



**AD HOC ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE
AGENDA**

December 1, 2020 6:00 PM

NEWBERG CITY HALL

414 E FIRST STREET (teleconference meeting)

Virtual Meeting, details below:

Join from PC, Mac, Linux, iOS or Android:

<https://meetings.ringcentral.com/j/1492399404>

Or Telephone:

Dial (for higher quality):

+1(623)404-9000 or

+1(650)242-4929

Meeting ID: 149 239 9404

I. CALL MEETING TO ORDER

II. ROLL CALL

III. PUBLIC COMMENTS (5-minute maximum per person – for items not on the agenda)

IV. APPROVAL OF MINUTES – October 6, 2020

V. ECONOMIC OPPORTUNITIES ANALYSIS

1. Introductions 6:00 – 6:10 p.m.

2. Virtual Open House Findings 6:10 – 6:25 p.m.

3. Review Comments on Previous EOA Draft 6:25– 6:45 p.m.

- **Key changes to the EOA in response the comments:**
 - **Consideration of redevelopment**
 - **Consideration of employment in existing sites**
 - **Site characteristics for commercial land**
 - **Refinement of regional industrial site analysis**
 - **Findings for public/semi-public land need**
- **Do you have questions about how we addressed comments made on the previous draft?**

4. Updated Draft EOA: Regional Industrial Analysis, Redevelopment, and Other Changes 6:45 – 7:50 p.m.

- **Do you have questions or comments about the updated draft EOA document?**

5. Next Steps 7:50 – 8:00 p.m.

- **Send additional comments on EOA to City staff by December 17**
- **Additional CAC meeting scheduled for January 26**
- **PC and CC hearings February 11 and April 5 (tentative)**

VI. ITEMS FROM COMMITTEE MEMBERS

VII. ADJOURNMENT

QUESTIONS? COME TO THE COMMUNITY DEVELOPMENT DEPT. AT 414 E FIRST STREET, OR CALL 503-537-1240

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: *In order to accommodate persons with physical impairments, please notify the Community Development Department Office Assistant II of any special physical or language accommodations you may need as far in advance of the meeting as possible as and no later than 48 business hours prior to the meeting. To request these arrangements, please contact the Office Assistant at (503) 537-1240. For TTY services please dial 711.*

AD HOC ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE

Meeting Minutes

October 6, 2020 6:00 PM

NEWBERG CITY HALL

Meeting held electronically due to COVID-19 pandemic

(This is for historical purposes as meetings are permanent retention documents and this will mark this period in our collective history)

Chair Curt Walker the called meeting to order at 6:08pm

ROLL CALL

Members Present: Curt Walker, Chair
Keith Hansen
Alvin Elbert
Bob Woodruff
Allen Routt
Philip Higgins
Rob Hallyburton
Jim Bush

Members Absent: Rick Rogers, excused
Carr Biggerstaff,
Isa Pena

Staff Present: Doug Rux, Community Development Director
Brett Musick, Senior Engineer
Patrick Davenport, Planning Manager

Consultants: Beth Goodman, ECO Northwest
Margaret Raimann, ECO Northwest

PUBLIC COMMENTS:

None

CONSENT CALENDAR:

Approval of the July 22, 2020 EOA CAC meeting minutes

MOTION: Member Higgins and Member Hansen moved to approve the July 22, 2020 EOA CAC Meeting Minutes, Motion carried 8/0

ECONOMIC OPPORTUNITIES ANALYSIS

Introduction:

CDD Rux noted introductions were done at the previous meeting.

Review Site Needs Analysis:

Beth Goodman noted the plan is to go through the Site Needs Analysis, find out if anyone has questions for the site need for industrial land, talk about the measures to accommodate industrial land needs, to be sure these needs are met and how can we accommodate some of them into the UGB via existing vacant land.

Beth also noted she would answer any questions on the Economic Opportunities Analysis draft report. She noted if there are any comments or questions not brought up tonight get them to CDD Rux by October 16th.

CDD Rux commented on the sale of the Mill Site here in Newberg. It was publicly announced by the company on Friday, the purchaser is Commercial Development Co.(CDC), they are out of St Louis Missouri, and are now the new Mill owners. There will be a process as they move forward to sell equipment and dismantle the facility which will take about a year and a half to get through. Their intent is to redevelop the Mill Site and are fully aware of the Riverfront Master Plan. They are also aware of activities regarding creating an Urban Renewal District that would include the Riverfront Area, which is good news after being idle for five years it has some new clarity and direction.

Beth noted the Mill site is not represented in the Buildable Lands Inventory or in the EOA so we are going to have to work this in. She noted this is the first day she heard about the Mill site sale.

CDD Rux talked about some potential uses of the Mill site. He noted it could be larger use activities or could be redeveloped into smaller parcels. Looking at the last five and a half years of recruitment activities we've seen anywhere from 200 plus acres down to 3 or 4 acres and in between. We have seen some foreign direct investment opportunities which we are looking at in the 10 to 25 acre range. We will need to have discussions with CDC about their development options and scenarios and the direction they want to go. First is the liquidating of equipment and dismantling buildings.

CDD Rux noted in the Riverfront Master Plan we have 21.5 acres of the Mill site that will be mixed employment. With this base of industrial use you allow limited commercial activities which are capped by building square footage, so that is 60,000 square feet for commercial and a maximum of 60,000 square feet of office space. He noted also in the Mill Site there's going to be about an acre and a half which will be commercial which could allow residential on the upper floor and is about 3.7 acres for high-density residential. He noted what this leads to is after you extract out stream corridors and the Willamette River Greenway flood hazard areas it's about 89 acres flat area, 13 acres is the north waste pond and it will need to be determined what's going to happen with that pond in the future. That gives us a net developable somewhere around 76 acres and that's based off some quick calculations done.

Member Elbert asked if the 76 acres is in the existing inventory. Beth responded that it is not in our existing inventory of buildable land. It will need to be annexed into the City to get utilities.

Review Site Needs Analysis continued:

Margaret did a review recap of the potential target industries that were a part of the Economic Development Strategy adopted by the City which are advanced / general manufacturing, high-tech / Technology manufacturing, food processing / agricultural products, forestry / wood products, and Aviation related industries. She noted they took the target industries and cross referenced them in a matrix and Business Oregon that shows characteristics by different types of industries. In a more legible format she showed how they cross referenced them with Business Oregon with the target industries and one with the site characteristics which will be in more detail in the EOA document.

Margaret continued with how they looked at the industrial land need and sufficiency. The forecast shows a growth of 2,557 employees in the industrial sector. Target industries will need sites 5 to 25 acres some larger some smaller.

Member Hallyburton noted in the forecast it was broken down into four categories industrial, retail, government, commercial and office. In looking at some of the data in the EOA there were a couple categories that are important in Newberg. With the number of employees and the amount of growth in Newberg specifically of the health care, education, and food service sectors, which category those fit into the four tier

forecast. Margaret responded health care would fit into the office commercial and so would accommodations and services.

Member Hallyburton noted on the 2,557 employees in the industrial sector, looking at some data for the county as a whole where 1000 industrial jobs have been added in Yamhill County in the last 15 years, he was wondering if it seems reasonable that Newberg by itself would get two and a half times that many in the next 20 years.

Beth noted the basis for this, assuming that Newberg composition of employment is going to become more like it was back in 2008 due to the number of industrial industries couldn't find sites in Newberg and the Mill closed. This is an aspiration based in large part on Newberg's Economic Development Strategy around industrial uses.

CDD Rux noted based on the need for the last 4 years the city has put together an Economic Development Strategy focused on creating employment opportunities in industrial. We lost 220 jobs when the Mill closed and other employment that moved out of Newberg because of no site or building to move into. When the Committee has spoken in the past we talked about the aspirational aspect and moving back to where we were with 35%. Beth noted this has been discussed at the Committee meetings and is what's embedded in the draft EOA. You have a document which included representatives from Sedcore, Business Oregon and others agreeing that this seems like a reasonable target to get to.

Member Hallyburton noted on the slide asking how many sites and acres of industrial land will Newberg need in the future and in reading the EOA it appears that all of the new jobs need to go on vacant or partially vacant land, it doesn't assume that the existing UGB will absorb any of those jobs. Beth responded there is no good way to estimate redevelopment opportunity out of the data available, however the Mill site will probably come up in discussions and be an opportunity for redevelopment and employment. Member Hallyburton noted the existing development could accommodate at least 10% of the employment growth because it was already there.

Beth noted it is speculative that businesses would hire back the same number of people that they have lost and is more speculative in this unusual economic cycle.

CDD Rux noted when the Mill closed those employees were laid off and have gone to other locations, he was working with different organizations to find placement for those displaced workers.

Beth noted not knowing how many of the existing businesses are going to survive as they are right now. Will Newberg have more redevelopment opportunity or more opportunities for new businesses that grow differently than the existing businesses?

Margaret noted they compiled information about industrial employment and site characteristics for Albany, Corvallis, McMinnville, Sherwood, Wilsonville, Newberg, Salem, Tualatin and Woodburn all having similar land base as Newberg.

Beth noted they didn't choose cities like Lake Oswego and West Linn. West Linn is a bedroom community and doesn't have a lot of industrial development. Lake Oswego doesn't have a lot of industrial development and isn't aspiring to be vaguely similar to Newberg. We could add Tigard to this analysis but not sure how much difference it will make. We included Salem because it is a major player in the region and bigger in terms of population than Newberg. Wilsonville has substantial industrial land holdings and their economic development strategies aren't all that different than Newberg. She noted were looking at percentages of employees with different site characteristics so in this case population doesn't matter as much.

Member Hallyburton was looking for an explanation why looking at some cities and not others. He noted there are other cities within the Willamette Valley and it would be interesting to review the data how the decision was made.

Beth noted they have an understanding of what the city's economic basis are and they have done work in a lot of these cities. These are a selection of cities that are comparatively close to Newberg and have an industrial land base, a fair number of employees in industrial businesses and industrial sectors. There wasn't more data behind it, all the cities we originally considered are included in the analysis.

Margaret continued with talking about industrial employment. Industrial employment includes manufacturing, construction, utilities, wholesale trade, transportation, warehousing, agricultural and forestry services. We separated the industrial into site sizes so it corresponds to the matrix shown earlier.

Beth noted they looked at a couple different metrics for each city. Things by acre category that all their employees were industrial employees by city on less than 5 acre and 5-25 acres. Another metric we looked at was the number of sites with industrial employment as well as the average size of sites with industrial employment within site sizes.

Beth noted there is little variation in terms of average site sizes. Less than 5 acres, the average in Newberg is .6 acres and up to 1.4 acres average for those smaller sites. Same is true for the 5-25 acre a little more variation about 10 acres average. In 25-50 acres there's a little more variation between 26 acres and 38 acres average. In the 50 or more acres is a greater variation between an average of 58 acres and in an average of 123 acres, you have some tight groupings on average site sizes.

Margaret continued with industrial employment by acres of land and city. She showed the percent of existing employment on each category as well as the average number of employees per site and site size. She noted Newberg industrial land site need is 2,557 new industrial employees, analysis based on the averages of industrial employment. Based on the regional composition with some adjustments we could get at least 2 employees per site, taking the average number of employees per site to get to the new sites needed in Newberg.

