demand for senior housing (age-restricted apartments or assisted living facilities) and small and maintenance-free dwelling units. Growth in the Millennial generation will result in demand for affordable single-family, townhomes, and multifamily housing.

Figure 7. Population by Age, Yamhill County, 2018-2040



Source: Portland State University

Employment

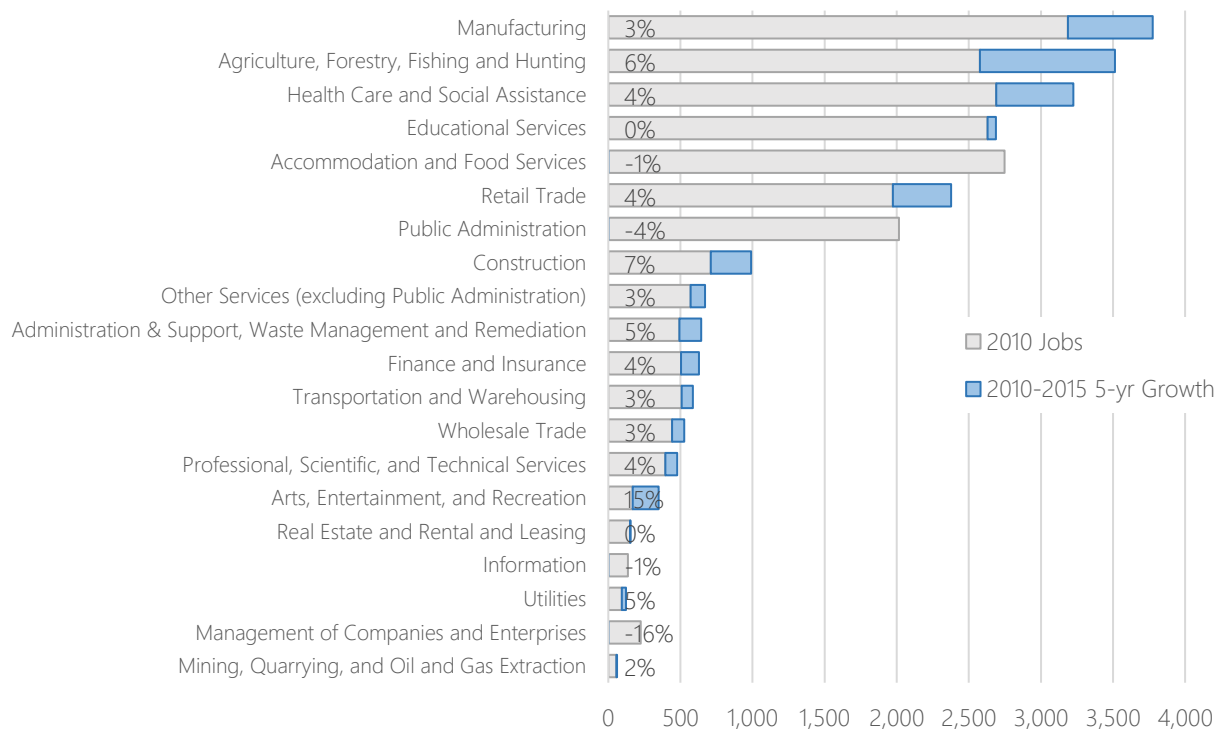
This section provides an overview of past, existing, and projected employment conditions.

Total job counts for 2010 and 2015 and annual employment growth are shown in Figure 8. Employment in the McMinnville market area predominantly consists of jobs in manufacturing, education, healthcare, accommodation and food services, and retail. These five industries were responsible for over 71 percent of all jobs in 2015. Approximately one-quarter of all jobs in 2015 were in the manufacturing industry. Of these top five industries, all but Educational Services experienced high annual growth of over two percent.

- The fastest growing industries between 2010 and 2015 were:
 - Arts and entertainment (15.5% annually). While this sector is relatively modest in size, its growth has been the highest among all other sectors, likely due to the increase in tourism in the area.
 - Construction (6.9% annually).
 - Agriculture, forestry, fishing, and hunting (6.4% annually). Not only in this the third-fastest growing sector in the market area, but it is also the second-largest in terms of total jobs. One of the inputs into this sector is the wine industry, in which McMinnville has continued to experience growth.
 - Administrative & support, waste management & remediation services (5.5% annually)
 - Utilities (5.4% annually)

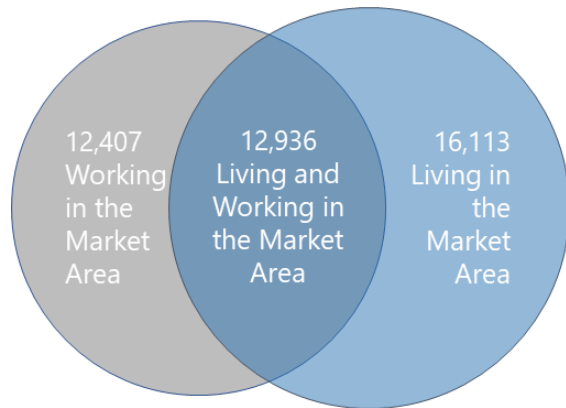
- Finance and insurance (4.5% annually). The majority of speculative office demand is typically generated by this sector and the following sector. This growth improves development prospects for new office development, but in terms of total jobs, these sectors remain relatively minor in the region.
- Professional, scientific and technical services (3.9% annually).
- The only industries to lose jobs in the five-year period between 2010 and 2015 were:
 - Management of companies and enterprises (-15.6% annually)
 - Public administration (-3.7% annually)
 - Information (-1.3% annually)
 - Accommodation and food services (-0.7% annually).

Figure 8. Employment Profile, McMinnville Market Area



Source: LEHD. Percentages shown above are compound annual growth rates for the past five years.

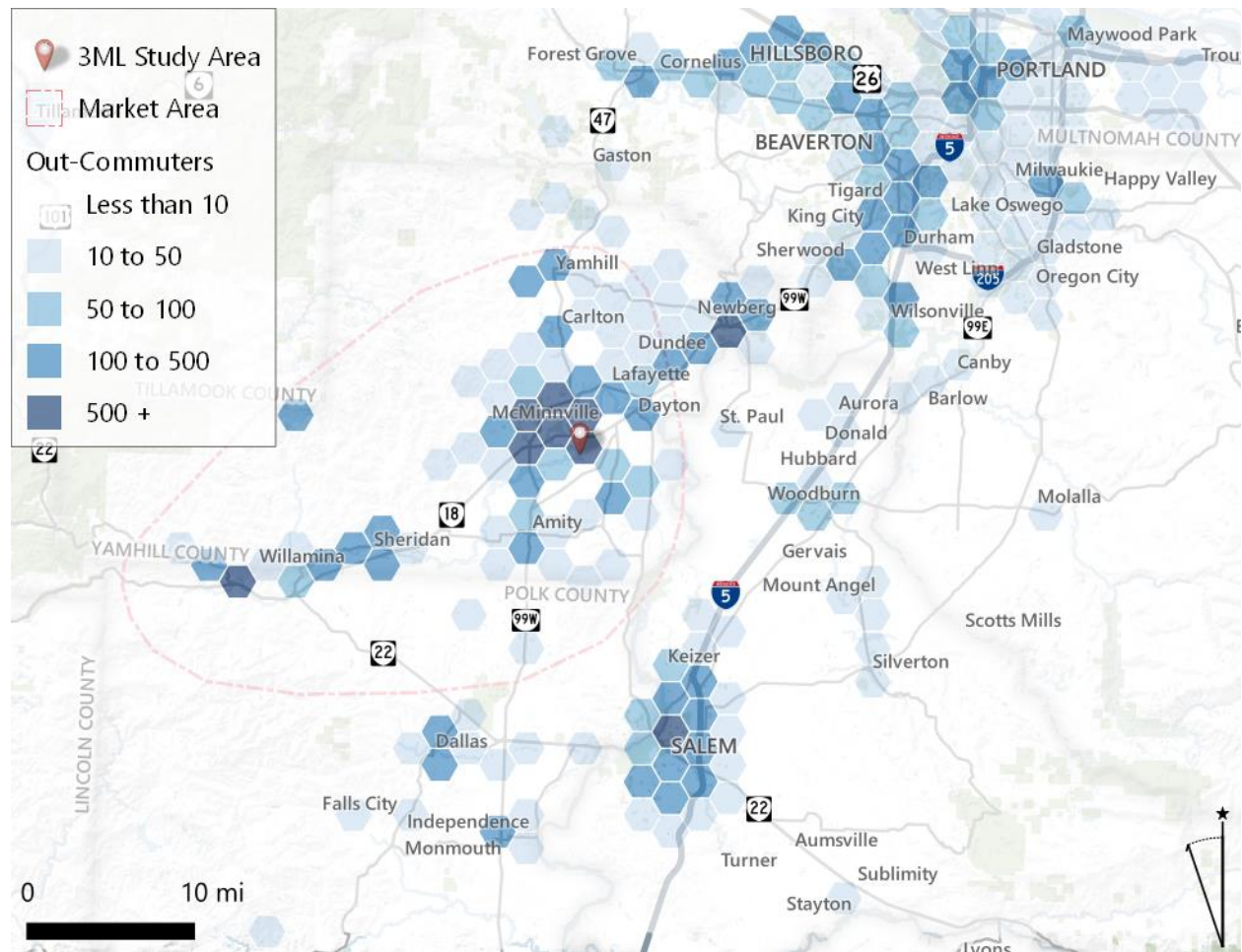
Figure 9. Commute Patterns, Inflow-Outflow, McMinnville Market Area, 2015



The number of people that both live and work in the McMinnville market area generally increased from 2005 to 2015, suggesting that McMinnville’s employment market has strengthened over the past decade. Approximately half of the people working in the market area as of 2015 also live there, up from 41 percent in 2005.

Figure 10 below shows where residents of the market area commuted to work in 2015. The highest concentration of employees living in the market area is within McMinnville. However, a significant number of market area residents commute to Newberg and Salem, as well as further afield to various cities in the Portland metropolitan area. Few residents commute to the coast, although there are small concentrations of employment in cities and towns to the southwest of McMinnville—namely Sheridan and Grand Ronde.

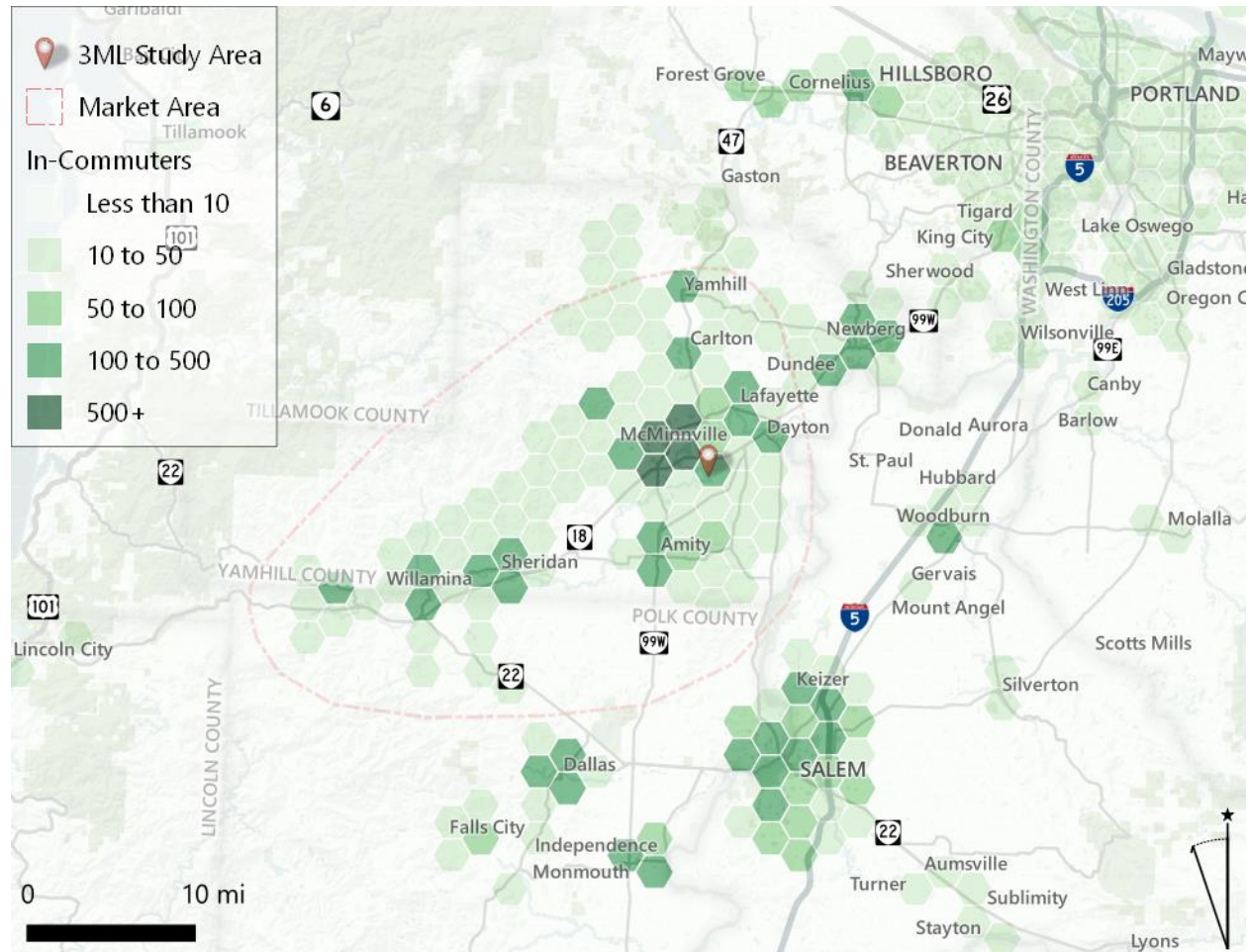
Figure 10. Where Market Area Residents Commute To, 2015



Source: LEHD OnTheMap and Leland Consulting

As the following map shows, there is a significantly greater concentration of employees that also live in the McMinnville area. Few employees working in McMinnville and the surrounding market area live in Salem and even fewer in areas of the Portland Metro.

Figure 11. Where Market Area Employees Commute From, 2015



Source: LEHD OnTheMap and Leland Consulting

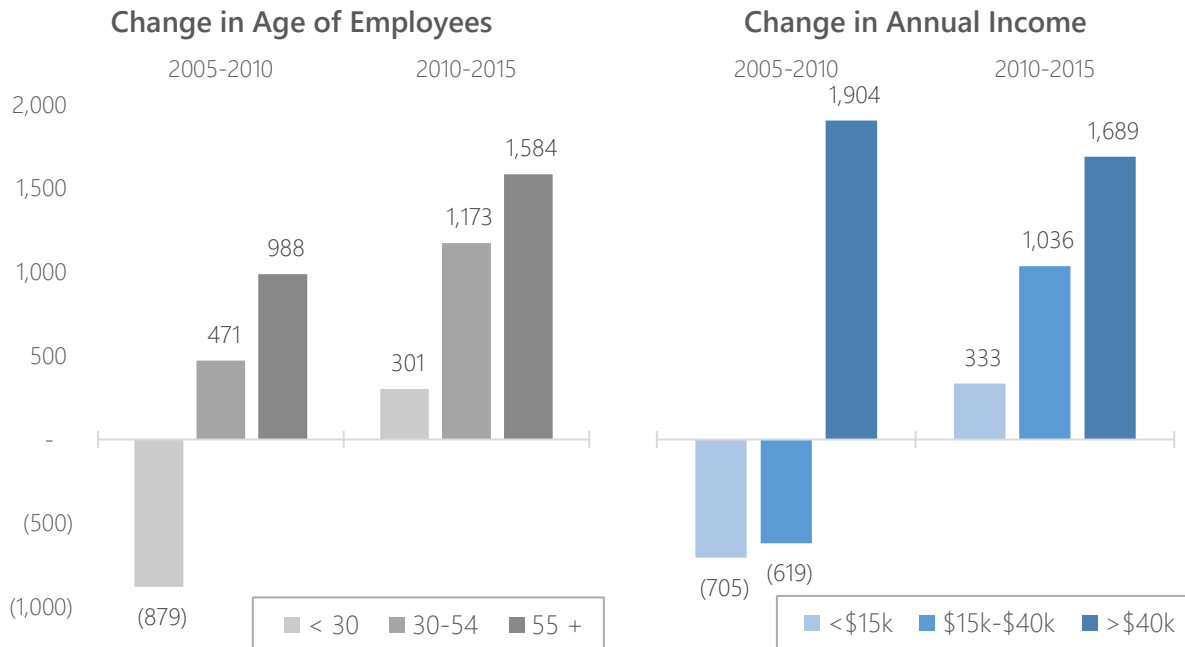
Figure 12 below shows the proportion of market area employees by both age and annual income in 2005, 2010, and 2015. Generally, employees in the market area were significantly older in 2015 than in 2005 but earned significantly more on an annual basis. In fact, employment grew by almost 2,600 jobs in the 55-and-over age category. During this same period, workers in the under-30 age category declined by almost 600.

Some of the key takeaways about McMinnville’s employment associated with both the aforementioned commute data and this trend data is summarized as follows.

- McMinnville as an aging community that is failing to attract or retain its younger workforce. Comparatively, the same data source shows a similar yet less significant trends for the City of Portland.
- People over the age of 55 are moving to McMinnville as they near retirement age, skewing the average employee age upwards. In contrast, almost half of all new employment growth in Portland between 2010 and 2015 was for employees aged between 30 and 54. Similarly, however, the metro

also showed a decline in workers younger than 30 between 2005 and 2010, and only modest growth between 2010 and 2015. Ultimately, this shows Oregon to be an attractive place for workers well into their career already rather than younger, entry-level workers.

Figure 12. Change in Number of Employees by Age and Annual Income, McMinnville, 2005-2015

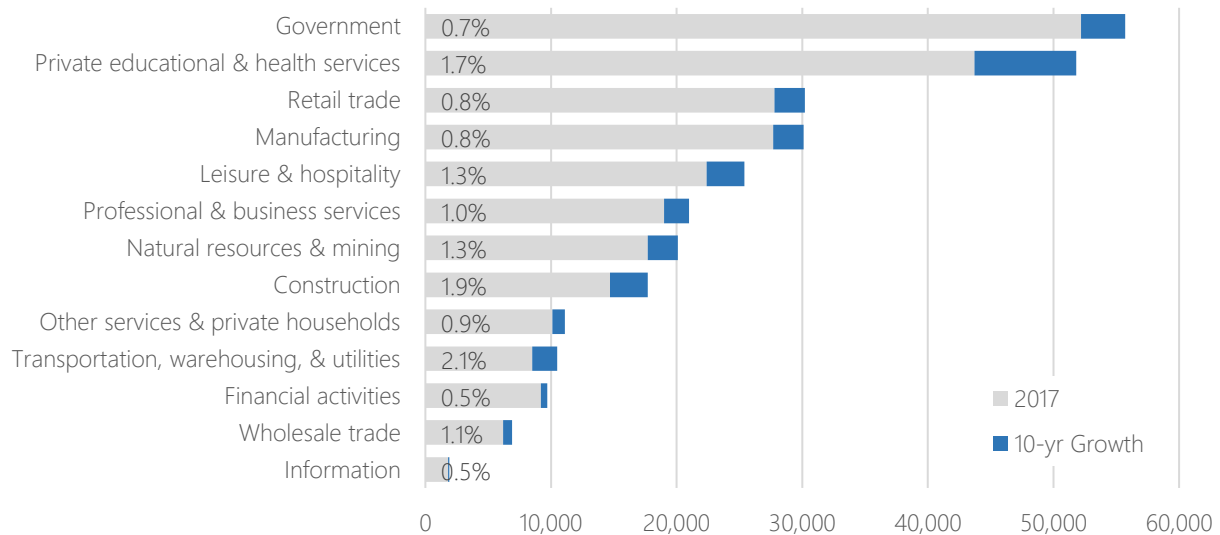


Source: LEHD

Employment Projections

For employment forecasts, we use the State Employment Department’s 10-year projections for each industry. Over half of all projected employment growth is expected to occur in the industries of Educational and Health Services, Government, Construction, and Leisure and Hospitality. The fastest growing industry is Transportation, Warehousing, and Utilities. New, specialized office demand may arise from significant growth in education and healthcare, while employment growth in leisure and hospitality is indicative of the region’s burgeoning tourism presence, particularly with regard to the wine industry.

Figure 13. Projected New Employment Growth, Mid-Valley Region*, 2017-2027



Source: Oregon Employment Department (QualityInfo.org)

*Includes the four-county region of Marion, Polk, Washington, and Yamhill

However, caution is required with these projections. Not only do they apply to a larger geographic area than the residential projections (a four-county region versus the McMinnville UGB), but the employment projections are given by industry, likely resulting in a significant margin of error. As such, it is likely to be just as instructive to consider historical trends (e.g. from the last five to 10 years) in projecting future employment in the market area. The demand estimates for new office and industrial development that are presented later in this report are based on an average of historical and future growth rates.

Real Estate Market

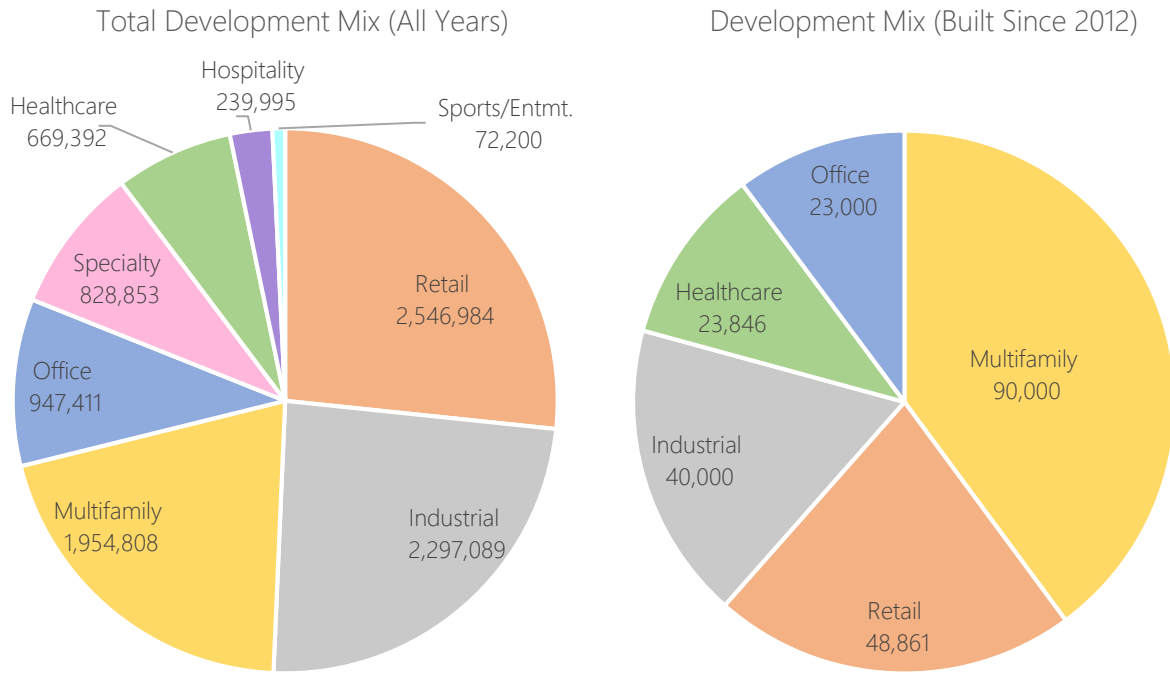
This section covers the residential market, which includes both single-family and multifamily housing; the retail market; and the market for “employment” space, which includes both industrial and office land uses. Market conditions—such as the development pipeline, building vacancies, rents, and other market trends—are critical to establishing the market’s strength and subsequent level of financial feasibility for new development.

However, more recent development in McMinnville has been mostly multifamily residential (predominately apartments), which is consistent with national trends and consumer preferences, despite weaker market conditions. With the growing demand among younger and older generations for apartments, tighter mortgage lending requirements, and many years of limited apartment production, there remains pent-up demand for apartments in most markets. Coupled with a changing commercial market in which office space use is declining every year and retailers are closing at an unprecedented rate in face of e-commerce, multifamily has generally become the dominant type of new development. This trend appears to be applicable to the McMinnville market area as well. With that said, construction costs and increasing land prices continue to increase feasibility barriers. If rents are not high enough to justify new construction to mitigate these barriers, then additional funding will be necessary to bridge the feasibility gap.

Figure 14 shows commercial and multifamily real estate development (excluding institutional and single-family residential) by total square footage within the market area. The chart on the left shows all development built

across all years. The land use mix is relatively evenly spread across many development types, with retail and industrial comprising over half of all development.

Figure 14. McMinnville Market Area Land Use Mix, Commercial and Multifamily Development (Square Feet)

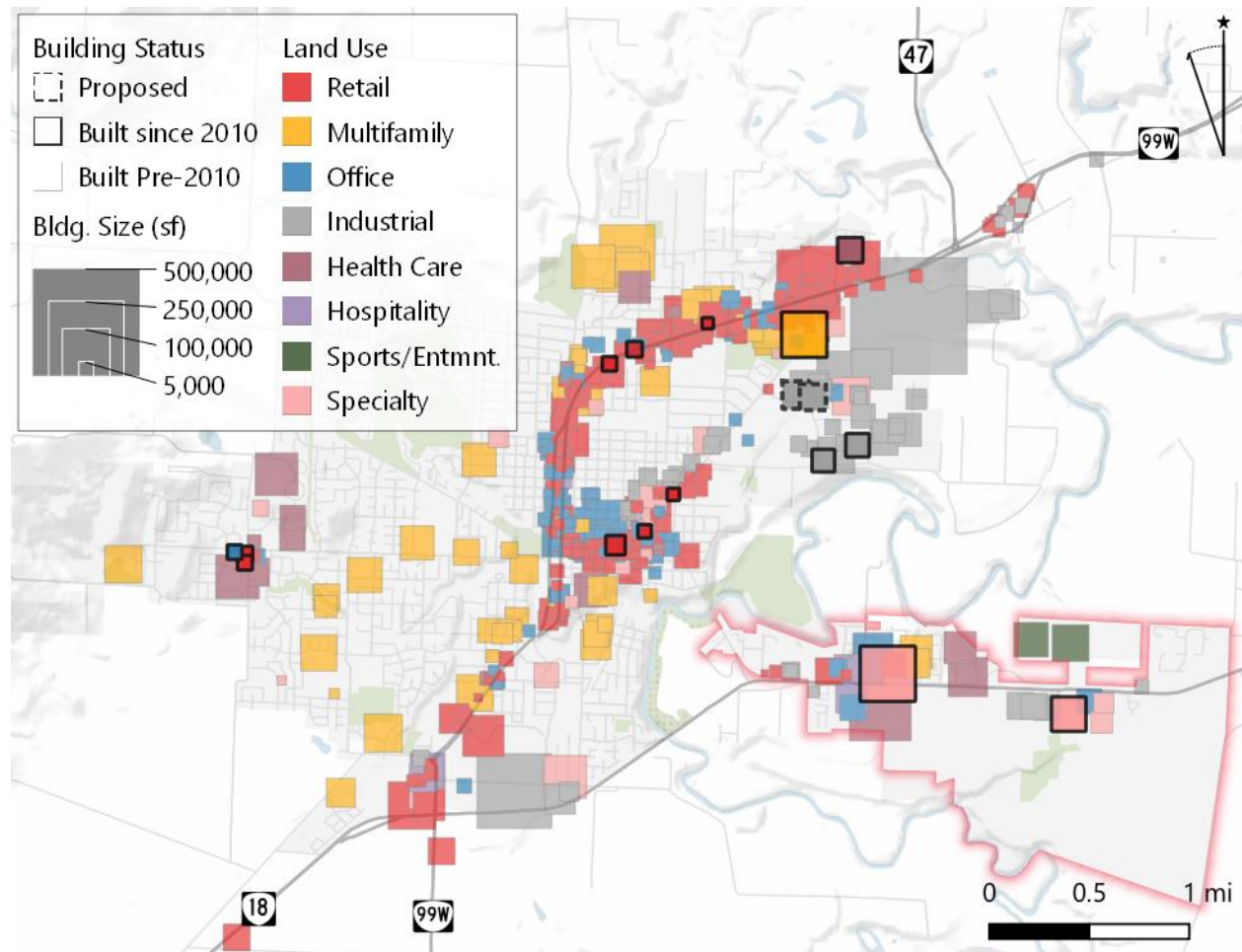


Source: Costar

Figure 15 shows the location and size (by total building square footage) for each land use. Squares with bold outlines indicate recent construction and buildings under construction, while squares with dashed or no outlines indicate proposed projects planned for 2019 or beyond. It is worth noting that some of these proposed projects have been in the pipeline for a long time, such as the proposed retail projects in the Three Mile Lane study area. This analysis—to a certain extent—will identify whether some of these projects are indeed feasible.

There has been relatively little new development in McMinnville, and most recent construction has occurred in the northern sections of the city, with some smaller retail projects along the Highway 99W corridor.

Figure 15. Development by Land Use* and Year Built, City of McMinville



Source: Costar and Leland Consulting Group
 *Excludes institutional and single-family residential land uses

Residential Market

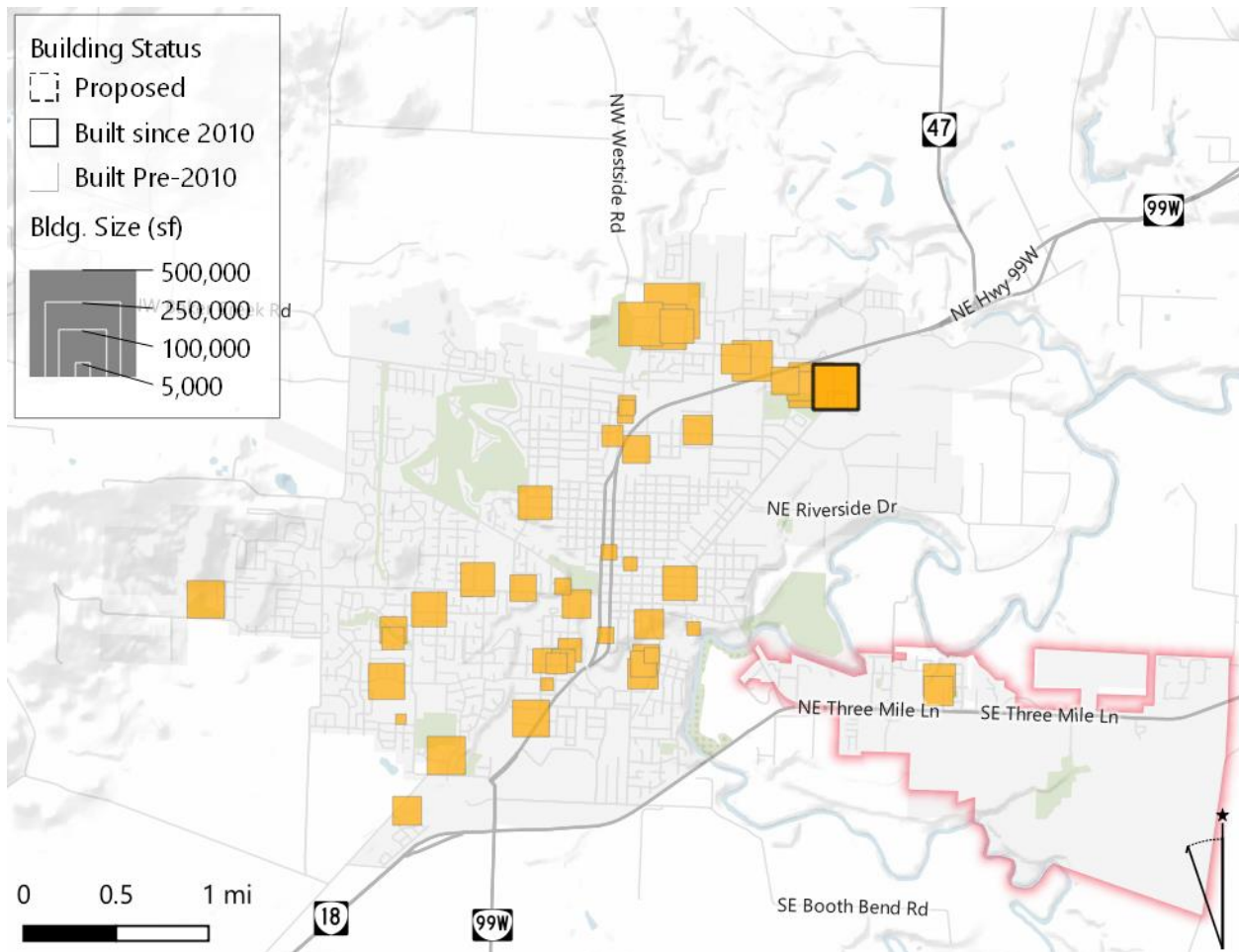
The residential market includes both single-family and multifamily development—both renter-occupied and owner-occupied.