Beth noted the adjustments made so you don't have a fraction of a site, for example if you look at 25-50 acres with 128 employees per site, percentages were adjusted from 5% new employment to 4% new employment.

Member Hallyburton asked if a fraction of a site would just mean a smaller site with fewer acres.

Beth responded she would need to think more about that.

Margaret noted on the new land needed for Newberg, using the average site size and calculate the number of acres based on the number of needed sites in Newberg and the land needed is 275 acres.

Beth responded to Member Hallyburton's question after thinking about fraction of a site. She noted we are looking for opportunity for a large site 50 and more acres and medium large sites 25-50 acres. Based on what we've seen in other cities including the number of employees, 25-50 acre site and the difference between 4% and 5% employment isn't much. 50 acres and more with a site the difference between 4% and 8% of employment is why getting another large site rather than another medium large site.

Member Hallyburton noted part of the concern is making sure the city needs are in fact accommodated. In other parts of the EOA small businesses are so important to the city's economy and want to ensure that we're accommodating those in as well.

Beth noted the small sites on average less than 5 acres are going to be locating an existing or newly built building which may need something much smaller than an acre or a fraction of an acre. Some will actually need the 5 acre sites.

Member Higgins noted the Mill site is a large format site and what we are going to see there is the businesses that locate there are going to create more velocity on the smaller sites to be developed. In the same way for example Adec and DCI they are the sun around with multiple small manufacturers. So with the Mill site you get somebody who comes in and takes 50 acres for manufacturing and it's going to take a lot more for smaller sites, more economically feasible for somebody to come in and develop. It's going to be a boon for adaptive reuse of existing structures and for economic for the small sites to be able to be redeveloped. Where as of today it is very difficult to justify that from a financial metric.

Beth noted the city is going to need to work with the landowner of the Mill site on redevelopment and we will be talking about during the policies discussion.

Member Bush noted based on the needs would you say that given the 76 acres available through the Mill would that mean we would prefer to have a 50 acre development and 5 acre development or are there plans in terms of what we would prefer.

Beth responded to a certain degree I'm not sure how much it matters what the city prefers. There is a role for the city to support infrastructure on the new development. This becomes what the owners of the Mill site choose to do and in discussions with staff earlier it seems that is very much unknown at this point.

Member Higgins noted you could spend six months planning to go one direction and you never know someone may come through Business Oregon who says we want 60 acres, so all of a sudden you have to pivot and address what underwriting looks like and if it's going to be a good fit.

Member Bush noted if the city owned the Mill site then there would be more of a say in terms of what we want to develop in 50 acres or 70 acres in terms of what the goals are.

Margaret continued with explaining industrial land sufficiency. Using the sites less than 5 acres, 79 sites are needed minus 22 vacant sites leaves 57 sites. 57 needed sites times an average site size of 0.9 acres is 51 needed acres. Across each of the sections the results is a 246 acre industrial land needed.

Measures to Accommodate Industrial Land Need:

Beth noted on potential measures and how it's going to accommodate the 246 acres of industrial land needed as shown on previous slide. Newberg has a lot of planning done including the Economic Development Strategy, Newberg Downtown Improvement Plan and the Riverfront Master Plan which is not quite adopted yet, the hearing is November 2nd with City Council. She noted maybe the city should establish a preservation policy for industrial sites over some acres to limit conversion to other uses. What we're trying to not have is industrial land that may become commercial land but also acknowledging that along with some industrial development you tend to get supporting commercial development for retail sales from your honey making manufacturer and little restaurants that serve the surrounding area. What you're trying to do is preserve your existing industrial sites not necessarily the 1-2 acre sites but your bigger sites.

Beth noted potential measures requires master planning for business or industrial parks. After a discussion earlier today master planning of the district level focusing on planning for infrastructure.

Beth noted other potential measures are to identify land to rezone to industrial and avoiding down-zoning. Use Urban Renewal as a catalyst for redevelopment and that was a hint towards the redevelopment of the Mill site

which there will be more discussion on. And to complete the interchange management plans for the Newberg-Dundee Bypass.

Member Higgins noted Newberg has so many small one acre sites and it so expensive to develop small sites. We need to figure out some way to incentivize development on those sites for small users, we can get people who are actually able to purchase and bring them vertical. This is important to be thinking about because those are jobs that tend to be an occupied situation. He noted Northwest Alpine left Newberg because they couldn't find space and that took 40 jobs to Salem. They purchased a building in Salem, so they are not coming back. If there was a way to incentivize people to move from tenancy into ownership in these smaller sites we're going to create a much stickier tax base and longer term employment opportunities.

Member Higgins noted this is part of a larger discussion, from a local municipal stand point you start looking at regional and state partners to put together. He noted we are land constrained, we have the Urban Growth Boundary which has a very complicated process to bring land in and adversarial parties bringing more land in. We need to incentivize people to make more with what they actually have and have an efficient use of the existing land in the Urban Growth Boundary. How do we do that is maybe grants, low-interest loans or financing whatever portion of fees that go into the costs of the permitting process? He noted instead of big traded sector companies you incentivize the 2 – 4 person company to actually bring in jobs. For example a gentleman took over British Cycling with the thought process was marginal gains and if you can improve everything along the way 1% that aggregates to a larger win. He noted the same theory could be applied to our existing land use development process. He noted we need to look at this, I don't have a solution right now but this is a big picture but a necessity if we want to avoid endless time and energy through LUBA appeals.

Chair Walker noted there's been a very serious need for industrial property in our community. We lost businesses who have been looking for ground which has not been available. When we provide the land that is owned it will encourage businesses to look in our area and it's important to accomplish as soon as we can.

Beth ask if Chair Walker had any ideas about using the existing land base more efficiently or any other policies around economic development that would be helpful for the community.

Chair Walker noted we have a community with a lot of benefits, we need to make people aware of that who are looking for land from inside or outside Oregon. He noted there has been land available for some types of development but has not been available in size or quantity for businesses that need to expand and are looking in an area like Newberg.

Member Hansen had no suggestions at this time.

Member Bush noted there maybe businesses looking to develop in the area and there is land available but limited housing available for the employees. This could be a limiting factor, so anything we could do to improve the availability of housing in the area. Beth responded that the city is currently working on updating the Housing Needs Analysis.

Member Hallyburton noted he is not familiar with the Economic Development Strategy or the Downtown Improvement Plan and the policies and noted his ideas might be already covered. He noted it costs the city for things like SDC waivers or other regulatory relief. Having infrastructure or the plans in place for fast implementation of infrastructure construction.

CDD Rux noted we are looking at SDC's, we currently have a loan program, and looking to get the Urban Renewal program which could be a tool to install infrastructure. There are loan programs with our partners from Business Oregon, we could connect with our regional development officer in the IFA to get some loans, which could be a bridge loan and they have different packages that are there to help local businesses.

CDD Rux noted the focus on land assemblage for commercial and some on the industrial side. He noted developers don't want to assemble multiple parcels because it takes time for them. He noted on the wetland issues in the Willamette Valley. What can you do to come to that pre-empted activities and to get a clear understanding on sites, what wetlands that can be filled and which ones need to be preserved or enhanced.

CDD Rux noted on the Interchange Management Plan we have two areas as part of the Bypass, Hwy 219/Bypass and Hwy 99/Bypass. As phase 2 moves forward we're going to have to do the Interchange Management Plan. ODOT's concern is for non-industrial uses occurring or types of uses that are going to potentially overwhelm the interchanges. This is another work program to be done in the future but first we need 200 million dollars for funding for phase 2 of the Bypass.

PM Davenport asked if it has been identified in our Development Code that are barriers to expedite land use application review, process, standards and requirements for actual permitted uses. Is there anything that we can mention if there is a need for Development Code amendments in the future that we can point to this analysis to remove barriers.

Beth responded we haven't as part of our scope of work done any sort of code audit that maybe CDD Rux has done in prior projects applied opportunities for streamlining.

PM Davenport noted maybe it's something with identifying Development Code requirements to expedite approval process.

Member Elbert noted in the past that preservation of industrial land has been a problem. The Werth property was designated industrial and of that 100 acres we got one industrial building that is being used for a winery. He noted we haven't done very well at preserving the industrial land we have. He noted we don't have to worry about attracting large corporations to Newberg because we have no land for them. He noted in comparison to other cities on the list Newberg in farthest on the list of all the categories. He noted that if the smaller companies wanted to grow and develop they are moving because there is no place to grow in Newberg. For example having another company like DCI which was started in the basement and grew to a good size of 200 employees. The chance of that happening in Newberg is slim because there is nowhere for them to go and this is a serious problem in Newberg. We do have A-dec, who brings in employment to Newberg.

Member Woodruff noted he agrees with Member Higgins trying to incentivize the redevelopment of the smaller parcels. He noted his concern is waving the SDC's and what the return is when the company moves on or goes out of business in 2 years. This is a challenge for the School District they don't wave SDC's but only for nonprofits and religious organizations, we then have to find a different way to pay for that expense.

Member Routt noted so far sounds like a lot of great points have been covered and agrees but no additional comment.

Member Elbert commented on tax breaks and the requirements of the Enterprise Zone and going back to recoup the money.

CDD Rux noted we market the Enterprise Zone for those companies that are looking to recapitalize with equipment. We coordinate with them, get the application submitted and approval through the City and the County Assessor. Annual monitoring of the companies we have to submit reports that's one piece. The other is new buildings new development. So if you're building a new industrial building and adding one employee you qualify for the Enterprise Zone. If you are a company and doing an expansion on your building you have to have a 10% increase so if you have 10 employees you need to add 1 employee. He noted the issue so far has been the constraint in the land for people to build the new buildings. We have talked with other companies about when they were looking to recapitalizing and the opportunity of the Enterprise Zone. Then it's the

company's choice of decision whether they want to take advantage of that or not. We have had some companies who do not and some companies that have chosen to take advantage of it.

Member Elbert noted Westrock Mill site is in the Economic Opportunity Zone and Enterprise Zone. He noted the likelihood of hitting industrial employment targets isn't necessarily a reach because there's a lot of Federal State and Regional incentivized programs to get employment up in that area. The proximity to the metropolitan area, rail, water rights and 12 miles from the interstate it's not a reach to say were going to hit those targets on that site.

Draft EOA:

Member Hallyburton had a question on page two of the EOA under framework for economic opportunities analysis there are three different rules that are applicable. Under the cover of the document it says Economic Opportunities Analysis which would lead me to believe the first rule number 0015 and not the two subsequent rules, but based on our conversation today it sounds like this project addresses all those rules. Beth replied yes, we use this framework frequently.

Beth asked the Committee Members to read the EOA document and to have any comments sent into CDD Rux by October 16th. The final EOA will include recommendations about the measures that we just talked about in this meeting will be brought to the December 1st meeting.

Next Steps:

CDD Rux noted at the December meeting he is looking for a recommendation from this Committee to the City Council. He noted his hope is that the recommendation is for City Council to accept the Economic Opportunities Analysis document. This is why it's important for all to read and get comments and feedback by October 16th so Beth and Margaret can integrate them in. On December 1st meeting we'll take any final comments and modifications will be made.

December 10th the document will go to the Planning Commission for their review and recommendation for City Council in January.

Also an open house will be ongoing mid-October and November and will be online, including a survey on the EOA.

VI. ITEMS FROM COMMITTEE MEMBERS

None

VII. ADJOURNMENT

Chair Walker adjourned meeting at 7:34 pm

APPROVED BY THE ECONOMIC OPPORTUNITIES ANALYSIS CITIZENS ADVISORY COMMITTEE this December 1, 2020

Curt Walker, EOA CAC Chair

Doug Rux, Recording Secretary

DATE: November 23, 2020
TO: Newberg EOA Citizens Advisory Committee
CC: Doug Rux, City of Newberg
FROM: Beth Goodman and Margaret Raimann, ECONorthwest
SUBJECT: Newberg EOA CAC Meeting 4 Summary Notes

The City of Newberg is working with ECONorthwest to develop an Economic Opportunities Analysis (EOA). The City formed two committees to provide feedback and local context to incorporate in the EOA report. The two committees—Technical Advisory Committee (TAC) and Citizens Advisory Committee (CAC)—will meet five times throughout the process. The purpose of this memorandum is to document the fourth meeting of the CAC, which was held on October 6, 2020 at 6pm.

Attendees

The list below provides the names of the CAC members in attendance at the October 6, 2020 meeting.

- Curt Walker
- Philip Higgins
- Keith Hansen
- Rob Hallyburton
- Jim Bush
- Alvin Elbert
- Allen Routt
- Bob Woodruff

Meeting Summary

ECONorthwest presented the refined results of the industrial site needs analysis, land sufficiency for commercial and industrial land, and the measures to accommodate industrial land need. ECONorthwest asked CAC members to provide feedback on the draft EOA distributed prior to the meeting, and ask questions about the findings. Questions and discussion points raised at the meeting are summarized below.

Industrial Site Needs

ECONorthwest presented the refined results of the industrial site needs analysis. CAC members asked questions about the approach and methodology. Rob Hallyburton followed up on how his previous comments on the analysis were addressed. ECONorthwest reminded CAC members they can provide additional written comments to Doug Rux by October 16.

Measures to Accommodate Industrial Land Need

ECONorthwest presented potential measures to accommodate industrial land need, and asked CAC members for additional input. Suggestions for refinement and addition were as follows:

- It is generally more expensive to develop small sites, so how can the City incentivize development of the small sites?
 - This includes helping businesses or developers buy and develop the sites, and help businesses move from tenants to owners.
 - This is part of a larger discussion about incentives. The City can work with Regional and State partners (e.g., Business Oregon) to develop incentives like grants, low interest loans, financing permitting/soft costs, etc.
- Market the benefits of Newberg better and more frequently, especially when more land is available.
- Align with goals for housing, making there is enough available.
- CAC members asked about SDC waivers, regulatory relief, and infrastructure plans for rapid development, of which the City is evaluating the following:
 - Urban Renewal for infrastructure, soft fees, SDCs, etc.
 - SDC waivers or SDC changes
 - Land assemblage
 - Wetland mitigation/delineations, etc.
- Need for streamlining of code and expedited review.
- Preservation of industrial land is important.
- Incentivize redevelopment and smaller business/site development, but be careful about waiving SDCs on long-term return.
- Use Enterprise Zone for property tax breaks.
 - The City currently uses the Enterprise Zone for helping to rebuild/re-capitalize, expansion of buildings and addition of employees, and building new buildings.

Next Steps

ECONorthwest will work on updating the EOA document based on comments from City staff, as well as TAC and CAC members. ECONorthwest will also gather information from the public through a virtual public open house, and will present the findings at the next meeting. The next meeting will be held on December 1, 2020.

DATE: November 23, 2020
TO: Doug Rux
FROM: Beth Goodman and Margaret Raimann
SUBJECT: Newberg EOA Virtual Open House Summary

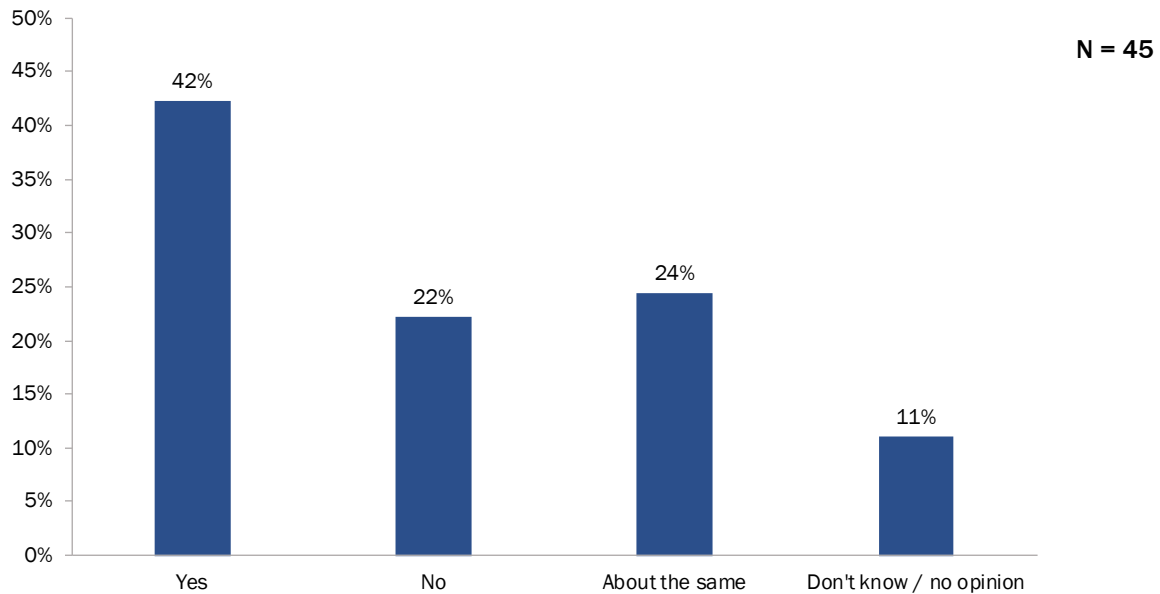
The City of Newberg is conducting an Economic Opportunities Analysis (EOA) to estimate needs for commercial and industrial land to accommodate employment growth between 2021 and 2041. As part of the process, ECONorthwest and City staff have held meetings with Technical and Citizens Advisory Committees to gather feedback on assumptions and findings. The timing of COVID-19 pandemic within the process of developing the Economic Opportunities Analysis (EOA) did not allow for typical public engagement. In place of an in-person open house, ECONorthwest developed a virtual open house for the City of Newberg to distribute to residents and business owners.

The open house included background information on Newberg's economic trends and summarized Newberg's employment land supply and employment forecast for the 20-year period. The open house also included a series of survey questions about living, working, and running a business in Newberg. The responses are summarized in this memorandum.

The virtual open house was available through an online presentation website with survey questions available in an online form. The website was available for the community to review and answer the survey questions for about 3 weeks, starting in late October through mid-November 2020. Over 40 community members participated in the open house, with responses to survey questions ranging between about 25 and 45 responses.

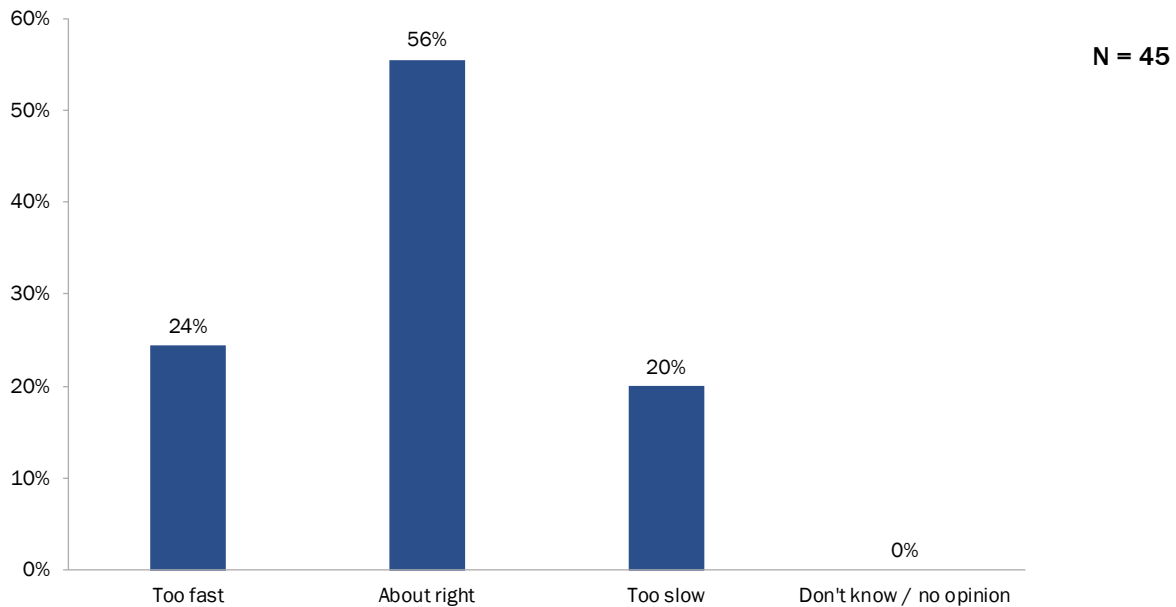
Exhibit 1 shows how respondents view Newberg's quality of life relative to 10 years ago or since they moved to or began working in the area. Nearly half (42%) felt that Newberg was a better place to live or work in while 22 percent disagreed, and 24 percent felt it was about the same.

Exhibit 1. Do You Think Newberg Is a Better Place to Live Than It Was 10 Years Ago (Or Since You Have Lived or Worked in Newberg)?



As shown in Exhibit 2 more than half (56%) of respondents viewed Newberg’s rate of growth as “about right” while views were split among those who felt that the city is growing “too fast” (24%) and those that felt it is growing “too slow” (20%).

Exhibit 2. How Would You Describe the Rate of Growth in the City of Newberg?