Multifamily Rental Market Summary

Nationally, apartment demand and occupancy remain strong and demographics are favorable to the apartment sector. However, apartment growth tends to be most apparent closer to the center of large metropolitan areas.

The regional market is largely rural and features a sizable proportion of renters, underpinned by demand from students at several local colleges and universities. Deliveries have been limited in this cycle, though lease-up has been rapid in new projects. Generally, there have been tighter vacancies and higher rent growth than in the wider Portland metro region. The primary inventory is for “workforce housing,” and there are no high-end communities (designated by CoStar as 4 or 5 stars) in the submarket. Investment in Yamhill County is limited, with fewer than 10 properties typically trading each year between primarily local firms and investors.

Figure 16. Multifamily Residential Development



Source: Costar, Leland Consulting Group

Within McMinnville, 13 of the 37 apartment buildings with 20 or more units are non-market-rate⁸ (senior or affordable). Market-rate apartments rent—on average—from about \$1.00 to \$1.20 per square foot. The vacancy rate is very low, with the only vacancies near or above five percent in buildings older than 1980. Units in newer buildings typically achieve higher rents.

Only one apartment project has been completed within the market area since 2012—Lafayette Place Apartments. This project is pictured below along with a summary of its key attributes.

Lafayette Place Apartments. A 132-unit market-rate apartment project, completed in 2017, located in north McMinnville. The buildings are wood-frame, three-story “garden walk-ups”. At \$955 for a 1-bedroom apartment (\$1.32 per square foot) and \$1,196 for a 2-bedroom apartment (\$1.26 per square foot), the Lafayette Place Apartments are the highest renting multifamily



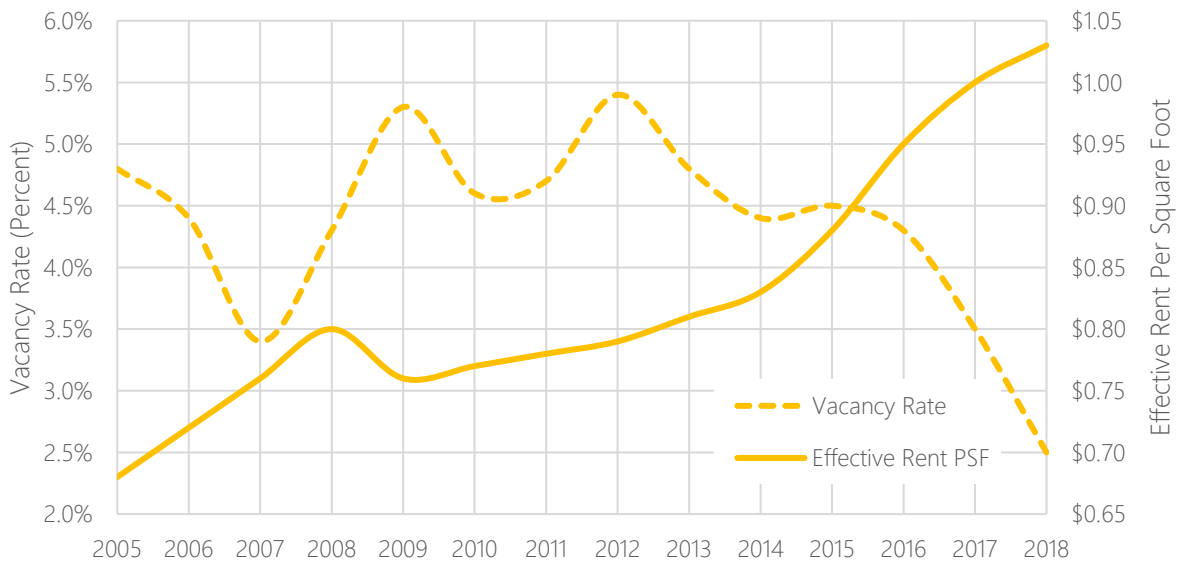
⁸ Market rate housing is an apartment that has no rent restrictions

property in the market area. Parking is 100 percent onsite surface lots.

Figure 17 below confirms that the multifamily market in the McMinnville market area is tight. Average rents have been climbing over the last decade, while vacancies have been very low and have rapidly declined since 2012, indicating demand for new multifamily construction.

In fact, this market strength and potential demand is underlined by the fact that vacancy rates in McMinnville’s multifamily housing market remained low and rent growth was largely positive during the recession—a period of time where most apartments in similar markets saw the exact opposite trends occurring.

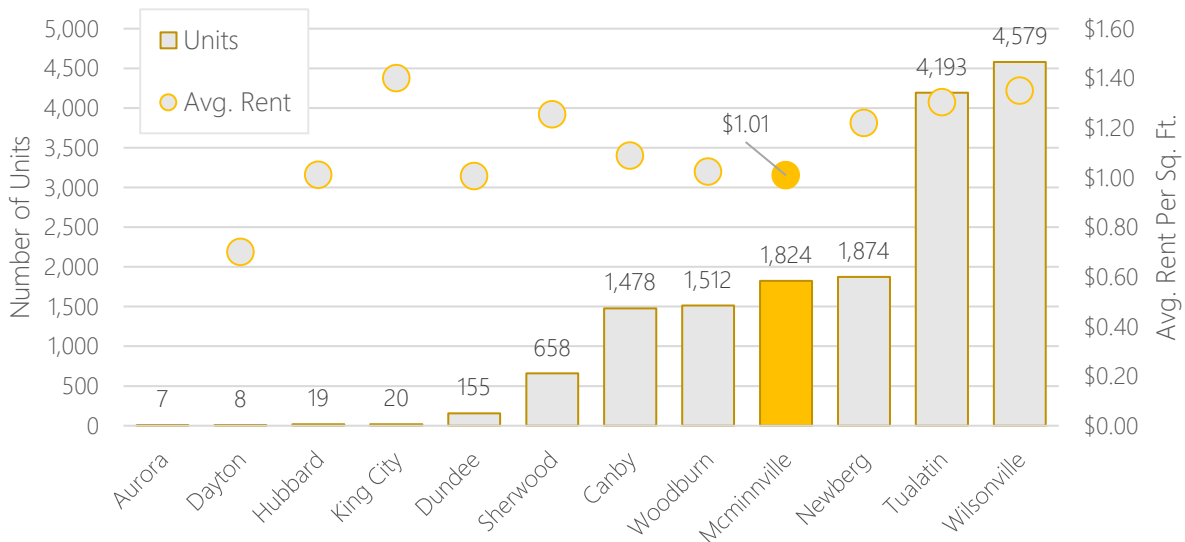
Figure 17. Market Area Multifamily Rent and Vacancy Trends, 2005-2018



Source: Costar, Leland Consulting Group

However, the average rent per square foot for multifamily apartments in McMinnville is lower than those in Newberg, Tualatin, and Wilsonville, which benefit from their proximity to the larger job centers in Portland and Washington County. Some of McMinnville’s newer or higher quality multifamily properties, however, have seen rents higher than the historical average. For market-rate properties only, the average rent increases to about \$1.11 per square foot.

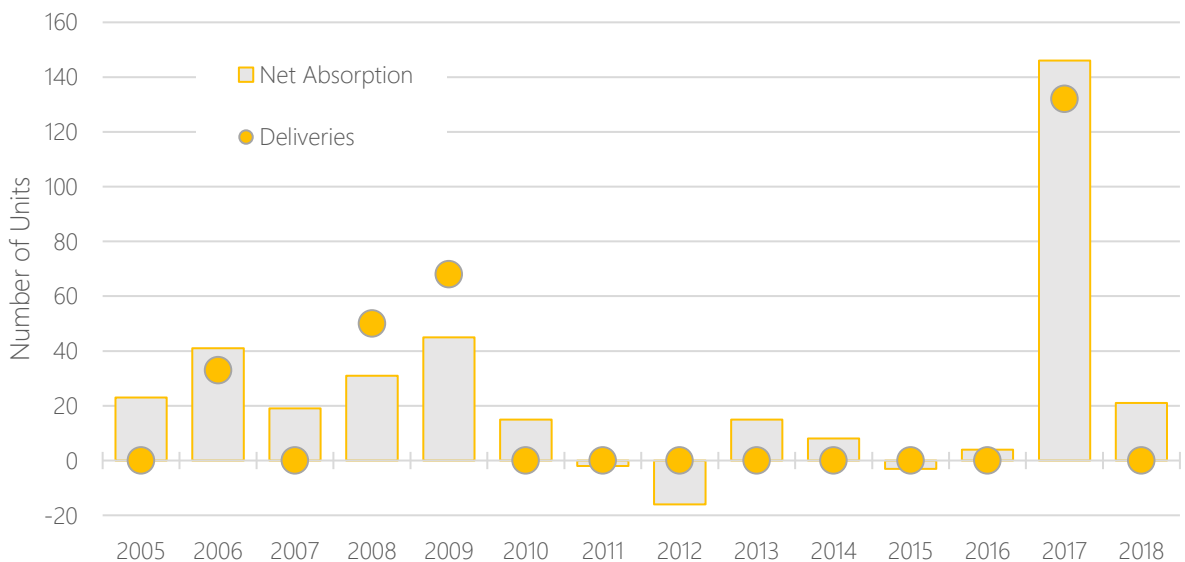
Figure 18. Regional Multifamily Residential Summary



Source: Costar, Leland Consulting Group

Vacancies decreased gradually and then significantly from 2012 through 2018, despite the completion of the 132-unit Lafayette Place Apartments in 2017, largely due to continued positive absorption. The instant absorption of the first new apartment project in a decade indicates strong demand for new rental housing.

Figure 19. Market Area Multifamily Net Absorption and Deliveries (units), 2005-2018

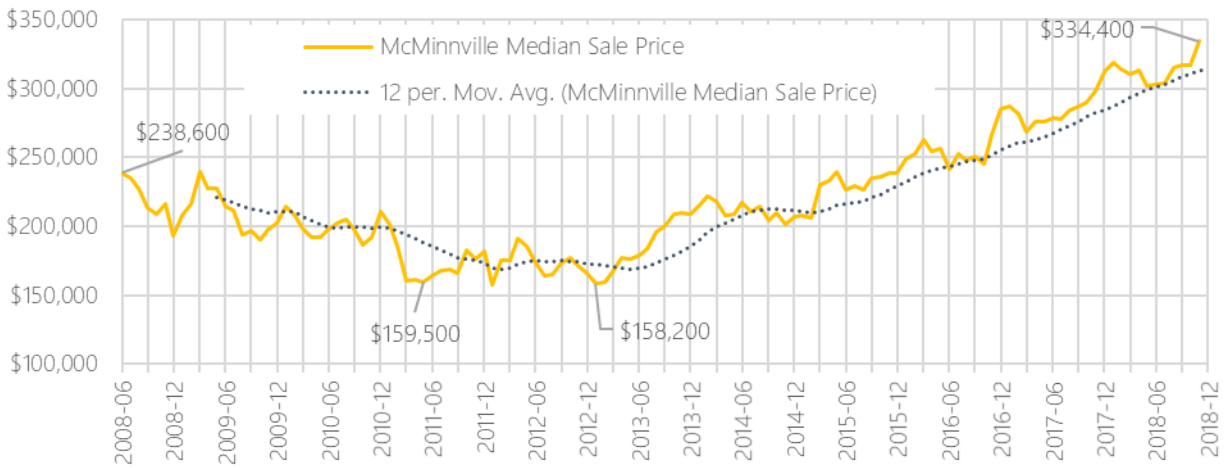


Source: Costar, Leland Consulting Group

Single Family Market Summary

Single-family home prices have been increasing rapidly since the 10-year low of \$158,000 in 2013 Q2. The pre-recession median price of \$239,000 was surpassed going into 2016. Per Figure 20, McMinnville’s single-family market appears strong and hasn’t experienced the same volatility in the market over the past 10 years as many other municipalities.

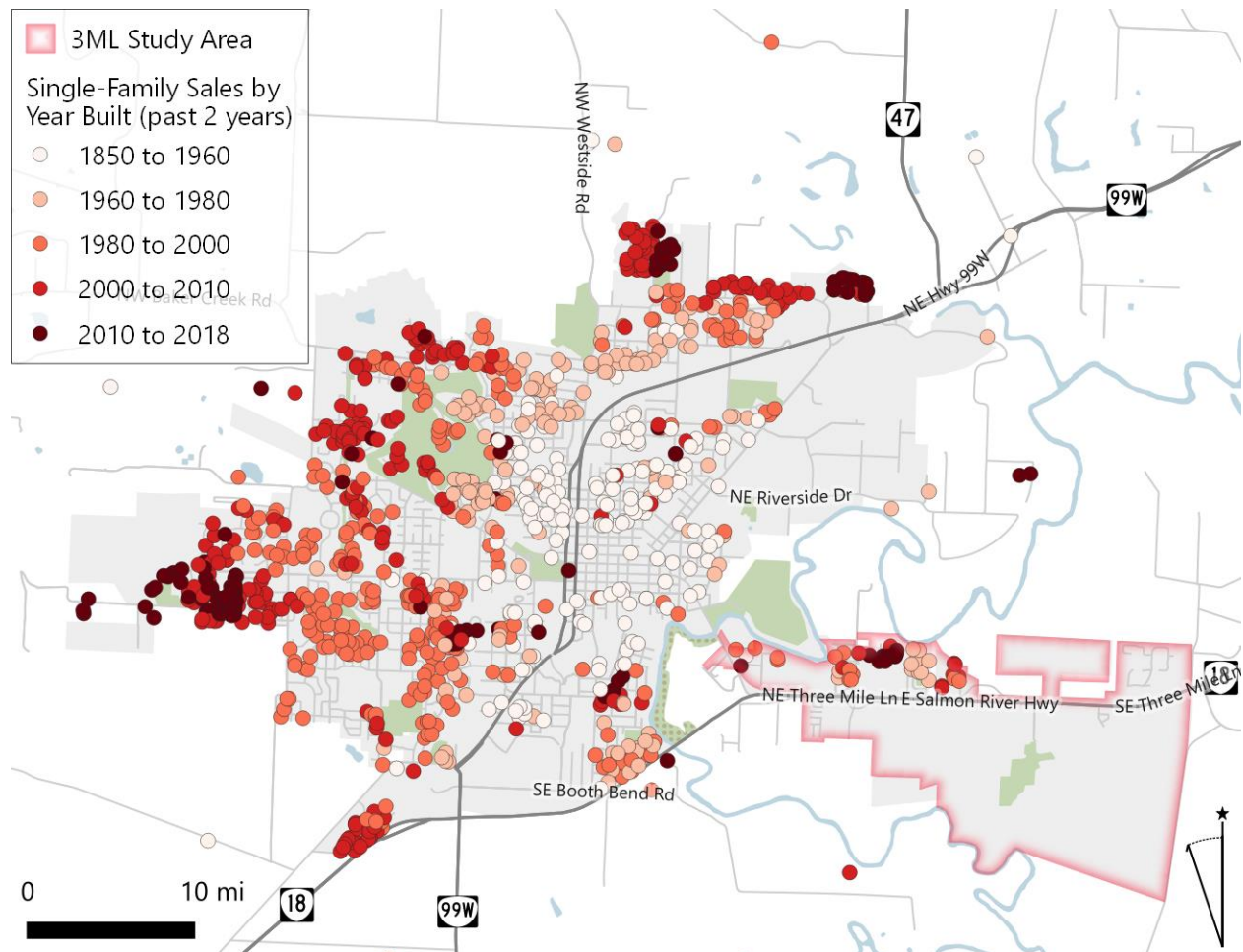
Figure 20. McMinnville Single-Family Median Home Sold Price (2008 to 2018)



Source: Zillow Real Estate Research

Figure 21 shows the location density of residential sales for the past two years. Sales have been driven by new single-family construction in subdivisions, mostly in the western and northern edges of the city. However, some new development has occurred in the Three Mile Lane project area.

Figure 21. Single-family Residential Sales, Past Two Years



Source: Redfin, Leland Consulting Group

Table 4 below shows data relating to single-family sales and absorption for the past 24 months, as well as current for-sale listings, and estimated months of inventory. Months of inventory are often referenced when determining whether it's a seller's market or a buyer's market: If there are zero to four months of inventory, meaning that all current listings can expect to be sold within 4 months, it is considered a seller's market because houses are selling very quickly.

Key findings and general takeaways include:

- Over the last 24 months, approximately 1,127 homes were sold (all new homes and resales), over 92 percent of which were single-family detached homes.
- There are no existing townhomes listed for sale.
- The single-family market is considered tight, with only three months of inventory currently listed for sale. The market for housing under \$400,000 is particularly tight, with very little inventory listed for sale and the highest rate of absorption across all home types and price ranges.

Table 4. Owner-occupied Housing Market Summary, McMinnville, 2018

	Sales in Last Two Years	Percent of Total	Absorption (Units Sold per Month)	Listings	Months of Inventory
Single-Family Homes					
Under \$200k	68	7%	3	0	0
\$200k to \$300k	373	36%	16	9	1
\$300k to \$400k	365	35%	15	31	2
\$400k to \$500k	141	14%	6	43	7
\$500k to \$600k	59	6%	2	12	5
\$600k +	38	4%	2	23	15
Subtotal	1,044		44	118	3
Attached Homes*					
Under \$200k	12	14%	1	0	0
\$200k to \$300k	58	70%	2	0	0
\$300k to \$400k	13	16%	1	0	0
\$400k +	0	0%	0	0	0
Subtotal	83		3	0	0
All Housing					
Under \$300,000	511	45%	21	9	0
Over \$300,000	616	55%	26	109	4
Total	1,127		47	118	3

Source: Redfin and Leland Consulting Group

*Attached includes condominiums and townhomes

The following table—which shows various data for sales over the past 24 months for all housing (all construction years) and new housing (built since 2010) by the number of bedrooms—provides further confirmation of the tight single-family market and relatively strong demand for middle-income, mid-sized, high-quality housing. Housing built since 2010 tends to cost about 22 percent more on average than the local single-family market. New housing—and homes with two and three bedrooms—spend the least time on the market (not including one-bedroom housing, which comprises only one percent of the market).

Table 5. Single-Family Sales Within the Last Two Years by Number of Bedrooms

Number of Bedrooms	Percent of Sales	Avg. Price	Avg. Price per Sq. Ft.	Avg. Size (sq. ft.)	Avg. DOM	Avg. Year Built
All Construction	100%	\$333,904	\$185	1,865	370	1985
1	1%	\$263,451	\$255	1061	188	1971
2	9%	\$254,814	\$205	1,276	374	1962
3	62%	\$315,474	\$188	1,710	368	1985
4	23%	\$393,456	\$173	2,303	375	1992
5	5%	\$424,828	\$156	2,772	382	1997
6	1%	\$498,520	\$151	3,344	351	1984
Built Since 2010	14%	\$408,298	\$203	2,029	313	2016
1	1%	\$275,000	\$393	700	133	2017
2	2%	\$328,000	\$201	1,648	288	2012
3	33%	\$379,286	\$199	1,902	283	2015
4	49%	\$408,915	\$186	2,202	375	2016
5	16%	\$442,392	\$171	2,590	366	2016

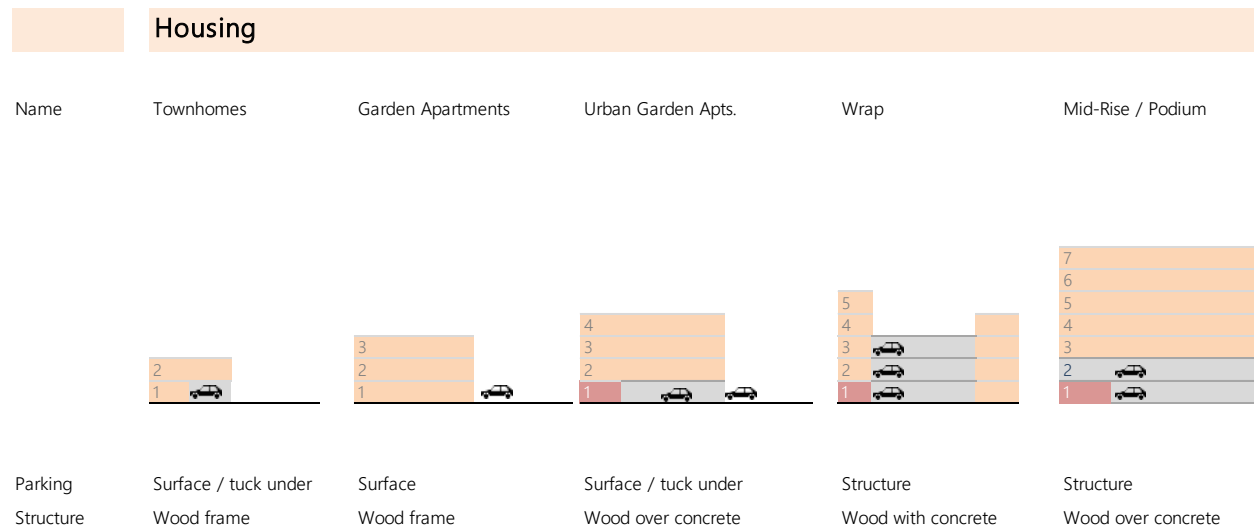
Source: Redfin, as of July 2018

Housing Development Prototypes

Most housing can be categorized within a set of “prototypes,” which are shown below (single-family residential is not included). The prototypes increase in scale and density moving from left to right. Parking is a key factor that affects housing density and financial feasibility. Typical types of parking are surface, tuck under, structured, and below-grade structured. Surface parking is the least expensive and below-grade structured parking is the most expensive. Structured parking can add tens of thousands of dollars of construction cost per housing unit, which often means that only hot housing markets with high rents can accommodate higher-density housing types with structured parking. Construction materials also change as housing density increases. Townhomes, low-rise (garden) apartments, and low-rise apartments with tuck-under parking (urban garden apartments) are typically entirely wood-frame buildings; while wrap and mid-rise/podium structures require concrete construction for parking areas; in addition, steel is sometimes used instead of wood for the apartment areas. The construction complexity and specialization required for these building types also increases costs.

Single-family, townhomes and low-rise apartments appear to be the most financially feasible housing development types in the near- and mid-term. Single-family homes will also be feasible. Urban garden apartments (which include tuck-under parking and sometimes ground-floor retail) may be feasible in the mid- and long-terms. Wrap and mid-rise projects are only likely to be feasible after significant “place-making” improvements have been made, and/or if the market changes. Affordable and/or mixed-income projects can sometimes achieve higher densities than market-rate projects since they have access to additional public funding sources. While the vacancy rate across multifamily apartments is practically zero and net absorption continues to increase, rents remain too low for market-driven high-density developments. However, the tight market may generate significant rent growth, subsequently improving the feasibility of higher density developments.

Figure 22. Housing Development Prototypes



Market Trends

The recession had a profound and lasting effect on the housing market, and while the recovery is now almost over, more people are renting than ever before. For many people, financial barriers such as rising student debts, access to credit, and large down payments have forced them to rent. For many others, the choice to rent is simply a choice. Indeed, it is well established that the two most populous generations—the Baby Boomers (ages 54 to 72) and the Millennials (ages 22 to 37)—are currently the primary drivers of demand for residential units in walkable, urban locations that offer flexibility and a range of amenities.

As Baby Boomers reach retirement age and see the last of their children leave home, they are increasingly attracted to smaller move-down or “lock-and-leave” housing which requires less maintenance and affords more flexibility. As such, age-restricted and senior multifamily housing has risen near the top of the list for best investment choices (per ULI’s “Emerging Trends in Real Estate 2018”).

For Millennials, the situation is more nuanced and difficult to forecast. The common rhetoric for many years was that Millennials desire urban living and will continue to reside in urban cities because of financial conditions and choice. However, while demand for urban rental apartments has remained high among Millennials, they are increasingly forming households and having children, looking at select suburbs and secondary markets because of the quality of life, lower cost, and space and yard availability. Indeed, 70 percent of Millennials expect to be homeowners by 2020, even though only 26 percent own today (per ULI’s “Gen Y and Housing”). With that said, generational trends associated with the next emerging generation—Gen Z (ages 21 and below)—are relatively unknown.

Other reports have recently documented important trends in housing. Findings include:

- Cost of housing, neighborhood safety; proximity to work; K-12 school quality; and community character, ambiance, and visual appeal were the top five critical community features for survey respondents.⁹

⁹ Urban Land Institute (ULI), Gen Y and Housing: What They Want and Where They Want it, 2015

- Urban setting; proximity to shopping, dining, and entertainment; walkability; and availability of mass transit are all also important—but not critical—features in a community.¹⁰
- The more walkable the community, the more satisfied residents are with their quality of life.¹¹
- Access to public transportation is much more important to those earning under \$50,000 per year, while walkability is also more important to those with lower incomes.¹²
- Sixty percent of residents would spend at least a little more for a house in a walkable community.¹³
- Four-in-ten people prefer a walkable community and a short commute. Millennials, in particular, are swayed by a shorter commute.¹⁴

Talk of generational shifts, however, sometimes misses the point. Ultimately, people are waiting longer to make significant life choices, such as buying a home or having children, and quality of place has emerged as a primary desire for almost all prospective residents across all demographic groups. Quality of place is simply the components that make any given place enjoyable to live, such as availability of and access to good schools, parks, quality healthcare, transit, shops, entertainment, and cultural amenities.

Residential Demand

As noted earlier, projected growth rates tend to vary significantly depending on the source and the geography in question. Therefore, it is important to carefully consider the “middle-of-the-road” option and note that actual demand is likely to change. With that said, PSU’s projections for the McMinnville Urban Growth Boundary align with projections for Yamhill County as well as the “baseline” growth rate, which applies the historical household growth rate from 2010 to 2018 in the market area to current households.

For the residential and retail demand forecasts, we assume that actual household growth will be approximately 1.3 percent. Based on this household growth rate, we project market area demand for an additional 3,800 units over the next 10 years within the market area, or about 380 units per year. We anticipate that the most demand for new *rental* units will be from households with incomes less than \$75,000, and the most demand for new owner-occupied housing to be from households earning between \$50,000 and \$150,000. We expect about 32 percent of future housing demand to be for renter-occupied units, resulting in about 1,200 rental units and 2,500 owned units.

¹⁰ Ibid.

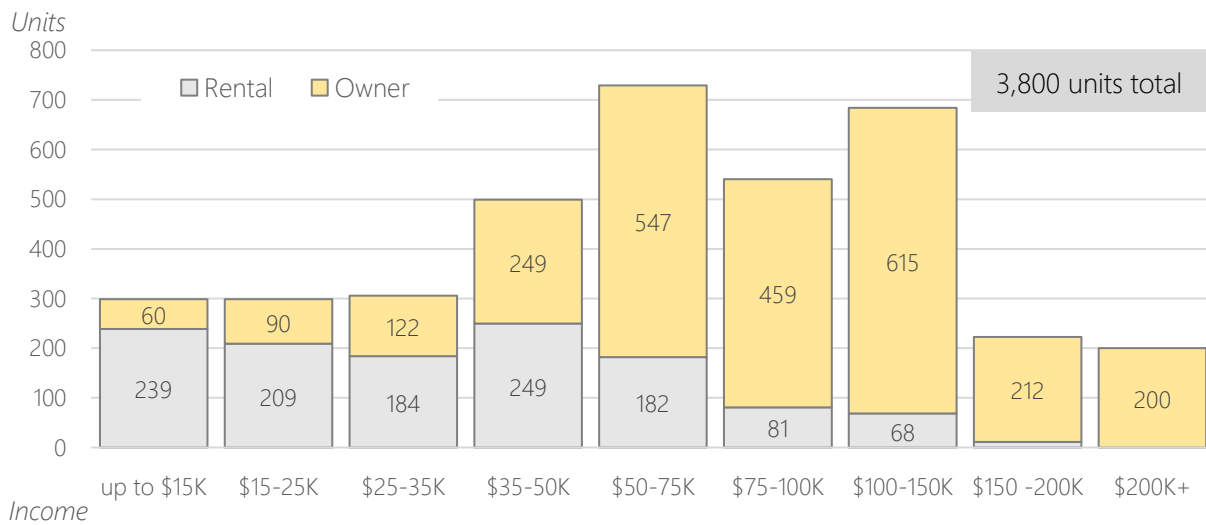
¹¹ National Association of Realtors (NAR), National Community and Transportation Preference Survey, 2018

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

Figure 23. 10-year Market Area Unit Demand



Source: Leland Consulting Group

Table 6. Annual Income Range and Attainable/Affordable Monthly Rent and Housing Price

HH Income	\$15k	\$25k	\$35k	\$50k	\$75k	\$100k	\$150k	\$200k	\$200k+
Attainable Monthly Rent	\$375	\$625	\$875	\$1,250	\$1,875	\$2,500	\$2,500+	\$2,500+	\$2,500+
Attainable Home Price	\$45k	\$75k	\$105k	\$150k	\$225k	\$300k	\$450k	\$600k	\$600k+

Source: ESRI, Leland Consulting

While projected residential growth suggests demand for a total of 1,200 multifamily rental apartments, the past five years has only delivered a total of 132 multifamily apartment units, significantly lower than the necessary rate of development required to get to 1,200 within the next decade. Of course, townhomes and—to a lesser extent—single-family homes may also be renter-occupied, but multifamily apartments will be responsible for the majority of new renter-occupied units. With the trajectory of the past five years, the multifamily market will continue to be constrained, potentially increasing rents and attracting developers to the region. However, the City should explore ways in which to incentivize new housing development and bridge any potential feasibility gaps preventing new construction.

Table 7. Historical and Forecasted Multifamily Residential Trends, Market Area

	Past 5 Yrs.	Next 10 Years
Net MFR Absorption	175 units	275 units
MFR Deliveries	132 units	350 units

Source: Costar and Leland Consulting Group

Three Mile Lane Study Area Absorption

With such a tight single-family and multifamily market, as well as few major tracts of vacant tracts for greenfield development inside urban areas, we expect the project study area to capture a significant amount of new residential demand over the next 10 years.

While the vacancy rate is currently almost zero, development activity should theoretically increase, and we anticipate the multifamily market to subsequently stabilize near five percent vacancy (typically considered the point of market equilibrium for multifamily). For this reason, we anticipate deliveries to be higher in the Three Mile Lane project area than net absorption. This assumes that land supply and zoning is able to accommodate new multifamily development.

For single-family, we anticipate single-family development to build out to the extent allowed. Given the existing industrial zoning, there are few places which could accommodate such residential development. Much fewer single-family units could be accommodated simply due to the density of single-family development and land required relative to multifamily residential.

Retail Market

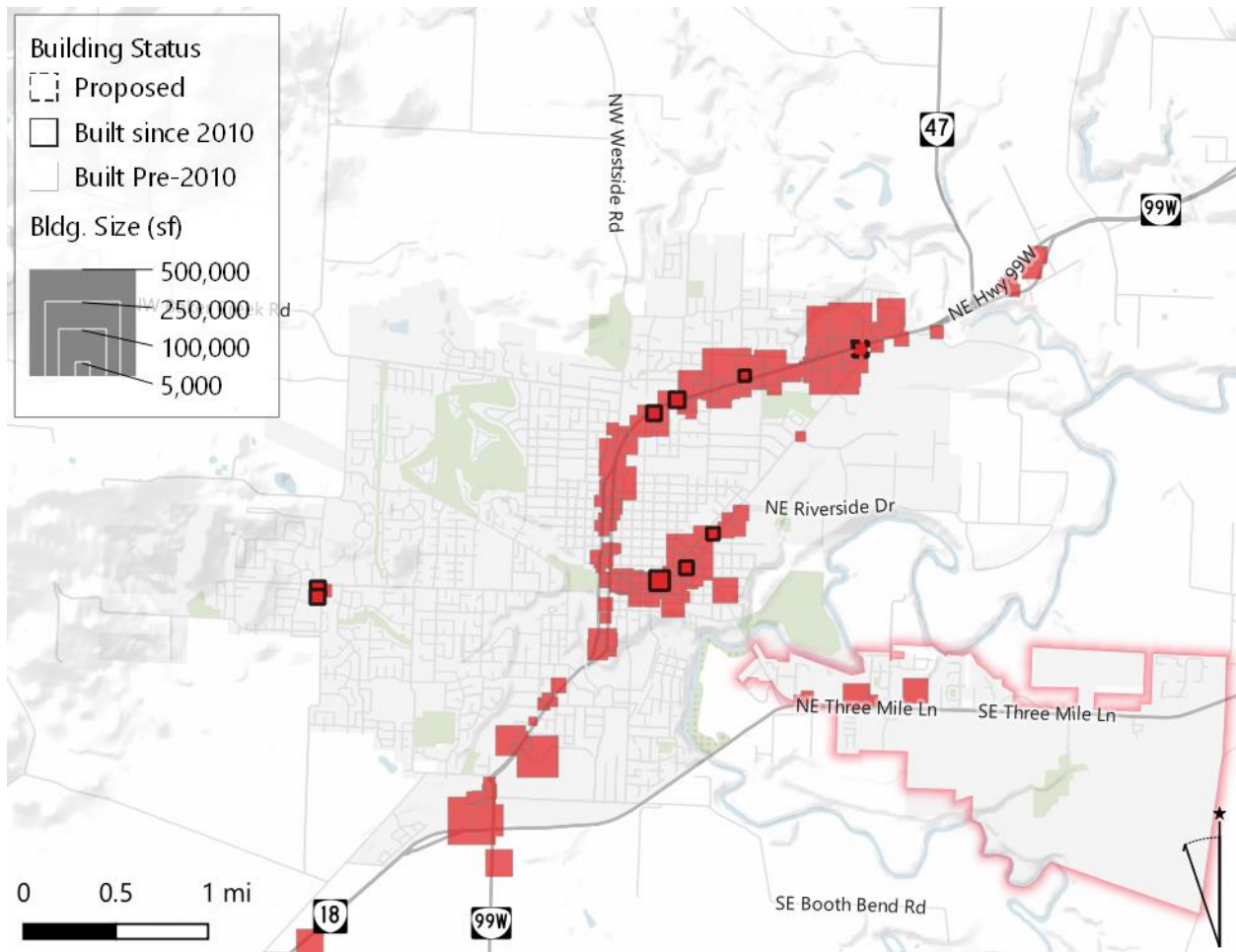
Market Summary

For retail, the analytic goal of defining a “market area” is generally to encompass likely customers whose spending power will fuel a significant majority of sales in future shops and eateries in the study area. Competitive supply (both existing and potential) will also, logically, tend to fall within that same market area. Neighborhood stores such as supermarkets tend to have much smaller market areas than big box stores, which in turn have smaller catchment areas than regional malls or other larger-scale projects.