The survey asked respondents to identify Newberg’s strengths as well as reasons business owners may want to locate to Newberg. Common responses include:

- Access to skilled workforce

-
- Strong tourism industry
 - Small business friendly
 - Well-educated workforce
 - Public services (e.g., water, sewer, transportation)
 - Access to higher education
 - Growing diversity
 - Youthful population
 - Housing affordability
 - Family-oriented environment
 - Safety
 - Small-town culture

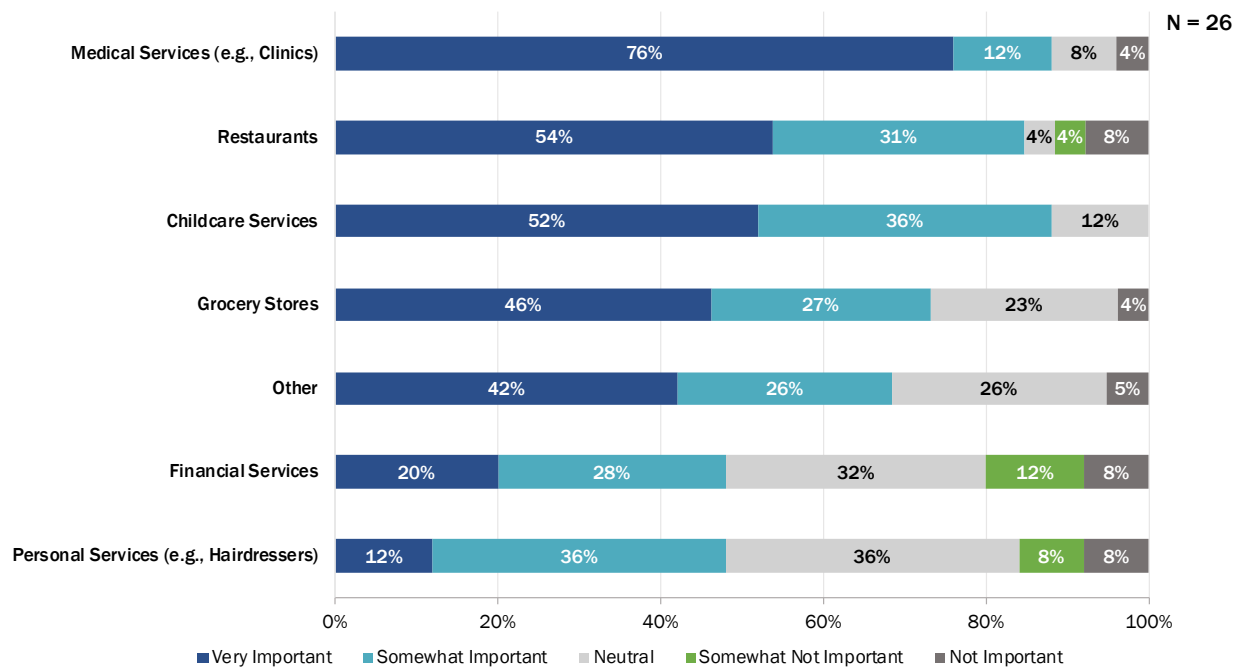
In comparison, respondents were asked about Newberg's weaknesses and what may make a business owner decide not to locate in Newberg or leave the city altogether. Individuals provided a variety of explanations including:

- Bureaucratic barriers for businesses
- High business-related fees
- Lack of business diversity
- Lack of support for large-scale businesses
- Shortage of land for commercial and industrial businesses
- Costly permitting and planning process
- Lengthy development review process
- Low-quality office space
- Weak infrastructure (e.g., narrow roads, lack of pedestrian and bike infrastructure)
- Difficulty with downtown foot traffic
- Inaccessibility to I-5
- Highway 99 traffic
- Limited public transit
- Low wages
- Shortage of skilled workers
- Housing unaffordability

- Lack of housing options

The survey asked respondents to assess the relative importance of services residents and workers need in Newberg. The majority of respondents identified medical services (76%), restaurants (54%), childcare services (52%), grocery stores (46%), and other (42%) as very important, as shown in Exhibit 3.

Exhibit 3. What Kind of Services Do Residents and Workers Need in Newberg? (Indicate the Level of Importance for Each Type of Service Needed.)



As a follow-up question for those who answered, “Other services,” respondents identified the following:

- Retail
- Specialty grocery stores
- Lodging
- Community colleges
- Family entertainment and activities
- Recreational and green spaces (e.g., parks, trails)
- Sports complex

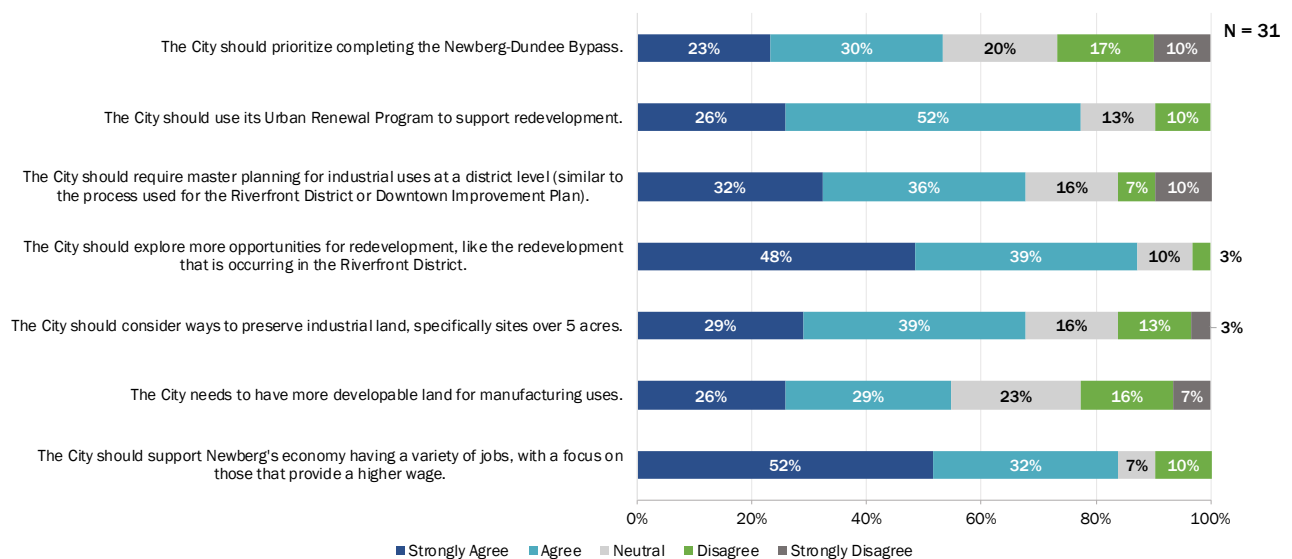
When asked to provide potential opportunities for new or existing businesses not mentioned in the previous questions, respondents stated the following:

- Expanded access to CTE programs

- Manufacturing, fabricating, and industrial jobs
- Destination planning and accommodation services for wine industry
- Event spaces
- Department stores
- Mid-range restaurant options
- Recycling center
- Affordable youth-centered activities (e.g., year-round classes)
- Sports complex available to all sports

The survey asked respondents to state their level of agreement about what the City of Newberg could be doing to support business and economic development. As shown in Exhibit 4, 52 percent of respondents strongly agreed that the City should support Newberg’s economy having a variety of jobs with a focus on those that provide higher wages.

Exhibit 4. What Can the City of Newberg Do to Support Businesses and Economic Development? (Indicate Your Level of Agreement for Each Topic Listed Below.)



The survey asked respondents about other activities the City could do to support businesses and economic development. Common responses include:

- Provide incentives for new businesses and sectors (e.g., technology) and relocation
- Avoid additional business regulations
- Lower business-related taxes and fees
- Address traffic
- Seek out grants for infrastructure improvements
- Ease restrictions on building in existing areas
- Encourage redevelopment of empty buildings
- Increase parking enforcement downtown
- Provide more downtown parking options
- Increase variety of highspeed internet access providers
- Increase access to apprenticeship programs
- Increase lodging
- Promote wine-related tourism industry
- Provide more retail and dining options in Riverfront District



P.O Box 1083
McMinnville, OR 97128

Helping to shape the use of our natural resources to protect the quality of life in Yamhill County.

October 14, 2020



Doug Rux, Community Development Director
City of Newberg
PO Box 970
414 E. First Street
Newberg, Oregon, 97132

SENT VIA EMAIL

RE: Comments on the draft Economic Opportunities Analysis

Doug:

Thank you for allowing Friends of Yamhill County to participate in the Citizens Advisory Committee that is reviewing the city's proposed economic opportunities analysis (EOA). The Friends of Yamhill County is a non-profit community service organization working to enhance the quality of life in the urban and rural communities of Yamhill County. 1000 Friends of Oregon is a 501(c)(3) non-profit, charitable organization founded by Governor Tom McCall to work with Oregonians to support livable communities. Our membership includes Yamhill County residents who support the mission and values of the Oregon land use program. Among these Oregon values is the support of economic development and the preservation of farmland.

We strongly support the city's efforts to pursue solutions to its economic development needs. The materials provided to the committee convincingly portray a deficit of industrial opportunities to satisfy Newberg's employment needs. Our comments reflect concerns regarding certain sectors that may be getting too little attention and concerns regarding maintenance of the land supply for Yamhill County's primary industry – agriculture – and ensuring it does not lose its land base unnecessarily due to overestimation of urban land needs.

Please accept our comments and include them in the record of the project.

I. Review of National, State, Regional, County and Local Trends

OAR 660-009-0015(1) provides:

The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends. *This review of trends is the principal basis for estimating future industrial and other employment uses...* (italics added)

Appendix A of the draft EOA includes this review of trends. As the italicized phrase of the rule makes clear, the trends analysis is extremely important – the *principal basis* – for all the work that follows. As a general comment, we find that the trends analysis contains very good information that helps inform the city's decision-making process, but also misses some important data that makes later conclusions inadequately supported.

A. National Trends

The draft EOA contains no information regarding national trends in industry. Newberg, Yamhill County, and Oregon exist within a larger economic environment, and this national picture has a bearing on what Newberg can reasonably expect to attract. Which traded sectors are growing, and which are declining? Which commercial services have been robust and which are contracting? The analysis addresses retail, but no other individual sectors.

The EOA should contain data and analysis regarding these national trends and how they can be expected to influence regional and local economic development plans. Without it, the city cannot adequately determine what employers it can reasonably expect to locate here.

B. State Trends

Similarly, the state trends analysis provides no insight into what particular commercial and industrial sectors are experiencing. Appendix A states that manufacturing employment in Oregon is outpacing the nation (p. 70), but it does not reveal which sectors account for this growth. This section says nothing about trends in other traded sectors or commercial services. The data in the draft EOA show that these other sectors are important employers in Newberg, so it seems that a full discussion of state trends in all sectors and how they affect Newberg is needed.

C. Regional and Local Trends

This section of Appendix A includes very good information. Again, the issue is what's missing. While we do not discount the good work the city has done identifying target industries, how does the EOA demonstrate to decision-makers that these are, in fact, realistic targets? Are there other viable targets nobody thought of? A trends analysis would inform, and should be the principal basis for, these decisions.¹

¹ The second paragraph on page 21 of the draft EOA states: "Yamhill County accounts for about 80% of employment in these three counties, and Newberg accounts for about 27% of the County's

II. Employment Projection

The draft EOA includes an employment projection that may not be reflective of information contained in the trends analysis.

A. Office and Commercial Services

The draft EOA states, on p. 32:

Office employment is expected to account for more than 1,000 new jobs or 50% of employment in Newberg by 2041. In 2008, Office and Commercial Service employment accounted for 45% of employment. By 2041, the forecast shows Office and Commercial Services accounting for 50% of employment, with Industrial employment growing at a faster rate than Office and Commercial Services.

This section fails to mention that this category accounted for 57 percent of employment in Newberg in 2018 and the *trend* has been for this category to grow at a moderate to high rate relative to other categories (exhibits 9 and 3, respectively).² Nonetheless, the draft EOA projects only 1,074 new jobs in this category during the 20-year planning period, even though the city added nearly that many jobs just during the decade 2008 to 2018.³ Nothing in the draft EOA justifies an assumption that the growth in this sector will decrease by nearly half.

While many of the sectors within the Office and Commercial Services category are low-wage and the city reasonably chose not to target these for its economic development strategy, they do provide needed jobs and, since they are major employers in the city, should not be an afterthought in the city's planning efforts.