CoStar reports that the McMinnville market area has 268 buildings totaling 2.5 million square feet of retail space. The market has a low vacancy rate of 1.4 percent. Rents vary widely by retail property type, condition, and configuration. Generally, asking rents for quality retail space range from around \$14 to \$18 per square foot, but a few quality, well-positioned retail spaces are achieving upwards of \$24 to \$30 per square foot triple-net, such as some pad sites along Highway 99W. No comps currently exist for brand new, first-generation retail space.

Figure 24 illustrates the relative size of retail development by total square footage. Retail development is largely concentrated along State Highway 99W. Generally, retail is small-scale—especially along Baker Street and near downtown—while larger neighborhood-serving retail—such as McMinnville Town Center, Lowe’s, Wal-Mart, WinCo Foods, and Bi-mart—is located in the northern and southern areas of the city.

Figure 24. Regional Retail Development



Source: Costar, Leland Consulting Group

Understanding the pattern of retail spending within a community is critical. By looking at estimated demand from existing households and current estimated sales, we can identify the relative strength or weakness of each retail category. Retail sectors in which household spending is not fully captured are called “leakage” categories, while retail categories in which sales are higher than estimated household demand generated by existing residents are called “surplus” categories.

A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop, creating retail leakage.

Table 8 shows the current annual retail leakage for various retail categories. Most retail categories show a sales leakage occurring, with Food and Beverage (grocery), Building Materials and Garden Equipment, Health and Personal Care, and Miscellaneous Retailers showing a surplus. This indicates that the McMinnville area is a weak retail market with a lot of spending potential leaving the area. General Merchandise shows the highest leakage, but these retailers—such as Walmart and Target—have large catchment areas and it’s very possible that McMinnville residents travel to larger metros, such as Salem and Portland to shop at these stores.

While leakage usually presents an immediate opportunity to increase new retail development activity and capture some of the demand leaving the area, this may be unlikely for many of the retail categories in the table and following chart below given McMinnville’s proximity to several regionally-significant retail centers. For example, both Bridgeport Village and the Woodburn Outlets—which provide an extensive range of low-cost, high-quality products—are about a 45-minute drive of McMinnville.

Table 8. Retail Leakage Analysis, McMinnville Market Area

	Est. HH Demand	Current Est. Sales	Current Leakage (\$)
Furniture and Home Furnishings	\$25,459,215	\$9,815,869	15,643,346
Electronics and Appliance	\$25,779,334	\$10,205,468	15,573,866
Building Material, Garden Equip	\$56,286,379	\$89,349,237	-33,062,858
Food and Beverage (grocery)	\$132,402,012	\$244,668,336	-112,266,324
Health and Personal Care	\$49,511,435	\$59,825,939	-10,314,504
Clothing and Accessories	\$39,384,538	\$5,785,467	33,599,071
Sporting Gds, Hobby, Book, Music	\$27,981,058	\$12,792,050	15,189,008
General Merchandise	\$138,540,476	\$41,383,114	97,157,362
Misc. Store Retailers	\$38,326,257	\$81,493,693	-43,167,436
Foodservice and Drinking Places	\$83,233,240	\$53,518,658	29,714,582
Other (including cinema, prof./med. office, consumer banks, etc.)	\$92,535,592	\$91,325,675	1,209,917

Source: ESRI

Figure 25. Market Area Retail Demand: Surplus/Leakage

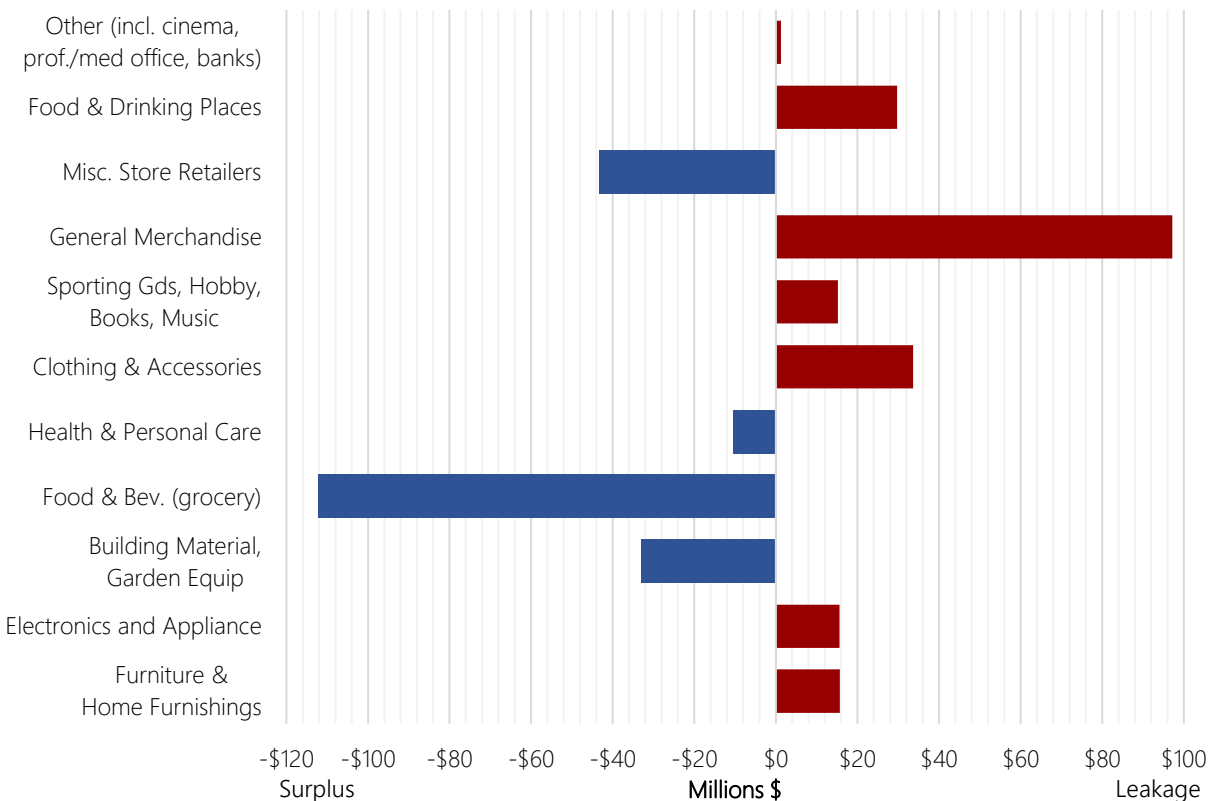
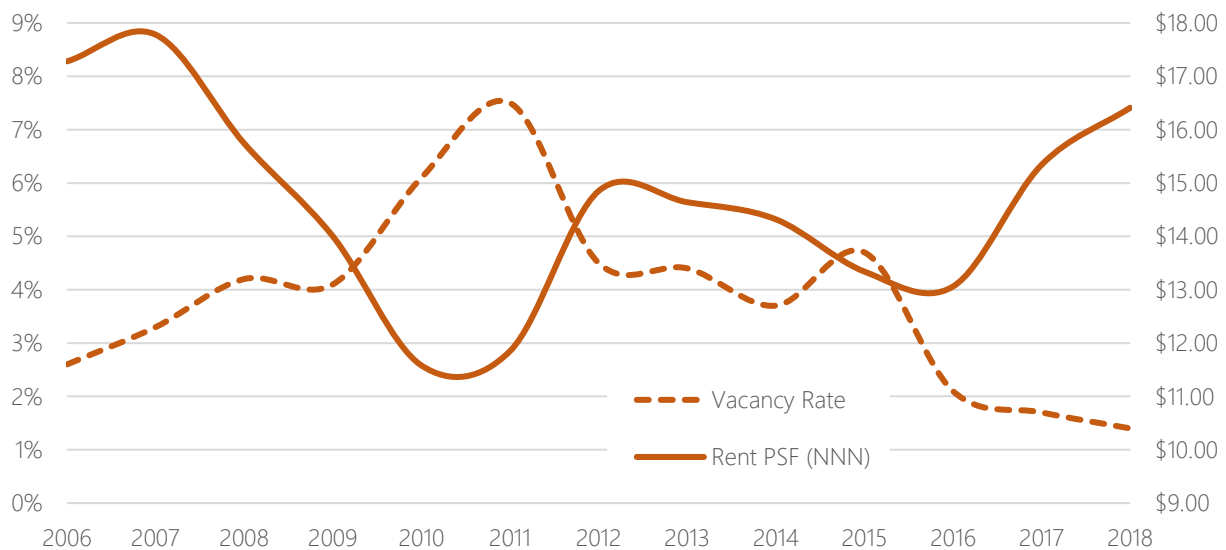


Figure 26 provides rent and vacancy trends for retail development in the McMinnville market area. Rents and vacancies tend to have an inverse relationship, and this has been the case with local retail. Rents were at their lowest rates and vacancy at its highest during the recession, and rents have yet to recover to the 12-year high of almost \$18 per square foot triple-net (NNN) in 2007, despite Costar data showing the vacancy rate at record lows.

While such low vacancies typically suggest demand for new retail development, this may be small-scale. The changing face of the retail sector is resulting in record closures of national retailers, and other large regional retail centers—such as the Woodburn outlet mall and Bridgeport Village—are far more competitive and already established.

Figure 26. Market Area Retail Rent and Vacancy Trends, 2006-2018



Source: Costar

Figure 27, which shows the net absorption and total retail deliveries by year for the past 12 years, demonstrates why the spike in the vacancy rate occurred in 2010 and 2011. Clearly, some major retail space was vacated during and immediately following the recession, but the market appeared to have bounced back in 2012 with a relatively strong year of positive absorption. In terms of deliveries, there have been few significant developments over the past decade.

Figure 27. Market Area Retail Net Absorption and Deliveries (sq. ft.), 2006-2018



Source: CoStar

Market Trends

The goods-based consumer retail industry is undergoing a seismic shift and transformation. Big name retailers are declaring bankruptcy and closing hundreds of stores as online purchases grow and American buying habits change. Last year saw a record number of store closings. This is having a trickle-down effect on communities, as some see their brick-and-mortar retail bases slowly eroding, with impacts felt in shopping centers and along traditional Main Streets.

Planners in some cities and counties are taking proactive approaches to the shifting retail landscape. They're commissioning studies of the marketplace and developing new strategies to maintain and foster better retail environments. Also, many retail-only zoning classifications are being modified to allow a variety of new uses in ground-floor, street-fronting spaces. The idea is to liven up the street with pedestrian activity without relying on retail, with new uses ranging from offices to fitness facilities.¹⁵



Table 9 summarizes the anticipated growth and decline of primary retail types. This information is based on research conducted by commercial real estate company Cushman & Wakefield and reflects changing preferences. Online shopping is having a significant impact on “commodity retail.” Retailers selling products that can easily be ordered and shipped from Amazon or others face a challenging environment and must have a competitive advantage against online competition—whether that is the convenience, experience, customer service, or something else. Commodity retailer categories include electronics, office supplies, and video stores.

By contrast, experiential consumerism is an emerging trend in which retailers offering a special experience, or offering services that cannot be procured online, have the potential to thrive. A prime example is dining—as one retail guru has said, “you can’t eat the internet;” and you certainly cannot dine with family and friends on the internet. Therefore, food and beverage establishments have become a larger and larger part of the retail

¹⁵ [URL](#)

experience, on both main streets and larger shopping centers. Another growing “retail” sector is healthcare. Small, neighborhood-scale providers are moving into both main street and retail center locations.

Table 9. Retail Trends: Growing and Declining Retail

Growing	Declining
	
<ul style="list-style-type: none"> • Retail that offers a special experience • Food! • “Fast Casual,” i.e. Little Big Burger • Food Halls, artisanal markets • Trucks to Bricks • Grocery: Ranging from discount, to organic, to small format, and ethnic • Medical users, incl. ZoomCare • Apparel: Fast fashion, off-price, active sportswear • Sporting clubs • Fitness/Health Clubs • Marijuana dispensaries • Auto repair • Convenience stores • Car dealerships • Home improvement and home furnishings 	<ul style="list-style-type: none"> • Commodity retail • Food: Casual dining, weaker fast food chains • Mid-priced apparel and shoes; children’s • Dollar Stores • Pet supplies • Electronics • Office Supplies • Bookstores • Toy Stores • Video stores • Bank Branches

Source: Cushman & Wakefield, Leland Consulting Group.

The Rise of E-commerce

Between 2001 and 2015, total online retail sales grew at a 21.8 percent annual growth rate and accounted for 22 percent of total retail sales growth. During the same period, brick-and-mortar stores grew at a rate of only 3.7 percent annually, decreasing their share of the total retail market from 98 percent to 89 percent. While still only

a small total market share, estimates indicate that up to 20 percent of total US sales will be attributed to e-commerce by 2019.

The rise of online retail has also had a major impact on the way retailers are doing business. As more people turn to the internet to do their shopping, traditional brick-and-mortar stores are altering their store formats and incorporating an online platform into their business concepts. Omnichannel retail strategies, where a retailer operates through both physical locations and online sales, have proven to be a necessity in today's market.

The list of top online retailers reinforces this point, as many also have a significant brick-and-mortar presence. Of the top 25 companies with the highest online retail sales in 2016, 18 were more traditional brick-and-mortar retailers. These include companies such as Walmart, Best Buy, Macy's Inc., Nordstrom Inc., Target Corp., Gap Inc., and Neiman Marcus.¹⁶ That said, Amazon remains king among online retailers, with almost six times the sales volume of the second-ranked retailer, Walmart.

Employment Market

The McMinnville market area has 97 office buildings with a total of 785,000 square feet of rentable space, comprising entirely of Class B and C buildings. Most are wood-framed buildings built between 1970 and 2000. Office vacancy stands at 3.2 percent according to CoStar; this is down from a 10-year high of 10.5 percent in 2011, indicating demand for new space.¹⁷ Gross office rents currently average around \$18.20 per square foot per year.

There are 85 industrial buildings with a total of 2.4 million square feet of rentable space, although almost one-quarter of this total is from the steel mill in the north of the city. Industrial vacancy stands at 0.4 percent according to Costar, down from a 10-year high of 15.8 percent in 2014. Industrial rents average around \$8.40 per square foot.

Market Summary

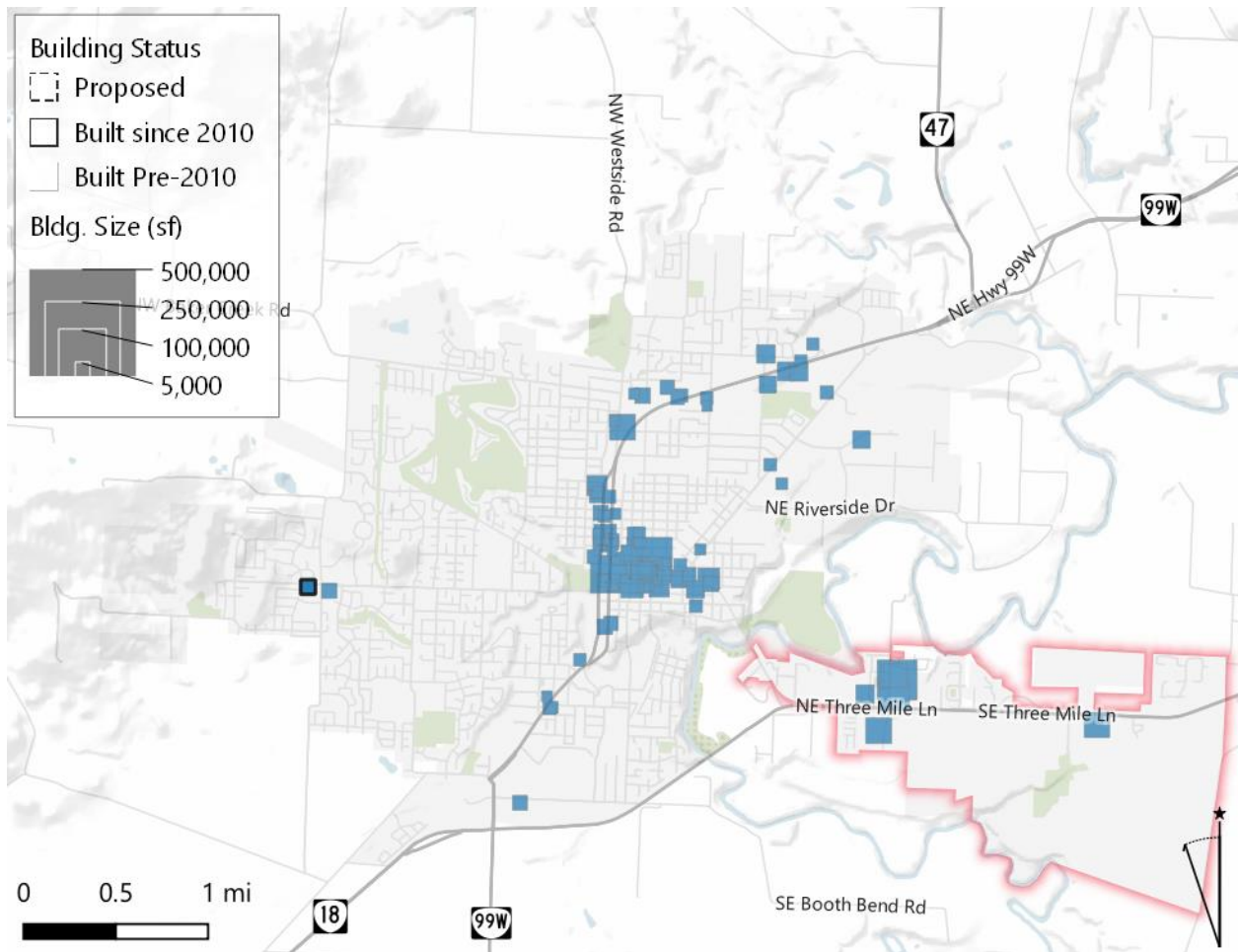
With an economy centered on agriculture, the Yamhill County office market is relatively quiet, and its tenants and investors are predominantly local. The vacancy rate is tight, due in part to moderate absorption but largely because of limited inventory and the lack of new construction. Rents experienced back-to-back years of growth in 2015 and 2016 but contracted in the past year. Over the cycle, the submarket has consistently posted minimal investment activity and nearly no new supply.

As shown in Figure 28, new office construction in the region has been limited to the Portland Metropolitan Area and other close-in cities.

¹⁶ www.wwd.com/business-news/financial/amazon-walmart-top-ecommerce-retailers-10383750/

¹⁷ Anecdotal evidence suggests an immediate need/demand for mid- and large-scale Class A office space, although the extent of which is likely limited, based on projected regional employment growth rates.

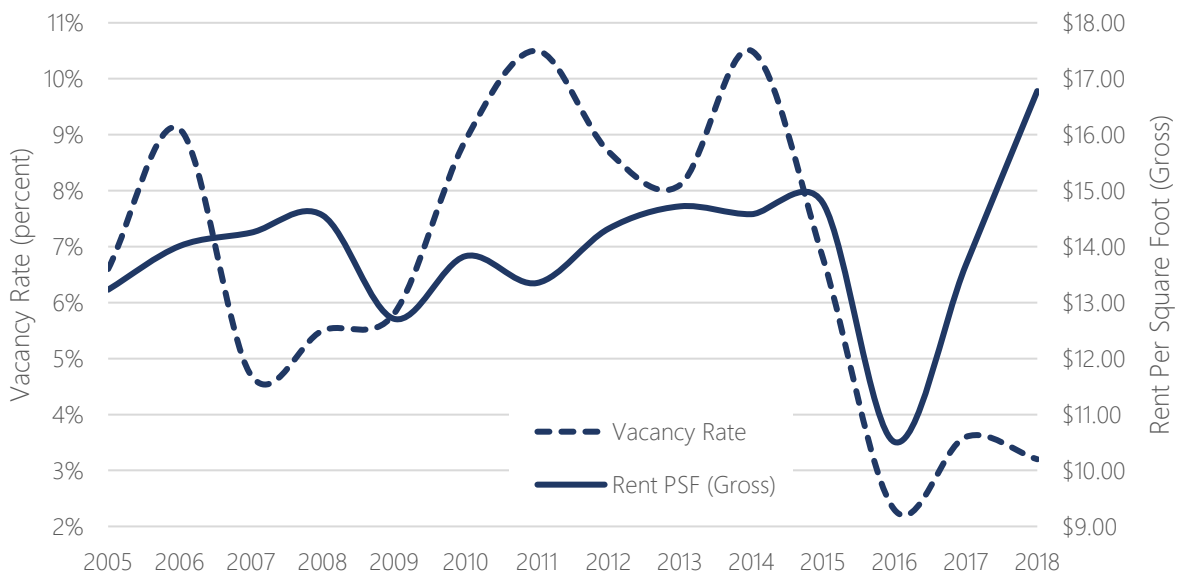
Figure 28. Regional Office Development



Source: Costar, Leland Consulting Group.

There has been little to no rent growth in the market area over the past decade, and vacancy rates have been erratic, declining significantly from 2014 and settling near three percent in 2018. However, the following chart shows the volatility of the office market.

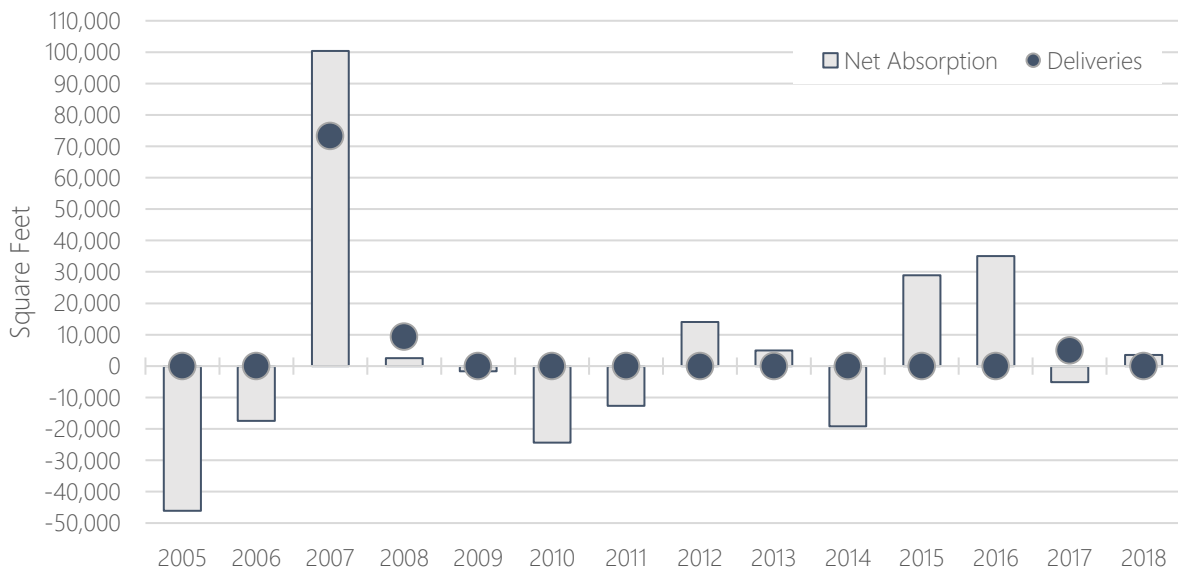
Figure 29. Market Area Office Rent and Vacancy Trends, 2005-2018



Source: Costar

Net absorption of office space has been largely positive, albeit minimal, and essentially no new office space has been constructed in the past decade. This is reflective of the fact that more competitive and significant employment clusters are located elsewhere in the region, largely throughout the Portland Metropolitan Area, such as Wilsonville. However, this may also partially due to the lack of appropriately zoned land for office.

Figure 30. Market Area Office Net Absorption and Deliveries (sq. ft.), 2005-2018



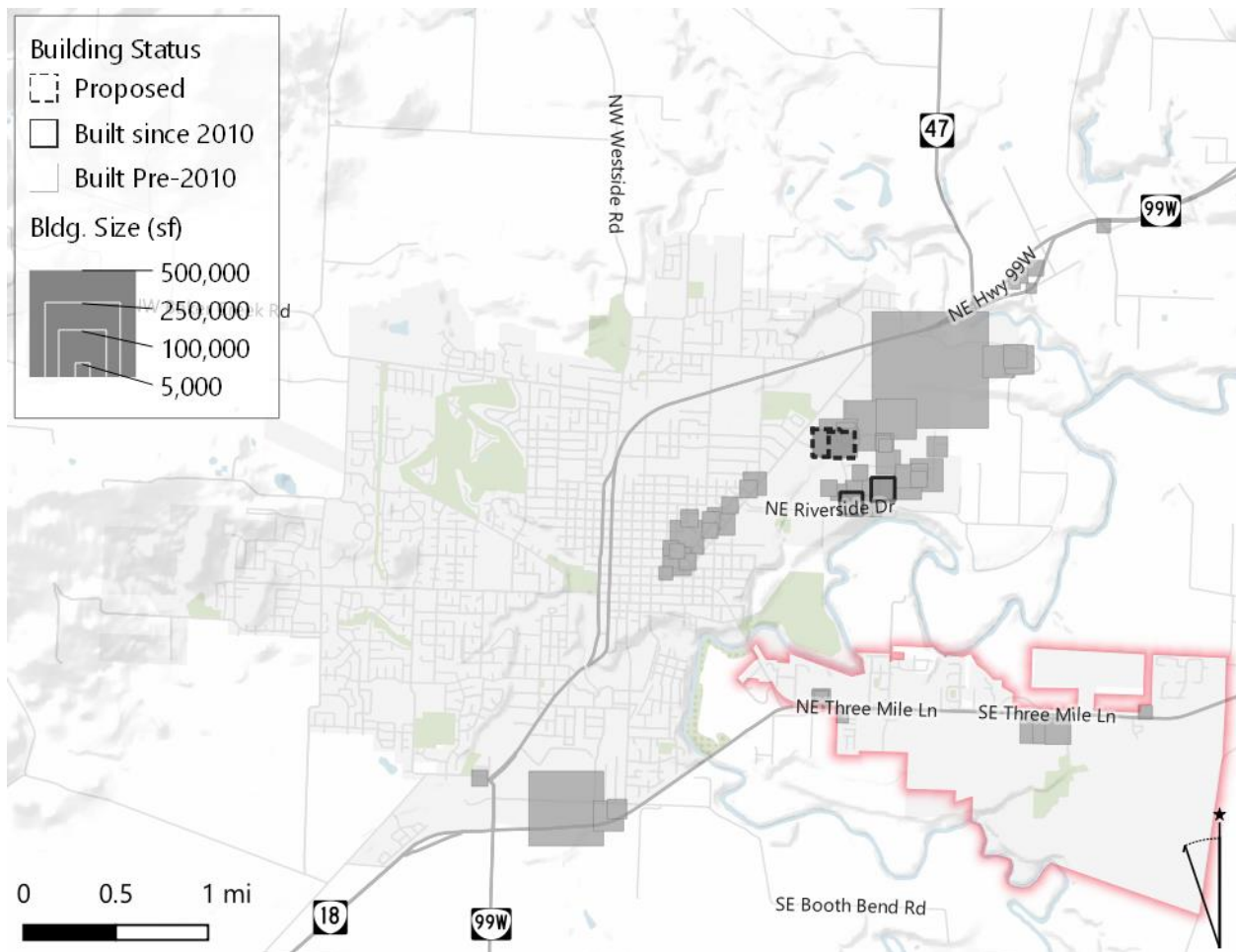
Source: Costar

For industrial, the market is marginally stronger than for office. However, like office, industrial development has also clustered elsewhere in the region in locations that are arguably better suited for continued expansion.¹⁸ Locations such as the Tualatin, Tigard, and Wilsonville benefit from close proximity to Interstate-5 and access to talent in Portland. These locations have rapidly built up their manufacturing industries, among others. While McMinnville has seen recent development, it is unlikely to compete with these other centers.

With that said, Three Mile Lane may have a locational advantage for industrial development due to its proximity and access to the airport. Nationally, many modern airports now generate most of their revenues from sources other than aviation. While small and lacking commercial service, the McMinnville airport may have positive impacts for a hotel (including conference spaces), office space, business parks, industrial development (particularly manufacturing and warehousing), cargo facilities, sports facilities, among others.

Extending the airport runway to accommodate larger aircraft may further improve development prospects and accelerate the rate of development. However, doing so is understood to be challenging as the only place to extend is to the northeast, which would require moving Highway 18.

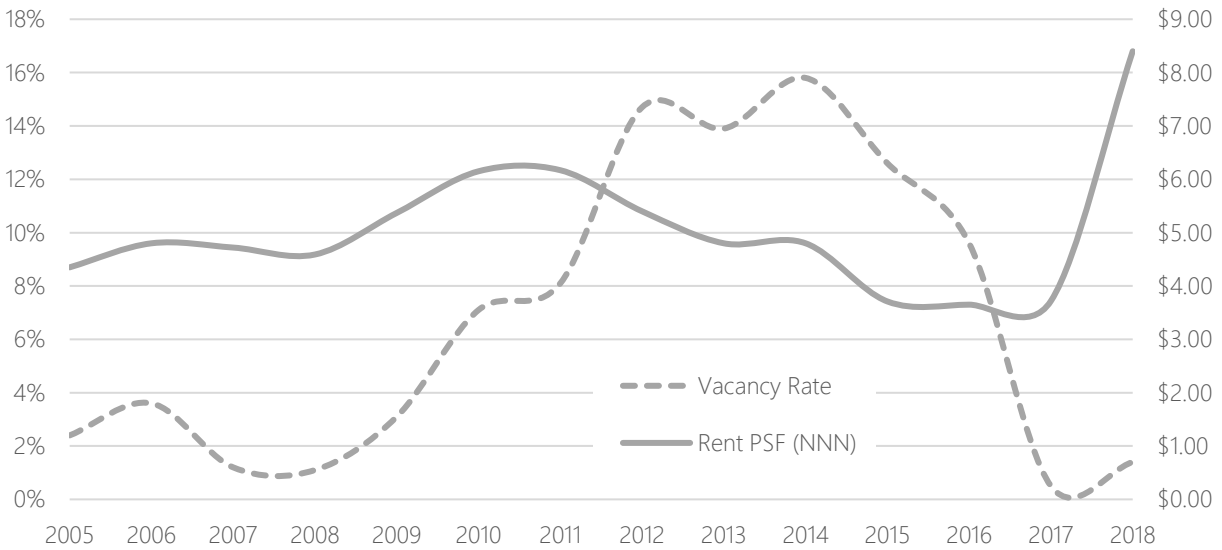
Figure 31. Regional Industrial/Flex Development



¹⁸ The data that populates the corresponding map often neglects to show owner-occupied buildings, such as the Jackson Family Wines building, built in 2017 in the Three Mile Lane corridor.

While the industrial vacancy rate is virtually zero, rents have only just climbed to pre-recession levels. A hike in vacancy rates between 2009 and 2014 resulted in negative rent growth. However, with the wine industry such a significant component of the Mid-Valley industrial market, there is a reason to believe that typical rent and vacancy characteristics may not truly represent the McMinnville market area’s industrial market.