We note that “Commercial Sector” and “Tourism and Hospitality” are two of the five pillars of the Newberg Economic Development Strategy (Strategy, p. 1). The uses that comprise these pillars are largely represented in the Office and Commercial Services category within the employment projection.

employment.” This section analyzes *four* counties (Linn, Marion, Polk, and Yamhill), and the 80% figure appears to be a typo. The relevant region includes Salem and Albany, so it seems unlikely that Yamhill County contains such a high share of the jobs. We don't see that this error caused any later miscalculations, but we thought you would want to check the accuracy of the statement.

- 2 The draft EOA states, on p. 33, “For each land-use type, we assumed that the share of total employment will increase, except for Government, which will remain at about the same number of employees and decrease in overall share of employment in Newberg.” The forecast in exhibit 9 shows a decreased share for the Retail Commercial and Office and Commercial Services categories, as well.
- 3 Exhibit 3 shows an increase of 940 jobs from 2008 to 2018 for these sectors: Information; Finance and Insurance; Real Estate and Rental and Leasing; Professional Services; Management of Companies; Administrative and Waste Services; Health Care, Social Assistance and Private Education; Arts, Entertainment, and Recreation; Accommodation and Food Services; and Other Services (except Public Administration).

The draft EOA makes conclusions not supported by the data, and allocating more of the employment forecast to the Office and Commercial Services category could remedy this inconsistency. It would also ensure the city has an adequate supply of suitable sites for the professional offices, medical clinics, social services, and tourist facilities the city can reasonably expect to locate or expand in Newberg during the planning period.

B. Government

Exhibit 3 shows that government employment in Newberg declined by 10 percent from 2008 to 2018, and exhibit 1 shows an 11 percent decline in Yamhill County for that period. The employment forecast in exhibit 9 shows the Government category slowly growing in Newberg and constituting a smaller portion of total employment at the end of the planning period.

Since the draft EOA's trends analysis does not discuss government employment at the national, state, or regional level, it is difficult to ascertain whether positive or negative growth in this sector should be included in the employment forecast. It appears that some or all of the Government allocation could be transferred to Office and Commercial Services without conflicting with data contained in the EOA. The number would be small, however.

C. Retail Commercial

Retail Commercial was one of the faster-growing sectors in Newberg from 2008 to 2018 (24 percent growth in 10 years; exhibit 3), and the employment forecast shows the growth slowing to eight percent in 20 years (exhibit 9). The trends analysis discusses the “transformation of retail” (Appendix A, p. 64) so there is some basis in the draft EOA for this dramatic change. Again, calculating how much of a decline in retail to reasonably expect would require more analysis than the draft EOA contains.

D. Industrial

The employment forecast in exhibit 9 shows industrial employment growing from 3,030 in 2021 to 5,587 in 2041, and increase of 84 percent, or over three percent per year. The recent trend data for industrial employment in Newberg shows that employment in this category decreased by over seven percent during the 2008-2018 period.⁴ All of the decrease was in manufacturing, and much of it was from two business closures.

The trends analysis in Appendix A of the draft EOA does not explain in detail what can be expected for industry, but it reports that industrial employment in Oregon has been more robust than the nation, with the number of jobs growing by 24 percent during the past decade (Appendix A, p. 70). The draft EOA employment forecast predicts that Newberg's industrial employment will increase by 84 percent in 20 years.

The rationale the draft EOA presents for this dramatic change in circumstances is summarized on pp. 31-32:

⁴ The seven-percent decline includes the change in employment in the Construction/Natural Resources, Manufacturing, Wholesale Trade, and Transportation/Warehousing/Utilities categories in exhibit 3.

Industrial employment is forecast to increase to 35% of employment by 2041, resulting in growth of 2,557 new jobs. This change is based on expected implementation of the City's economic development vision in the City's adopted economic development strategy and community vision. In the documents *A NewBERG Community Vision* and the *Newberg Economic Development Strategy Update*, Newberg assessed their community economic development potential and developed the community's vision for economic development (consistent with OAR 660-009-0015(5)). These documents state Newberg's economic development objectives, which include strong policies for development of industrial employment (consistent with OAR 660-009-0020(1)).

The community profile in *A NewBERG Community Vision* provides a basis for assuming that the industrial fortunes in Newberg will turn around, and Friends of Yamhill County shares the city's desires for this to happen. We do not, in any way, argue that the city's economic development future should be constrained by the recent past, especially because the data was so skewed by a couple of negative events. Newberg can and should take steps to grow its industrial base, and has taken impressive, pro-active actions through its community visioning, economic development strategy, and other measures.

We understand that the city has received counsel from economic development professionals that the assumed return of industrial to a 35-percent share of employment is reasonable. We do not wish for the city to replace this expert input with commentary from a land-use advocacy group, but it is likely that this input was not directed at compliance with a land-use rule and we do wish for the city to consider other reasonable options.

The draft EOA does not provide a basis for the magnitude of the assumed growth in industrial jobs. A general statement that expected implementation of the vision and strategy will lead to growth that far outpaces reported data does not satisfy the call to base these decisions "principally" on trends. The EOA should at least identify which action items in the vision and strategy will lead to growth and how much, based on evidence gained from places those measures have been successful. The EOA could also parse the industrial category into sectors and provide analysis of expected growth in each sector based on trends, and then sum them.

If these measures resulted in a lower forecast for industrial employment, the difference could be transferred to the Office and Commercial Services category to help reduce the deficit identified in subsection A, above.

III. Estimate of Demand for Land

This and other sections of the EOA are presumably intended to address OAR 660-009-0015(4), “Assessment of Community Economic Development Potential,” although that is not stated in the document. The fundamental requirement in this rule provides:

The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area.

This rule provision focuses on estimating “types and amounts” of *uses* and does not mention land, yet the analysis in the draft EOA almost exclusively addresses acreage needs for target industries. The draft EOA identifies site characteristics of targeted site types (pp. 37-39) but does not say how many of each type is expected.

The EOA also does not identify site characteristics for any uses other than target industries. OAR 660-009-0015(2) provides:

The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses.

The rule does not limit this inquiry to target industries. This focus on acreage and target industries is key to some of the concerns we have with the analysis detailed below.

A. Accommodating Employment Needs on Existing Sites

The draft EOA states that the “Estimate of Demand” shows demand for “vacant (including partially vacant)” land in Newberg over the 20-year period (p. 33 for commercial land and p. 35 for industrial land). This is incorrect because the analyses in these sections of the draft EOA actually show demand for *land*, not just vacant and partially vacant land, to accommodate new jobs. These jobs may be created on sites that are vacant or partially vacant today, or they may go on currently developed sites resulting from intensification of the use (*i.e.*, more jobs in the same space) or redevelopment of property.

The draft EOA does not account for these possibilities and should. OAR 660-009-0015(3) requires that the inventory of industrial and other employment lands “include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.” “Developed land” is defined at OAR 660-009-0005(1) as “non-vacant land that is likely to be redeveloped during the planning period.” This is not just “partially vacant land,” a term unused in the economic development rule.

In exhibit 50, p. 93, the draft EOA states, “(l)ands not classified as vacant, partially-vacant, undevelopable, or public or exempt are considered developed.” This is a

misreading of the rule. “Developed land” is expressly *land that is likely to redevelop*. It does not encompass all land that already has a building on it.

In addition, a rule regarding urban growth boundary (UGB) amendments provides:

When evaluating or amending a UGB, a local government must inventory land inside the UGB to determine whether there is adequate development capacity to accommodate 20-year needs determined in OAR 660-024-0040. ... For employment land, the inventory must include suitable vacant *and developed land* designated for industrial or other employment use, and must be conducted in accordance with OAR 660-009-0015. (OAR 660-024-0050(1); italics added)

Section (4) of that same rule provides:

If the inventory demonstrates that the development capacity of land inside the UGB is inadequate to accommodate the estimated 20-year needs determined under OAR 660-024-0040, the local government must amend the plan to satisfy the need deficiency, either by increasing the development capacity of land already inside the city or by expanding the UGB, or both, and in accordance with ORS 197.296 where applicable. *Prior to expanding the UGB, a local government must demonstrate that the estimated needs cannot reasonably be accommodated on land already inside the UGB.* (italics added)

In summary, the economic development rule requires an inventory that includes built land that is likely to redevelop, and the UGB amendment rule requires this as well as a more general responsibility to accommodate as much land need as is reasonable inside the existing boundary – which would include intensification of existing uses.⁵ We believe the economic development rule includes this responsibility to accommodate as much land need as is reasonable inside the existing boundary, but it is not explicit. There are reasonably easy ways to calculate redevelopment potential.⁶

5 At the October Citizens Advisory Committee meeting, the consultant proffered that rezoning land inside the UGB from a designation that has a surplus (*e.g.*, commercial) to a designation in deficit (*e.g.*, industrial) is not reasonable because it would lead to Measure 49 claims. Please note that ORS 195.300 *et seq.*, “Just Compensation for Land Use Regulations” (Measure 49) only applies to “land use regulations that restrict the residential use of private real property or a farming or forest practice and that reduce the fair market value of the property.” Re-designation from a non-residential designation to a different non-residential designation is not subject to the statute. Re-designating residential land does not automatically result in compensation (*see* ORS 195.310). Rezoning land inside the UGB continues to be one way a city can reasonably accommodate needed land inside the UGB. This does not mean to suggest Newberg has a surplus in any particular designation.

6 *Industrial and Other Employment Lands Analysis Guidebook*, DLCD, p. 2-10.
https://www.oregon.gov/lcd/Publications/goal9guidebook_2005.pdf.

Finally, the base employment estimate used in the draft EOA is 10 percent lower than the latest estimated provided by an authoritative source – to account for increased unemployment caused by the COVID-19 pandemic (p. 30). That reduction in the base number is reasonable in order to align the work with the most recent reality. This suggests that up to 10 percent of jobs added during the planning period can be accommodated without adding *any* new sites or buildings. The EOA should address this.

B. Site Characteristics for Other Employment Uses

We do not find that the draft EOA addresses site characteristics for non-target-industrial or non-industrial uses. As discussed in the introduction to this section above, the economic development rule's instruction to base the estimate of need on uses is not limited to target industries. Since the draft EOA addresses only acreage needs, the city cannot know whether it has suitable sites for commercial and non-target industrial uses that are likely to locate or expand in Newberg during the planning period.

C. Commercial Uses in Residential Zones

The draft EOA includes an estimate of demand for commercial land that assumes “the percentage of new employment locating in residential land designations will remain the same over the 20-year period for commercial uses” (p.33). The “Factors Affecting Economic Growth” chapter of the draft EOA states that the “number of remote workers is expected to increase over time. Some of these workers will likely work from home...” (p. 23).

To be consistent, the EOA's commercial land demand estimate should account for this expected increase in home employment. Recent workplace changes caused by the pandemic make forecasting fraught, but the trend of increasing telecommuting began before the outbreak.

D. Regional Analysis

We are intrigued with the analysis of industrial site sizes in other cities in the Willamette Valley (p. 40). It is an innovative way to develop information to address OAR 660-009-0015(4). It appears to be a data-driven exercise, but, upon further inspection, its foundation rests on professional expertise, not data. That is, the cities included in the analysis are picked based on the consultant's knowledge of cities in the region, not on an objective and thorough evaluation of how “similar” a city is to Newberg. So the data it generates has value, but should not be the sole basis for determining site needs.

This is important because OAR 660-009-0015(4) provides: “(t)he economic opportunities analysis must estimate the *types and amounts of industrial and other employment uses likely to occur in the planning area.*” The city needs to determine what is likely for *Newberg*, not for an average city in the Willamette Valley. And the city needs to determine the types and amounts of uses, not just acres.

The draft EOA discusses site characteristics for target industries (pp. 43-45) and states, “(t)he following summarizes a range of the site characteristics Newberg should seek when identifying the sites that will address its employment land deficit.” This is correct, but it is not the first time that site characteristics should be examined.

The EOA should use the regional analysis as one input into its investigation of what is likely, not the only information employed.

E. Large Industrial Site Needs

Exhibit 17 in the draft EOA shows that the city calculates a need for one new site in the 25-50 acre range and one in the 50+ acre range. Note that the only target industry with site characteristics typically calling for a site larger than 25 acres is “Tech and High Tech Manufacturing” (exhibit 14). The site-size needed for this industry is 5-100 acres – a very wide range. Since the draft EOA does not estimate the types and amounts of *uses* as the rule provides, it is impossible to determine how many very large Tech and High Tech Manufacturing operations are likely to locate or expand in Newberg during the planning period.

Additionally, the Business Oregon Industrial Development Competitiveness Matrix, which is not included in full in the draft EOA but was provided to the committee, shows that the high-tech sector has the highest water needs of any of the target industries (criterion 11, Flow (Gallons per Day per Acre)) – by far more than any others except food processing. The draft EOA states, “the City may not have capacity to accommodate development of a new industry with significant water needs, such as water-intense food processing or electronics manufacturing” (p. 26).

While targeting tech and high-tech manufacturing firms makes sense for Newberg, the apparent limitation on the city's ability to serve a very large tech operation seems to make such a siting unlikely. Since no other industry needs such a large site, we question whether Newberg has a need for *any* new sites over 25 acres, notwithstanding the outcome of the regional analysis.

IV. Inventory of Industrial and Other Employment Lands

The draft EOA states, at pp. 53-54:

According to the Sportsman Airpark Land Use Master Plan (2006), the airpark’s industrial land is about 17% developed, with about 29 estimated developable industrial acres remaining. Permitted uses on the Sportsman Airpark property are limited, and are not considered as part of the buildable lands inventory of industrial land available for most future employment uses.

The draft EOA does not cite a legal authority for excluding this vacant land from the “buildable lands inventory.” While limited permitted uses may provide some

justification, we note that “aviation-related industries” is one of Newberg's target industries. To target these industries as “most likely to be attracted to Newberg” and “best meet Newberg’s economic development goals” (draft EOA, p. 36) and then deem available land for these uses unlikely to develop is inconsistent at best.

These 29 acres should be added to the inventory as developable land or a more complete explanation of their absence is needed.

V. Solutions

Friends of Yamhill County understands that Newberg has a budget and timeline for completing the EOA, and comprehensively addressing the alleged deficiencies in this letter would undoubtedly derail them both. We therefore offer an outline of possible ways to address the alleged deficiencies that may help. The solutions proposed below do not correct all the legal deficiencies we have identified, but rather illustrate a template for addressing our primary concerns that the EOA overestimates the need for industrial land and underestimates the need to accommodate other employment uses.

A. Forecast of Employment Growth by Land Use Type

For the reasons stated above, we propose amending Exhibit 9 to something more closely agreeing with the data presented below.

Exhibit 9. Forecast of employment growth by land use type, Newberg UGB, 2021–2041

| Land Use Type | 2021 | | 2041 | | Change 2021 to 2041 |
|------------------------------|------------|------------|------------|------------|---------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 3,030 | 25 | 4,579 | 29 | 1,549 |
| Retail Commercial | 1,333 | 11 | 1,437 | 9 | 104 |
| Office & Commercial Services | 6,908 | 57 | 9,099 | 57 | 2,191 |
| Government | 848 | 7 | 848 | 5 | 0 |
| Total | 12,119 | 100 | 15,963 | 100 | 3,844 |

Assumptions:

- Office and Commercial Services will maintain a 57-percent share of total employment, which is an average annual growth rate during the planning period about two-thirds the rate the city experienced during 2008-2018 (1.38 percent versus 2.16 percent). The draft EOA establishes that short-term growth is highly affected by the pandemic, so any long-term growth will be delayed (pp. 12, 17, 21, and 30), explaining the deviation from the trend.
- The downward trend in Government employment will be moderated by population growth leading to more local government, service district, and public school jobs, raising the growth rate from negative to zero.
- Industry reverses its downward trend to grow at over two percent per year from 2021-2041. This deviation from the trend can be explained by policies and

implementation measures the city has put in place that will bear fruit during the planning period.

- The slowing of the growth trend in Retail Commercial is explained in the draft EOA, and is attributable to the pandemic, the rise of online shopping, and increased automation.

B. Demand for Employment Land

A portion of the predicted employment growth will go to existing sites through growth of businesses, more efficient use of underused buildings, and redevelopment of sites. Many of the jobs recently lost due to the pandemic will return to existing sites, if not for the same employee or to the same business entity. Since the draft EOA provides little data on which to base an estimate of how much of the employment projection will go to non-vacant sites, we propose to rely on a generalized estimate of efficiency gains.

The *Industrial and Other Employment Lands Analysis Guidebook*, published by the Oregon Department of Land Conservation and Development (DLCD, 2005) states that “a general rule-of-thumb” for estimating employment growth that can be accommodated in vacant or redeveloped buildings is 10 to 15 percent (p. 2-27). This does not include anticipated employment growth of firms that own sufficient built space or land to accommodate expansion. Nevertheless, the proposed table below utilizes a 15-percent reduction – the high end, to help account for other factors.

Exhibit 9a. Adjustment to employment forecast to address increased efficiency of land use, by land use type, Newberg UGB, 2021–2041

| Land Use Type | New Employment 2021-2041 | Employment on Existing Sites (15%) | 2041 Employment on Vacant and Partially-Vacant Sites |
|------------------------------|---------------------------------|---|---|
| Industrial | 1,549 | 310 | 1,239 |
| Retail Commercial | 104 | 21 | 83 |
| Office & Commercial Services | 2,191 | 438 | 1,753 |
| Government | 0 | 0 | 0 |
| Total | 3,844 | 769 | 3,075 |

C. Demand for Commercial Land

We propose amending Exhibit 10 – employment growth in residential areas – to something more closely agreeing with the data presented below.

Exhibit 10. Estimated Commercial Employment Growth Accommodated on Residential Plan Designations, Newberg UGB, 2021–2041

| Land Use Type | New Employment Growth | Empl. In Residential Designations | New Empl. on Vacant and PV Land |
|------------------------------|-----------------------|-----------------------------------|---------------------------------|
| Retail Commercial | 83 | 17 | 66 |
| Office & Commercial Services | 1,753 | 351 | 1,402 |
| Total | 1,836 | 368 | 1,468 |

Assumptions:

- The proportion of the workforce that works from home will increase, initially because of the pandemic, but a portion of the increase will become permanent.
- The percentage of new commercial employment locating in residential land designations will increase by 20 percent – from 15.8 to 19.0 percent – during the 20-year planning period.

D. Demand for Industrial Land

Since the draft EOA calculation of site needs is entirely based on the regional analysis, which does not demonstrate compliance with with the economic development rule, there is no information on which to base a proper inquiry under OAR 660-009-0015(4) of the types and amounts of uses expected for Newberg during the planning period. The “buildable lands inventory” does not provide data regarding the number of existing uses by site type. The following table is an estimate based on available data.

Exhibit 17. Industrial Land Need, Newberg UGB, 2021-2041.

| | Site Size | | | | Total |
|-------------------------|-----------|------------|-------------|-----------|-------|
| | <5 acres | 5-25 acres | 25-50 acres | 50+ acres | |
| New Sites Needed | 73 | 4 | 1 | 0 | 78 |
| New Land Needed (acres) | 55 | 36 | 33 | 0 | 124 |

Assumptions:

- The five target industries will each need one site over five acres during the planning period. One of these five sites needs to be larger than 25 acres to accommodate a tech/high-tech firm with a larger land need, but within the constraints of the city's water system.
- The average size of the four sites in the 5-25 acre range is 8.9 acres, the midpoint between the average size of such sites in Newberg (this data point is not in the draft EOA, but was provided to the advisory committee) and average size of such sites in the regional analysis.

- Newberg does not currently have any sites in the 25-50 acre range, so the regional average of 33 acres is employed.
- Assuming an employment density of 10 employees/acre (middle of the range reported for typical industrial uses in DLCD's *Industrial & Other Employment Lands Analysis Guidebook* (2005)), the large sites will employ 690 of the 1,239 new jobs.
- The remaining 549 jobs, at a 10 employees/acre density, require 55 acres. With an average size of 0.75 acres, the midpoint between the average size of such sites in Newberg (this data point is not in the draft EOA, but was provided to the advisory committee) and average size of such sites in the regional analysis, 73 sites are needed.

E. Conclusion

The data in this Solutions section are not meant to be “correct” or our position, but rather an illustration of how our comments could be addressed. Further refinement would certainly change the numbers.

We again thank the city for allowing Friends of Yamhill County to participate in this important planning project. We have found the draft EOA to include much valuable information that should assist the Newberg's economic development efforts as well as a few areas where it can be improved to more adequately address demonstrated needs and regulatory requirements.

Sincerely,

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cc: Beth Goodman, ECONorthwest
Kevin Young, DLCD

From: [Mcllvaine, Leigh](#)
Sent: Monday, October 19, 2020 3:54 PM
To: [Doug Rux](#)
Subject: EOA review

This email originated from outside the City of Newberg's organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Doug,

I know that your deadline for comments passed this morning. I wanted to review DLCD's notes of the previous EOA efforts to make sure we are headed down the correct path, so that has taken me a little bit of time to travel down that rabbit hole (and come back up!). None of the feedback that I have will critically alter the direction you are taking so please forgive my lateness! I wanted to let you know that I also asked Gordon to spend some time reviewing your methodology and he tells me that it is sound, as are the conclusions reached at this phase of the draft. A couple of points that we would emphasize are below.

- Regarding the comparative community/industrial land analysis: it might be appropriate to more narrowly focus the comparative jurisdictions to those that are economically "independent" small cities to further reinforce Newberg's vision for itself as a standalone economy vs a bedroom community of Portland. Removing Wilsonville/Sherwood/others that are more closely tied to Portland's metro economy might strengthen the narrative of Newberg's vision as a complete community and somewhat mitigate the impression of "cherry picking."
- COVID adjustment to the employment forecast: At present, DLCD is advising all jurisdictions that employment impacts of the COVID 19 pandemic are 1) temporary, 2) not forecastable, and 3) unnecessary to account for in EOAs because it is not a long term or structural growth trend. You may include COVID impacts in your analysis but it is not required. I mention this because including the adjustment in your forecast might open the door to questions around whether a 10% reduction is the correct amount and if perhaps it shouldn't be reduced further given unemployment rates.
- Site characteristics for all predicted employment growth, as suggested by Friends of Yamhill County: I suggest adding explicit reasoning why the site characteristics of some specific industries will be addressed in the analysis, vs where they will not be included. Site characteristics analysis cannot account for every single potential employment use (and associated site characteristic) over the planning period. It would be unreasonable. Further, it is not an appropriate role for the city predict every future employment use and site – that is the role of the private sector. This is supported by 660-009-0025 (1): "Plans do not need to provide a different type of site for each industrial or other employment use."
- Site characteristics generally for industrial sites: It may be advisable at this stage to include in your industrial site characteristics some sort of defining factors about arterial road access, which I hear was a point of disagreement during the previous EOA effort.
- Partially vacant/redevelopable/developed land definitions: Please make very clear in the EOA how each of these terms are defined and applied to properties in the analysis. Any screens that are applied here regarding improvements/land value/etc should be clearly defined and explained transparently, which might involve something more detailed than the OAR definition. It could be useful to reference how other communities have defined these terms in their own EOAs, especially in determining what is "suitable developed" land.