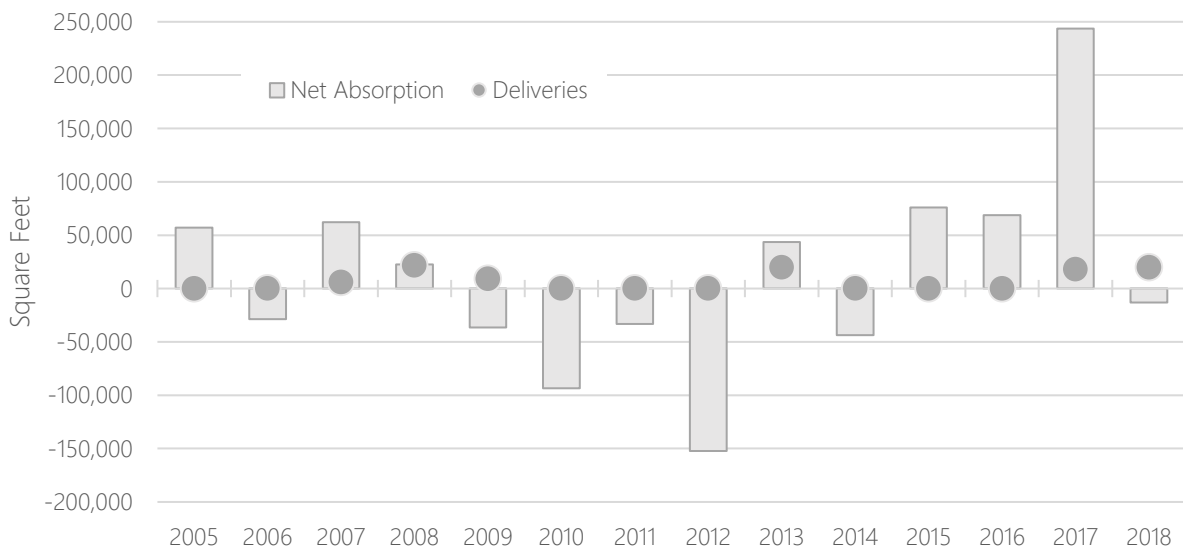
Figure 32. Market Area Industrial Rent and Vacancy Trends, 2009-2018



Source: Costar, Leland Consulting Group

Net absorption has been largely positive since several years of negative absorption between 2009 and 2012—likely as a result of the recession, with a huge surge in absorption in 2017 which has resulted in almost zero vacancies in the market area. There have been few industrial deliveries over the past decade.

Figure 33. Market Area Industrial Net Absorption and Deliveries (sq. ft.), 2005-2018



Source: Costar, Leland Consulting Group

Planned and Proposed Projects

Per Costar, there are only two proposed industrial buildings in the McMinnville area, both of which are planned for either office or industrial. Both buildings are located in McMinnville’s industrial district (zoned General Industrial M-2) along a Portland Western Railroad rail spur.

Figure 34. Proposed Industrial Development, McMinnville



Source: Kidder Matthews

Market Trends

While people once followed the jobs, corporations and professional firms are now following people back to the city. These companies have increasingly seen prospective employees choosing to live, work, and play in more interesting—often urban—locations, and now they have realized that attracting these employees requires them to be in these places too. As such, the authenticity of a place has become a sought-after commodity. This is likely one of McMinnville’s strongest assets. Companies and workers now look for the genuine, the idiosyncratic, the unique and, most importantly, the personality of a place that matches their own. In fact, a recent Newmark study identified a significant rent premium for office properties with transit access, dining operations, and open floor plans of around 50 percent higher than those with obsolescent characteristics.

For cities, this means that opportunity lies in attracting more investment and focusing on placemaking to make themselves the place where the best and brightest live, work, and shop. This might require updating office and industrial areas to reflect the way we now do business and work day-to-day. And, as the finance, utility, and even government sectors continue to consolidate, cities will need to backfill their buildings with new tenants to keep downtown an interesting and lively place.

Location Preferences

Across the United States, traditional office development is increasingly considered obsolete in today’s shifting market. Since the Great Recession tenant preferences have shifted to central, walkable, amenity-rich locations as companies find it tougher to recruit the Millennial and emerging Gen Z workforce to sterile, single-use buildings and in auto-dependent neighborhoods. These locations have typically been in inner-city areas, but more recently office investors have been refocusing their attention to suburban communities that increasingly offer a better value for investors than urban products, mainly in areas where developers are creating live-work-play environments. The migration of millennials to the suburbs should ease investor concerns about demand for suburban office space.

Workplace Trends

General trends impacting the office workspace include a steady decline in the number of square feet per employee, the increase in standardized workspaces and non-dedicated (shared) office space with more

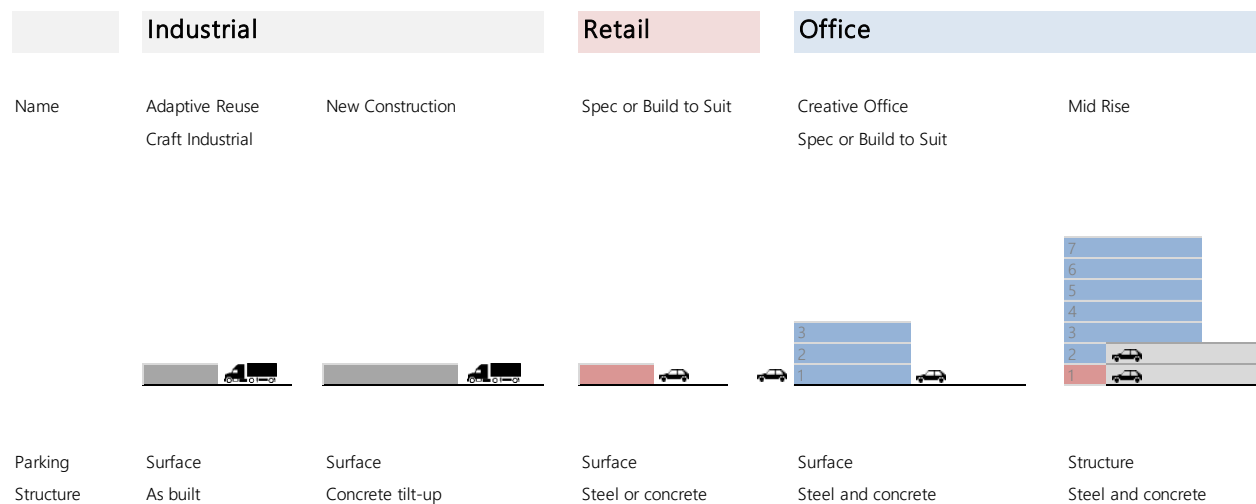
amenities, more tolerance for telecommuting and collaborative workspaces, and a greater emphasis on higher space utilization, innovation, and productivity. Within the private sector, Class A office space continues to be the primary driver of new office demand, yet “creative” office environments—the repositioning of established office space (typically Class B) to open, modern workspaces—are becoming ever more popular. Real estate investors are wondering whether the office sector is next in line for a painful shakeup, as tenants continue to use office space more efficiently.

The impact of tenants’ push for greater space efficiency has created winners and losers within the office market. Fitting more employees into less space has enabled office tenants to sign smaller leases or afford higher-end space. This is a particularly compelling tradeoff in the current market, as tenants are increasingly relying on amenity-rich office environments to help recruit the highly skilled workers who are now in short supply.

Commercial Development Prototypes

Commercial development prototypes are shown below. Once again, parking is a major driver of building form. Only one commercial development prototype—mid-rise office—includes structured parking; this building type is unlikely to be feasible due to the high cost of structured parking.

Figure 35. Commercial Development Prototypes

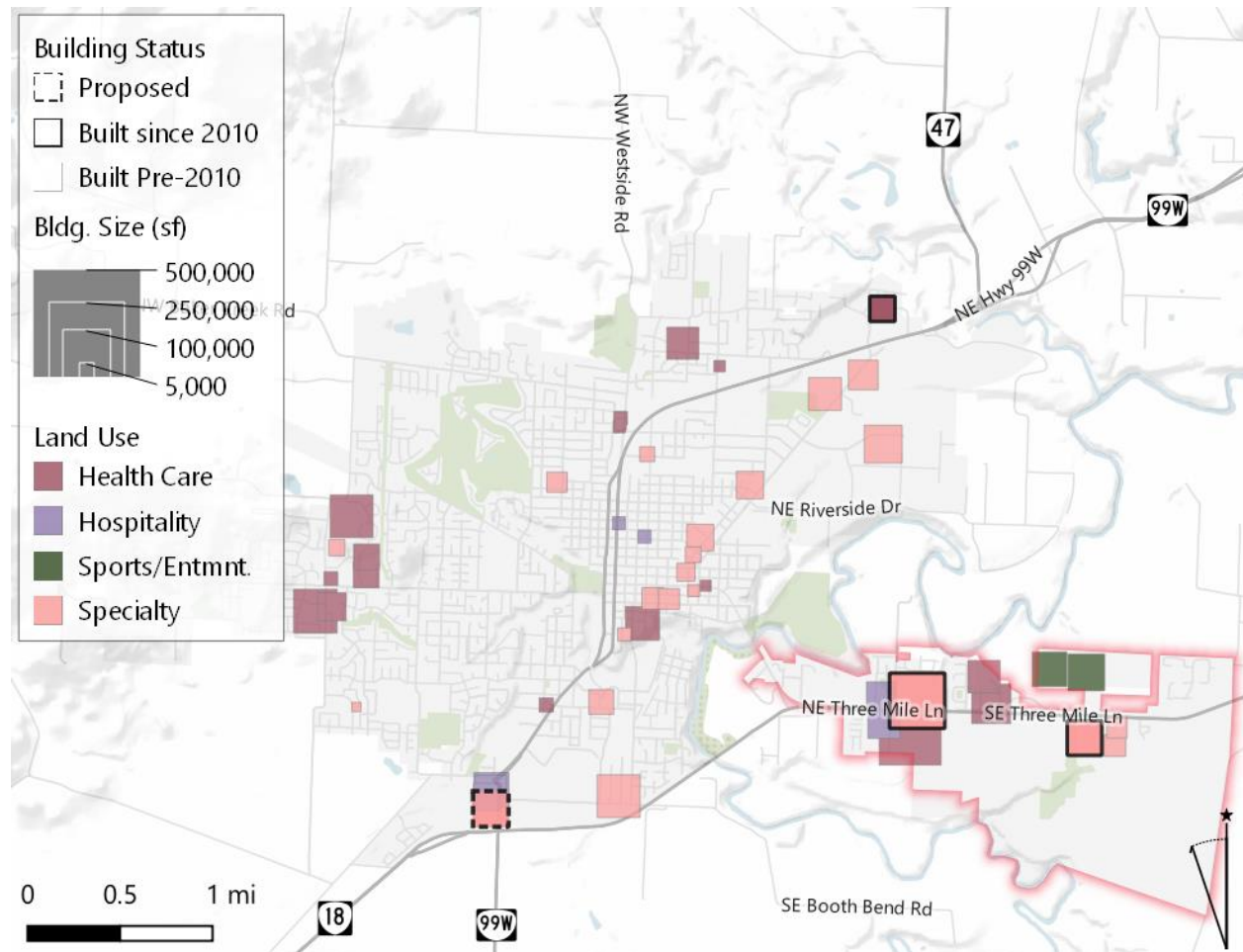


Lodging, Hospitality, Specialty, and Recreation

Development Summary

Since 2010, there have been only a handful of new properties built in these categories, including one health care facility (skilled nursing facility/assisted living), and two specialty properties (Chemeketa Community College and an airplane hangar).

Figure 36. Regional “Other” Development



Source: Costar, Leland Consulting Group

Tourism

The tourism region of the Willamette Valley includes Benton, Linn, Marion, Polk, Yamhill and portions of Clackamas and Lane counties. The region stretches from the crest of the coast range to the crest of the Cascade Range. The Willamette Valley offers more than 500 wineries in 150 miles, historic towns and cities, craft breweries, farm stands, and hiking, paddling, and cycling.

The region continues to be a big draw for locals and tourists alike, with tourism rates in Oregon rising 54 percent in the last three years¹⁹ (as of December 2018). In 2018, the Willamette Valley was the second-most visited destination in Oregon for overnight tourists, attracting almost 20 million visitors (Portland was first with 26.4 million, and the Oregon Coast was third with 18 million)²⁰. New wine country restaurants and boutiques have made the area even more appealing.

¹⁹ <http://www.wweek.com/culture/2018/10/09/two-oregon-natives-are-opening-a-bougie-new-hotel-in-downtown-mcminnville/>

²⁰ <http://industry.traveloregon.com/content/uploads/2018/05/Dean-Runyan-FINAL-2018.pdf>

The wine industry has brought new economic activity and tourism, and industry growth, bringing more jobs, increased tourism, and international recognition, and growing support of arts and culture opportunities.

The arts and culture environment in Yamhill County is a growing field of increasing vitality. Artist studios and monthly wine walks increasingly attract visitors from outside the region. Events such as the two annual international wine conferences at Linfield College and monthly art and wine walks provide critical exposure both for area artists and for local vineyards. Key institutions – such as Chehalem Cultural Center, George Fox University and Linfield College – play significant roles in providing robust art and cultural offerings to their communities. The vibrancy of the environment varies across the county, and the accessibility of arts and cultural opportunities may not be equitable across different populations.

High quality of life and robust arts and culture offerings are often considered the most attractive aspects of Yamhill County for residents or businesses considering the location. They are also tourism draws. Other attractors include the region’s natural beauty, small-town feel, good schools, and quality higher education institutions. The area’s proximity to Portland while remaining rural and independent is also a positive attribute.

The following table provides high-level tourism data for the Willamette Valley.

Table 10. Willamette Valley, Direct Travel Impacts, 2012-2018

	2012	2018	Change
Direct Employment	18,830	21,890	16%
Employee Earnings (\$M)	\$385	\$522	36%
Visitor Spending (\$M)	\$1,423	\$1,629	14%
Taxes (State/Local) (\$M)	\$59	\$79	34%

Source: Dean Runyan, *Oregon Travel Impacts, May 2018*

Per the Oregon 2015 Regional Visitor Report for the Willamette Valley Region,²¹ approximately seven percent of all overnight trips in 2015 were for business, 53 percent were to visit friends or relatives, and 40 percent were considered “marketable” (i.e. leisure). Of these marketable trips, most people were visiting for the outdoors, a special event, or touring—and mostly during the spring and summer months. In terms of spending, 30 percent of the \$706 million spent in the region was on lodging, and 27% was on restaurant food and beverage.

The Willamette Valley attracts visitors that are typically older, higher-income, and often childless or retired individuals and couples. The average age of overnight visitors to the Willamette Valley was 49 in 2015, older than the state average of 46. A significantly greater proportion of visitors aged 45 and over visit the Willamette Valley (61 percent of all visitors versus 49 percent).

Lodging & Hospitality

Near Term Hotel Development Prospects.

The primary demand driver for hotel development include:

- Tourism and tourist destinations,

²¹ <http://industry.traveloregon.com/content/uploads/2016/11/Oregon-Willamette-Valley-Region-2015-Visitor-Final-Report.pdf>

- Entertainment activities,
- Business activity (number of jobs and businesses),
- Business conferences and conventions, and
- Travel patterns (visibility).

McMinnville’s Three Mile Lane arguably possesses three of the five drivers listed above, which is a positive sign for future lodging and hospitality development. Despite this, in the near term (zero to five years), hotel development in Three Mile Lane will be difficult for the following reasons:

- **Distance from downtown amenities.** Visitors to the hotel would probably drive, not walk, to the restaurants, wine-tasting, boutiques, retail, and other amenities in downtown. There are no commercial amenities at the Three Mile Lane today and therefore a hotel at the Three Mile Lane would need to create its own sense of place and stand on its own. This would require a significantly higher level of investment, potentially in place making amenities, restaurants, meeting facilities, etc.
- **The current setting is somewhat industrial.** This is not a highly desirable hotel setting. Uncertainty about what will happen to the Evergreen properties and the surrounding area will also make hotel developers more reluctant to invest.
- **Land constraints** impact the ability of the market to support the development of moderate-cost hotels, which are needed to support the burgeoning tourism industry.

Long Term Hotel Development Prospects.

In the long term, this could be an excellent site for a hotel. Numerous amenities would improve prospects for hotel development, including:

- Additional parks, open spaces, and festival venues.
- Restaurants and retail.
- Wine tasting and wine-related uses.
- Other residential and commercial development.

The more that a hotel developer needs to create these amenities “from scratch,” the more difficult the economics will be.

Many of the new hotels recently built in the region are unique and interesting, with amenities oriented to local tourism draws—such as the wine industry. Some of these new hotels are profiled below.



The Allison, Newberg, Oregon. The Allison is an 85-room, 5-star resort hotel in Newberg, Oregon which opened in 2010. Room rates average between \$435 and \$475 per night.

Located in the Willamette Valley in 35 acres of grounds, this luxury spa resort is within 10 miles of dozens of wineries and 2 miles from Chehalem Glenn Golf Course. Amenities include an upscale restaurant and wine cellar, a spa offering wellness treatments, an indoor pool and hot tub, and yoga classes.