Happy to follow up at any point tomorrow with the exception of early afternoon if that would be helpful.

Thanks,
Leigh



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City of Newberg Economic Opportunities Analysis

November 2020

Prepared for:
City of Newberg

Draft Report

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ECONorthwest prepared this report for the City of Newberg. ECONorthwest and the City thank the many people who helped to develop the Newberg Economic Opportunities Analysis.

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Executive Summary

This report presents an economic opportunities analysis consistent with the requirements of statewide planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as “an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends” and states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

The primary goals of the EOA are to (1) project the amount of land needed to accommodate the future employment growth within the Newberg Urban Growth Boundary (UGB), between 2021 and 2041, (2) evaluate the existing employment land supply within the City to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land.

Note to reviewers: We will finish filling in the Executive Summary for the final EOA document, after the December 1, 2020 meeting.

1. Introduction

This report presents an Economic Opportunities Analysis (EOA) for the City of Newberg. The EOA includes technical analysis to address a range of questions that Newberg faces in managing its commercial and industrial land. The EOA includes an employment forecast that describes how much growth Newberg should plan for over the 2021 to 2041 period and identifies the amount and type of employment land necessary to accommodate growth in Newberg over that period. The EOA also includes an inventory of commercial and industrial land within Newberg's urban growth boundary (UGB) to provide information about the amount of land available to accommodate employment growth. This EOA complies with the requirements of statewide planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them.

The City of Newberg last completed an EOA in 2010, based on the 2000 Census data. Substantial changes have occurred in the national and regional economy since 2010 that have implications for economic growth in Newberg, such as the recovery from the Great Recession, the impacts of the COVID-19 recession, and changes in the retail and manufacturing sectors.

In 2019, Newberg completed a community visioning process, which resulted in *A NewBERG Community Profile, Community Vision, and Action Plan*. Part of this community visioning process included goals and objectives related to economic development and the *Newberg Economic Development Strategy*, which was updated in 2019. The City is also in the process of implementing the *Riverfront Master Plan*, which includes updating the comprehensive plan designations in the Riverfront area that includes the former Westrock mill site. Information from these plans are incorporated into the EOA.

The purpose of the EOA was to develop a factual base to provide the City with information about current economic conditions. This report identifies opportunities to meet the City's economic development objectives and policies identified in the *A NewBERG Community Vision, and Action Plan*, as well as develop Comprehensive Plan policies and implementation strategies necessary to implement the EOA.

The EOA also provides information essential to addressing the City's challenges in managing economic development, such as a lack of larger industrial sites to support growth of businesses that require large sites, underutilized commercial land, underutilized industrial land, and a lack of policy direction to address these issues.

The EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census. The EOA also uses information from the following reports:

- *Newberg Economic Development Strategy* (2016, updated in 2019)
- *Newberg Riverfront Master Plan* (2019)

- *A NewBERG Community Profile, Community Vision, and Action Plan* (2019)
- *Mid-Willamette Valley Regional Comprehensive Economic Development Strategy* (2018)

Framework for an Economic Opportunities Analysis

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) requires communities to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county, or local trends; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.
2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types, and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area.
3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage, and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies and must designate serviceable land suitable to meet identified site needs.

Organization of this Report

This report is organized as follows:

- **Chapter 2. Factors Affecting Future Economic Growth** summarizes historic economic trends that affect current and future economic conditions in Newberg, as well as Newberg's competitive advantages for economic development.
- **Chapter 3. Employment Growth and Site Needs** presents a forecast for employment growth in Newberg and describes potential growth industries and site needs for potential growth in industries.
- **Chapter 4. Buildable Lands Inventory** presents a summary of the inventory of employment lands.
- **Chapter 5. Land Sufficiency and Conclusions** compares the supply of and demand for buildable lands and presents key concluding recommendations for Newberg.

This report also includes two appendices:

- Appendix A. National, State, and Regional and Local Trends
- Appendix B. Buildable Lands Inventory Methodology

2. Factors Affecting Future Economic Growth

Newberg exists as part of the economy of the Mid-Willamette Valley region, and is the second-largest city in Yamhill County. Its proximity to the Portland Region, as well as Salem and the agricultural industries in Yamhill County, provide opportunities for the city's residents and access to a larger labor pool for employers. The focus of Newberg's economy includes of several types of manufacturing, healthcare, and service-sector industries focused on agriculture and wine tourism. The city's location in the Willamette Valley makes Newberg a popular destination for tourism in the area's wine country. The quality of life and available amenities also attract people to live and work in Newberg.

This chapter describes the factors affecting economic growth in Newberg within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in Newberg.

Factors that Affect Economic Development¹

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

"Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy."²

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increased income, and increased economic welfare. From the municipal point of view,

¹ The information in this section is based on previous Goal 9 studies conducted by ECONorthwest and the following publication: *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

² *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

investment and resulting increases in property tax are important outcomes of economic development.

- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in wellbeing (on average and across all citizens and businesses in a jurisdiction, and all aspects of wellbeing) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon land-use planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and the State. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development regarding economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new, small businesses are accounting for a larger share of the job growth in the United States.³ This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development beyond firm attraction and retention. Thus, a key question for economic development policy is: *What are the factors that influence business and job growth, and what is the relative importance of each?* This document addresses that question in depth.

What Factors Matter?

Why do firms locate where they do? There is no single answer — different firms choose their locations for different reasons. Key determinants of a location decision are a firm's *factors of production*. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues: if demand for goods and services are held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm's production function are:

- **Labor.** Labor is often the most important factor of production. Other things equal, firms look at productivity — labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to

³ According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally.

- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.
- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product, either goods or services, to the market, and they rely on access to different modes of transportation to do this.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources (i.e., raw lumber) and others may need intermediate materials (i.e., dimensioned lumber).
- **Entrepreneurship.** This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar. Entrepreneurial activity, even when unsuccessful, can offer information about the local market that other entrepreneurs can use in starting a new firm. Entrepreneurs are typically willing to take on more risk in uncertain markets, and a strengthened entrepreneurial environment can help to reduce that risk and uncertainty.⁴ Entrepreneurs also tend to have more mobility than larger firms, and are more likely to locate in areas with a strong entrepreneurial environment.⁵ To some degree, local governments can promote the high quality of life in an area to attract entrepreneurs, in addition to adopting regulations with minimal barriers—or at least, clear guidelines—for new, small businesses.

⁴ Tessa Conroy and Stephan Weiler “Local and Social: Entrepreneurs, Information Network Effects, and Economic Growth” (2017). https://redi.colostate.edu/wp-content/uploads/sites/50/2017/05/gender_gia_Jun2017-2.pdf

⁵ Emil E. Malizia and Edward J. Feser. *Understanding Local Economic Development*. (1999).

The supply, cost, and quality of any of these factors depend on market factors: on conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain quality of life. Overly burdensome regulations, however, can be disincentives for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes.** Firms tend to seek locations where they can optimize their after-tax profits. Tax rates are not a primary location factor—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The costs of these production factors are usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions.
- **Financial incentives.** Governments can offer firms incentives to encourage growth. Most types of financial incentives have had little significant effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

This discussion may make it appear that a location decision is based entirely on a straight-forward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical

attachment to a place or set of amenities, without much regard for the cost of other factors of production.

- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. In addition to innovations in research and development within firms or research institutions, firms may also draw on the innovative capacity of entrepreneurs in an area. These entrepreneurs may be former employees of the larger firm or businesses that relocated to an area because of the proximity to an industry cluster. Strong networks and communication between firms, research institutions, and entrepreneurs are key components to leveraging innovative capacity in an area.⁶ Local governments are well-equipped to help foster these networks through supporting economic development tools such as small business assistance centers or incubation centers. Government can also be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

How Important Are These Factors?

To understand how changes in public policies affect local job growth, economists have attempted to identify the importance for firms with different locational factors. They have used statistical models, surveys, and case studies to examine detailed data on the key factors that influence the business location decision.

Economic theory says that firms locate where they can reduce the costs of their factors of production (assuming demand for products and any other factors are held constant). Firms locate in regions where they have access to inputs that meet their quality standards at a relatively low cost. Because firms are different, the relative importance of different factors of production varies both across industries and, even more importantly, across firms.

No empirical analysis can completely quantify firm location factors because numerous methodological problems make any analysis difficult. For example, some would argue simplistically that firms would prefer locating to a region with a low tax rate to reduce tax expenses. However, the real issue is the value provided by the community for the taxes collected. Because taxes fund public infrastructure that firms need, such as roads, water, and sewer systems, regions with low tax rates may end up with poor infrastructure, making it less attractive to firms. When competing jurisdictions have roughly comparable public services (type, cost, and quality) and quality of life, then tax rates (and tax breaks) can make a difference.

⁶ Nancey Green Leigh and Edward Blakely. *Planning Local Economic Development: Theory and Practice*. 2013.

Further complicating any analysis is the fact that many researchers have used public expenditures as a proxy for infrastructure quality. But large expenditures on roads do not necessarily equal a quality road system. It is possible that the money has been spent ineffectively and the road system is in poor condition.

An important aspect of this discussion is that the business function at a location matters more than a firm's industry. A single company may have offices spread across cities, with headquarters located in a cosmopolitan metropolitan area, with the research and development divisions located near a concentration of universities, the back office in a suburban location, and manufacturing and distribution located in areas with cheap land and good interstate access.

The location decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local governments, however, only indirectly affect the cost of these primary location factors. Local governments can most easily affect tax rates, public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest effect on the level and type of economic development in the community.

Local governments can provide support for new and existing small businesses through policies and programs that support entrepreneurship and innovation. The National League of Cities suggests strategies for local governments including: strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁷

Local governments in Oregon also play a central role in the provision of buildable land through inclusion of lands in the Urban Growth Boundary, as well as through determination of plan designations and zoning, and through provision of public services. Obviously, businesses need buildable land to locate or expand in a community. Providing buildable land alone is not sufficient to guarantee economic development in a community—market conditions must create demand for this land, and local factors of production must be favorable for business activity. In the context of expected economic growth and the perception of a constrained land supply in Newberg, the provision of buildable land has the potential to strongly influence the level and type of economic development in the City. The provision of buildable land is one of the most direct ways that Newberg can affect the level and type of economic development in the community.