Atticus Hotel, McMinnville, Oregon. Atticus is a new 36-room luxury boutique hotel in downtown McMinnville, at the corner of N.E. 4th St. and N.E. Ford St. The property—which takes the place of a vacant parking lot—is a 22,640 square-foot, four-story building, and was developed by the Odd Fellows Building (OFB) LLC. It is leased in its entirety by Live McMinnville LLC., which will operate the Atticus Hotel.

Eighteen wineries and tasting rooms are located within walking distance along the town’s quaint and historic downtown stretch. The Atticus offers a variety of studio and one-bedroom suites from \$300 per night, as well as a 2-bedroom 2.5-bath penthouse. The hotel features amenities including a conference room, exercise facility, business center, private dining space, and a restaurant and bar. Guests can expect a full accoutrement of services, including valet parking, in-room dining, 24-hour concierge, and group sales coordination.



The Hotel at Independence Landing, Independence, Oregon. A boutique hotel is expected to open in Independence, Oregon in May 2019. The developer, Tokola Properties, was selected by the City of Independence after they bought the waterfront property in 2015 and sent out a request for qualifications for developers to outline their vision for the site.

The Independence hotel, featuring "warm and contemporary" architecture that compliments the historic downtown area, will have 75 rooms.

Embarcadero Hospitality Group will manage the hotel. Seasonal rates for rooms will range from around \$125 on winter weekdays up to \$300 or more for certain suites during summer weekends, developers said.

Recreation & Open Space

Infrastructure—the physical facilities and systems that support economic activity—is a key driver of real estate investment and development. Historically, real estate was influenced by the quality and location of roads, bridges, and other forms of auto-oriented infrastructure. The Interstate Highway System, for example, was a critical factor in the growth of suburban America.

More recently, transit-oriented development has become a common term in the lexicon of real estate and transportation officials. Transit-oriented development is characterized by compact, mixed-use, residential, and commercial development that is clustered around a transit stop or a rail station. Today, bike trails, bike lanes, bike-share systems, and other forms of active transportation infrastructure are helping spur a new generation of "trail-oriented development." This trend reflects the desire of people around the world to live in places where driving an automobile is just one of a number of safe, convenient, and affordable transportation options. The Urban Land Institute’s America in 2015 report found that, in the United States, over half of all people (52 percent) and 63 percent of millennials would like to live in a place where they do not need to use a car very often; half of U.S. residents believe their communities need more bike lanes.

Active transportation was, until recently, an overlooked mode of travel. However, in recent years, investments in infrastructure that accommodates those who walk and ride bicycles have begun to reshape communities.

Shared themes among active transportation projects include the following:

Active transportation infrastructure can catalyze real estate development. Trails, bike lanes, and bicycle-sharing systems can improve pedestrian and bicyclist access to employment centers, recreational destinations, and public transit facilities, thereby enhancing the attractiveness of developments along active transportation corridors. In some cases, former industrial districts and towns outside urban cores have benefited from active transportation infrastructure due to improved walking and cycling connectivity.

Investments in trails, bike lanes, and bicycle-sharing systems have high levels of return on investment. Regions and cities have found that relatively small investments in active transportation can have outsized economic returns due to improved health and environmental outcomes and reduced negative externalities, such as automobile traffic congestion and poor air quality.

Bike-friendly cities and towns are also finding that bicycle facilities boost the tourism economy and encourage extended stays and return visits. Tourism is one of the world's largest industries. The U.S. Travel Association explains that U.S. residents spend over \$800 billion a year on travel and recreation away from home.

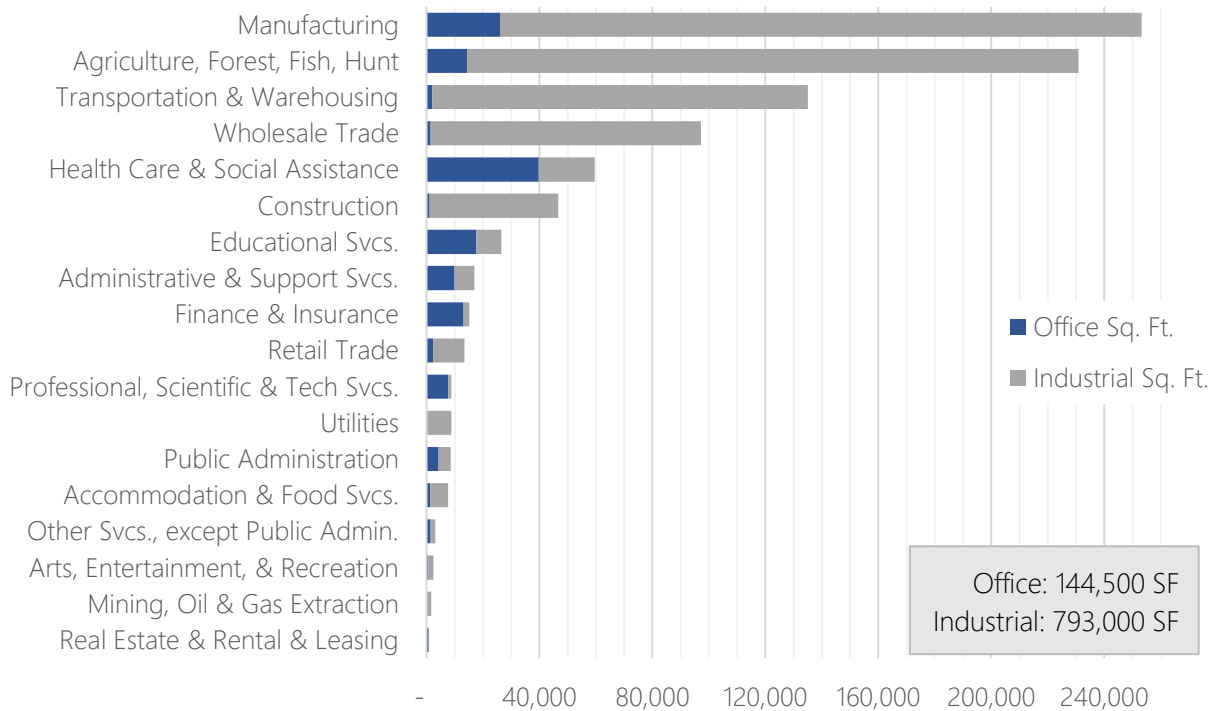
Demand for Commercial/Employment Development

This section provides an estimate of future 10-year market demand for residential development, office and industrial development, and retail development.

Office and Industrial Demand

Based on the respective strength of the office and industrial markets, most employment-based demand for new development is likely to be in the industrial sector, specifically manufacturing and agriculture (tied to the wine industry). With that said, this is largely dependent on McMinnville's ability to compete with other cities in the region where industrial development has been more prevalent. Figure 37 shows LCG's office and industrial development forecast for the market area, based on job growth forecasts made by the U.S. Census.

Figure 37. 10-Year Office and Industrial Demand



Source: Leland Consulting Group

For office, employment growth in the industries of healthcare and social assistance and educational services can be expected to drive most of the demand for new office development.

However, the Census’ employment forecast likely overstates demand for industrial and office space. The following table shows historical employment growth rates along with historical office and industrial deliveries documented over the past decade. These historical trends are useful in suggesting office and industrial construction for the next decade in the market area.

Because little new office space has been built (despite the addition of several thousand new employees), it is possible that there will be little to no demand for office space in the next decade; however, the limited development may be due to a limited supply of appropriately zoned land. Likewise, the total demand for new industrial space may be lower than would be projected using employment forecasts.

Three Mile Lane may be a prime location for **light or craft industrial** which could align with the City’s vision for the area and provide secondary tourism benefits if new development includes experiential or retail components. This is discussed further in the following “Retail Absorption” section. Larger or heavy industrial users are likely to be attracted to existing business and industrial parks, such as that in the north of the City.

Table 11. Historical and Forecasted Office and Industrial Trends, Market Area

	Past 5 Years	Next 10 Years
Net Office Absorption	48,102	70,000
Office Deliveries	5,000	75,000
Net Industrial Absorption	82,500	175,000
Industrial Deliveries	58,000	200,000

Source: Leland Consulting Group

Three Mile Lane Office Absorption

While employment is projected to continue to grow in the market area, the industries projected to experience the most growth and dominate future employment are not traditionally significant office users. This is also true of the past five years, during which time very little new office space was built, suggesting a limited office market outside of healthcare.

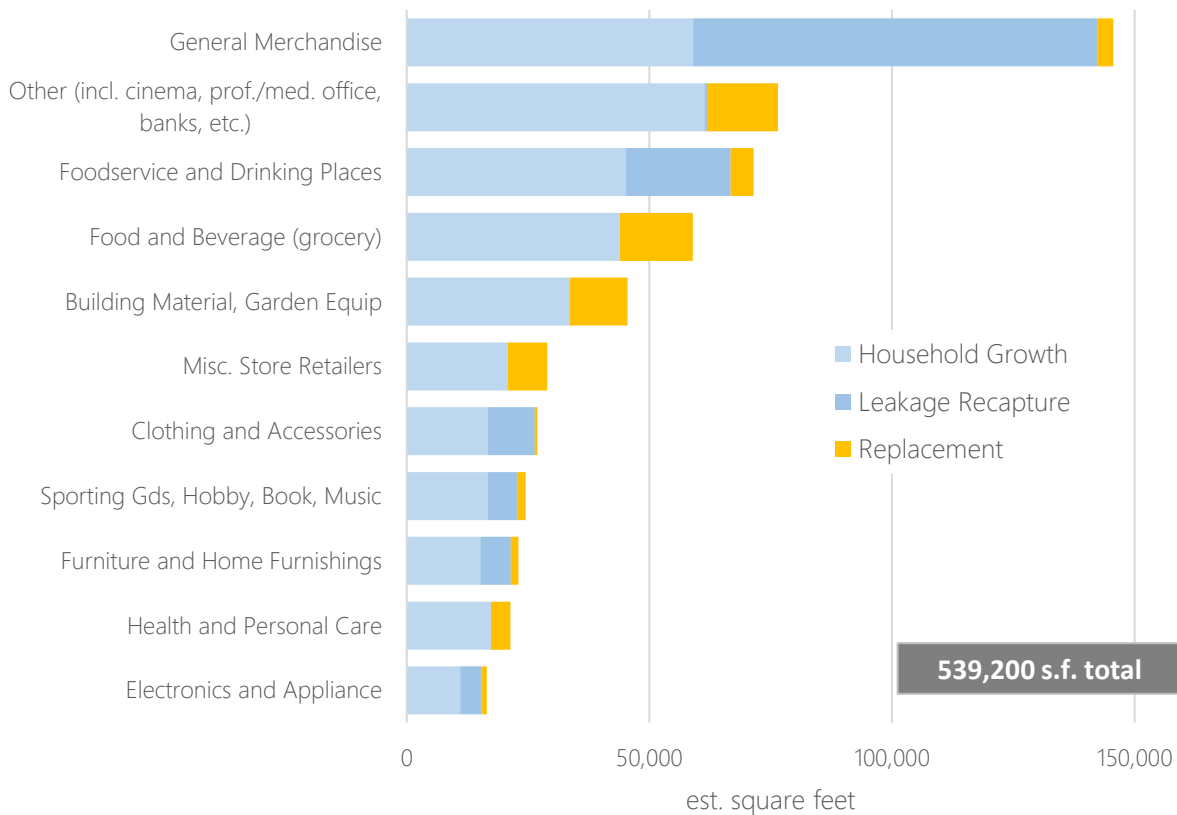
As office rents are too low to justify the high costs of new, high-quality speculative office development, new construction is only likely if large office users can be attracted to the area, or if one or more tenants are looking for a special site and campus environment, particularly near existing health care facilities. McMinnville’s high quality of life, business incentives, and proximity to the Portland metro region may indeed be sufficient in attracting these larger companies, but this is almost impossible to forecast. Additionally, target users could include existing companies looking to expand.

Speculative office development is therefore likely to be minimal or nonexistent in the Three Mile Lane area in the near- and mid-term. On the other hand, recent trends for owner-occupied (often called build-to-suit) buildings in the Three Mile Lane corridor are positive indicators for both the office and industrial markets. The recent presence of two large companies—Jackson Family Wines (industrial/flex) and The Springs Living (office/flex)—in the corridor prove that a market exists for new space, reinforced by the very low vacancy rate in both markets. However, as build-to-suit opportunities are typically less driven by traditional market forces—because they are often to fill specific niches in the market and rent growth is less important—new build-to-suit opportunities are more challenging to forecast than speculative office.

Retail Demand

Using the household growth projections and leakage analysis described earlier, we forecast demand for approximately 529,000 square feet of additional retail development within the market area over the next decade. The general merchandise, “other” (cinema, medical and professional office, etc.), and foodservice and drinking places (restaurants and bars) retail categories are responsible for about half of total demand. Grocery demand would likely support one or two additional stores.

Figure 38. 10-year Market Area Retail Demand by Source



Source: Leland Consulting Group

The following table shows total retail absorption and development for the past five years, and forecasted development based on the same historical trends. Note that these forecasted numbers are significantly lower than those presented above. This is merely to highlight that there may be pent-up demand well into the future if the development trends of the past continue. Increasing the rate of development may, therefore, require significant public interventions.

Table 12. Historical and Forecasted Retail Trends, Market Area

	Past 5 Yrs.	Next 10 Years
Net Retail Absorption	117,900	200,000
Retail Deliveries	40,300	150,000

Source: Costar, Leland Consulting Group

Three Mile Lane Retail Absorption

The Three Mile Lane project area is relatively well-positioned for retail development due to high visibility, ease of access, high traffic counts along Highway 18, and there are few alternative urban areas between McMinnville and the coast, providing opportunities to capture spending from those visiting the Oregon coast.

Additionally, as one of the few locations in the market area with large, contiguous, vacant tracts of land within city limits, Three Mile Lane should be able to capture a significant portion of market area demand over the next 10 years.

However, significant challenges remain, including:

- Existing retail in the project area is virtually non-existent;
- Many retailers—particularly bars, restaurants, and other small-format stores—are likely to prefer a downtown location, where there is existing activity, authentic and interesting buildings, and less risk; and
- There are many other large, successful retail centers within a reasonable drive-time with which any major retail development would compete.

As such, retailers in Three Mile Lane are likely to be auto-oriented, with convenience and general merchandise retail potentially feasible in the short-term. Significant household growth in the area—as projected—is likely to generate demand for further dining and grocery options over the longer term, but not in the near-term as current retail spending data indicates a major surplus of grocery stores in the region.

The tourism and wine industry, especially, is burgeoning, increasing opportunities for development that would leverage the wave of visitors to the area during the warmer months. Specifically, this may take the form of experiential or “destination” retail and commercial uses. Commercial tenants in this category include restaurants, wine-tasting and wine sales, unique Willamette Valley food growers and vendors, other food and beverage vendors (coffee, ice cream, bakeries), and outdoor recreation suppliers. Secondary commercial tenants can fill space alongside these “anchor” tenants. Indeed, a larger building with production, warehousing or light manufacturing in the back and a front-facing retailer—such as a tasting room or craft store—would fit the existing industrial, auto-oriented character of the Three Mile Lane study area while increasing activity in the corridor.

Conclusion

This market analysis assessed the market conditions for residential, commercial, office, and industrial development, and subsequently identified opportunities for the Three Mile Lane corridor based on existing land assets.

Projected residential and employment growth over the next 20 years will drive demand for new residential, commercial, and industrial development. Potential development in the Three Mile Lane corridor is likely to be driven by these market forces, as well as more nuanced needs for housing and retail in particular. Existing market conditions indicate that development will likely remain low-density and surface parked, at least until rents increase and development feasibility of higher-density building types improves. For residential uses this may translate in the near-term to townhomes and apartments up to four stories, as well as single-family and multiplexes. Based on projected demand, retail development is likely to be surface parked, low-rise, and community-serving (potential grocery store, restaurants, etc.), and as part of mixed-use residential and/or office developments over a longer time period.

The growing tourism industry, airport activity, and existing needs for meeting space should drive demand for hotel. However, with speculative office demand relatively low in comparison to housing and retail, hotel prospects are reliant on existing employment and tourism.

With few large flat land tracts left in the area and moderate to high employment growth projected in the industries of manufacturing, agriculture, transportation and warehousing, and wholesale trade, there is strong industrial demand. However, a housing-focused vision for the area is likely to be incompatible with significant

industrial development. Less impactful industrial—light or “craft,” particularly if retail or experiential components are included—would be compatible with adjacent land uses and help generate a live-work-play environment.

In short, opportunities for new development are prevalent given the prevalence of large, greenfield sites in the study area. As such, it is positioned to capture a significant share of regional demand for retail and commercial development, as well as housing, industrial, and other mixed uses.