⁷ National League of Cities "Supporting Entrepreneurs and Small Businesses" (2012).
<https://www.nlc.org/supporting-entrepreneurs-and-small-business>

Summary of the Effect of National, State, and Regional Trends on Economic Development in Newberg

This section presents a summary and the implications of national, state, and regional economic trends on economic growth in Newberg, which are presented in detail in Appendix A. As of August 2020, several counties across Oregon continue with the process of re-opening from the stay-at-home orders associated with the COVID-19 pandemic. While it is difficult to predict the long-term implications of the pandemic at this point, it is certain that the COVID-19 pandemic will disrupt the economy in Newberg and the entire state over the next month and longer. This section focuses on long-term trends that are likely to affect economic growth in Newberg over the 20-year planning period. It considers some near-term impacts of the COVID-19 pandemic but focused on long-term trends.

- **County and local employment growth.** Employment increased in Yamhill County since 2008, with a gain of about 3,874 employees between 2008 and 2018. The largest increases were in education and health services and leisure and hospitality. Newberg accounted for about 27% of employment in Yamhill County in 2018. Employment in Newberg increased between 2008 and 2018 by about 837 employees or 9%.
- **Increases in regional economic diversity.** Within the Mid-Willamette Valley region (which includes Marion, Polk, and Yamhill Counties), the types of industries transitioned away from the traditional natural resource extraction-based economy to a more diverse economic base, which includes value-add agricultural products; metals and machinery; specialty product manufacturing; and professional and technical services.⁸ The increases in regional economic development diversity provide opportunities for the development of new businesses in Newberg, as clusters of similar businesses continue to locate in the Mid-Willamette Valley region.
- **Changes in manufacturing and concentration of manufacturing in Oregon.** Newberg's location in the Willamette Valley, as well as its access to highways and a skilled workforce present for opportunities for growth in manufacturing businesses. In 2018, manufacturing accounted for about 22% of Newberg's total covered employment, and has an average wage of \$59,194, higher than the city's average wage of \$43,480.

Between 2008 and 2018, the manufacturing sector in Newberg decreased from 2,475 to 2,085 employees, a decrease of 390 employees. Statewide, manufacturing employment remained relatively constant, decreasing by about 212 employees (or -0.01%), during the same time period. The largest decreases in manufacturing employment were in wood product, paper product, and transportation equipment manufacturing, while Oregon employment in industries such as food and beverage and machinery manufacturing

⁸ Mid-Willamette Valley Regional Comprehensive Economic Development Strategy (CEDS). Mid-Willamette Valley Community Development Partnership Board. June 2018.

increased. These growing industries in Oregon align with Newberg’s target industries defined in Chapter 3.

A major reason for the decrease in manufacturing employment in Newberg were closure of the WestRock paper mill in 2016 and the closure of the Suntron electronics plant in 2009. However, over the 2008 to 2018 period, manufacturing added more than 260 jobs (as well as maintaining existing jobs) in sectors such as apparel manufacturing, specialty manufacturing, furniture manufacturing, and other types of manufacturing.

Another reason for the decrease in manufacturing employment in Newberg was a lack of vacant buildings and developable sites for manufacturing. Examples of businesses that left include NW Alpine, which moved to Salem in 2019 and increased its workforce from about 30 employees to 70 employees. They expect to add about 20 more employees during 2020 and 2021.

- **Increases in automation.** Businesses in both industrial and commercial industries will continue to respond to increases in automated processes, decreasing employment in some types of manufacturing processes and slightly increasing need for workers with skills in computers and other high-tech. While automation has been a factor in industrial sectors for decades (e.g., manufacturing), recent increases in automation for commercial industries, such as certain functions of retail or office jobs. Oregon’s overall risk of automation is similar to that of the nation with lower and middle-wage jobs at higher risk of being automated. Jobs that are considered to be at lower risk include those that provide personal services or experiences, such as food service or hospitality. Higher-wage jobs that are also considered to be at a lower risk of automation include jobs that require social intelligence, perception, creativity, or fine motor skills.

Most industrial sectors will still hire employees to complete certain tasks, though the types of skills required for these jobs may change as automation increases. Newberg’s access to a skilled workforce is an advantage for businesses in Newberg, as long as the educational opportunities in the region continue to align with the needs for skills in industries in Newberg.

- **Importance of small businesses in Newberg’s economy.** The average business in Newberg has 11 employees, the same as the state average. The creation of new businesses is vital to Oregon’s (and Newberg’s) economy as their formations generate new jobs and advance innovations into markets. Younger workers are important to continued growth of small businesses, as more than one-third of Millennials in the nation are self-employed. Newberg’s access to a relatively young workforce from across the Willamette Valley and Portland Metro regions presents opportunities for small businesses to grow in the city. The Chehalem Valley Innovation Accelerator provides resources for local entrepreneurs to build their business in the region. The Accelerator has partnerships with several regional organizations, businesses, and educational institutions to help bridge gaps and promote partnerships with local small businesses in Newberg.

- **Changes in the retail sector.** The retail sector has reacted over the past two decades to changing consumer preferences for shopping at large supercenters as well as online shopping. The growth of shopping online is likely to continue, accelerated as a result of the COVID-19 pandemic. There will continue to be demand for local purchase of retail goods. Consumers still prefer physical, brick-and-mortar stores for certain items, such as large furniture, specialty goods, and groceries. Furthermore, consumer preferences have shifted to spending at restaurants and experience-focused series (e.g., entertainment or recreation). Retail businesses that compete with on-line retailers may become less common in Newberg (and other cities) but businesses providing experiences or goods that cannot be purchased on-line may grow and expand in Newberg. This presents opportunities for Newberg’s retail industry to build on the city’s high quality of life, providing experiences for residents and visitors, especially those in the wine industry.
- **Continued increase in demand for energy.** While energy prices were unusually low in early 2020, energy prices are forecasted to increase over the planning period. If energy prices increase over the long term, these higher prices will likely affect the mode of commuting before affecting workers’ willingness to commute. For example, commuters may choose to purchase a more energy-efficient car or carpool. In Newberg, the options for modes of commuting into the city from other areas are more limited than in larger urban areas with access to transit, bike, and pedestrian infrastructure. Very large increases in energy prices may affect workers’ willingness to commute, especially workers living the furthest from Newberg or workers with lower paying jobs. In addition, very large increases in energy prices may make shipping freight long distances less economically feasible, resulting in a slowdown or reversal of offshore manufacturing, especially of large, bulky goods.
- **A tight labor market that changed abruptly.** In 2019, the unemployment rate in Yamhill County was 3.4%, slightly lower than Oregon’s rate of 3.7% and the national rate of 3.6%. However, the sudden onset of the COVID-19 pandemic resulted in an abrupt increase in unemployment across the nation and in Oregon. In April 2020, unemployment rates increased to 13.2% in Yamhill County, 14.8% in Oregon, and 14.7% nationwide.⁹ By September 2020 the unemployment rate in Yamhill County decreased to 6.7% (7.9% statewide). In Yamhill County as of September 2020, approximately 2,960 jobs were lost since March 2020, concentrated in the manufacturing, accommodations and food services, health services, and retail trade.¹⁰ It is unclear how many of these jobs are lost in the long-term and how many will come back as the regional and statewide economy re-opens. The Oregon Office of Economic Analysis estimates that employment will not return to early 2020 levels until mid-2023, assuming the effects of the COVID-19 pandemic are alleviated by a vaccine or effective treatment.¹¹

⁹ Note that these unemployment rate estimates are preliminary and may be revised as the year continues.

¹⁰ Based on information from the Oregon Employment Department for Yamhill County as of September 2020. <https://www.qualityinfo.org/covid-19>

¹¹ Oregon Employment Department, Oregon Economic and Revenue Forecast, September 2020

- **Availability of trained and skilled labor.** Availability of labor depends, in part, on population growth and in-migration. Newberg’s population increased by 5,981 people between 2000 and 2019 at an average annual growth rate of 1.5%. Most of the population increase occurred between 2000 to 2010, with an increase of 4,004 residents. In comparison, Oregon’s population grew at an average annual growth rate of 1.1% between 2000 and 2019 with 69% of population coming from in-migration.

The current labor force participation rate is another important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. According to the 2014-2018 American Community Survey, Newberg had about 11,987 people in its labor force and Yamhill County had over 49,800. The labor force participation rates in Newberg (65%) was higher than Yamhill County (60%) and Oregon (62%) in the 2014-2018 period. Non-participants in the labor force (the 35% of people not participating in Newberg’s labor force) include students 16 years and older, retirees, and unemployed people not actively seeking work. A higher concentration of older residents in an area or a mismatch of the types of jobs available in an area and the types of skills of the labor force can contribute to low labor force participation rates.

Twenty-three percent of workers at businesses in Newberg live in Newberg and 48% live in Yamhill County. Businesses in Newberg draw employees from across Yamhill County as well as Washington, Clackamas, and Marion Counties.

- **Lower household income and average wages.** Newberg’s median household income is lower relative to both the county and the state. In the 2014-2018 period, Newberg’s median household income was \$56,599, lower than Yamhill County’s median household income of \$59,484 and Oregon’s median household income of \$59,393. The average wage at private businesses in Newberg was about \$43,480 in 2018, which was higher than the Yamhill County average in 2018 of \$42,302 but below the State average of \$53,000.¹²
- **Education as a determinant of wages.** Newberg’s population has a larger share (31%) of college graduates (bachelor’s degree or higher) than in Yamhill County (26%), but a smaller share than in Oregon (33%). About 35% of Newberg’s residents have some college or an associate degree, and about 34% have a high school diploma or less. Businesses that need employees with a college degree may be more likely to move to Newberg and some may need to recruit employees from outside of the city. Newberg businesses have access to students from the local campus of George Fox University, the Portland Community College Newberg Center, and neighboring Linfield College in McMinnville.
- **Aging of the population and need for replacement workers.** Newberg has a smaller percentage of residents 60 years and older (18%) relative to Oregon (24%) and Yamhill County (23%). Newberg’s median age, which was 30.1 in 2000, increased to 33.7 in the

¹² Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

2014-2018 period. In comparison, Yamhill County's median age was 38.1, and Oregon's median age was 39.2 in the 2014-2018 period.

Yamhill County's population is expected to continue aging, with people 60 years and older increasing from 25% of the population in 2020 to 28% of the population in 2045, consistent with statewide trends. As workers retire, businesses need to replace them with new workers. This need for replacement workers will continue to drive need for workers.

- **Increases in racial and ethnic diversity.** Overall, both the nation and Oregon are becoming more racially and ethnically diverse. Between 2000 and 2014-2018, the Hispanic and Latino population in Oregon increased from 8% to 13%, while it increased in Newberg from 11% to 14%. The population of people of color has increased from 13% to 16% in Oregon since 2000 and from 10% to 12% in Newberg.

Employment Trends in Newberg and Yamhill County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon's economy, including Newberg's economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. This section focuses on changes in the economy in Yamhill County and Newberg since 2008.

Employment Trends in Yamhill County

Exhibit 1 shows covered employment¹³ in Yamhill County for 2008 and 2018. Employment increased by 3,874 jobs, or 12%, over this period. The sectors with the largest increases in numbers of employees were education and health services (1,180 jobs); leisure and hospitality (1,088 jobs); natural resources and mining (743 jobs); and professional and business services (310 jobs).

The average wage for employment in Yamhill County in 2018 was about \$42,302. Employment in higher wage industries, such as manufacturing and professional and business services, increased over the 2008 to 2018 time period. One exception is the financial activities sector, which saw a decrease of 70 jobs.

¹³ **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Exhibit 1. Covered Employment by Industry, Yamhill County, 2008-2018

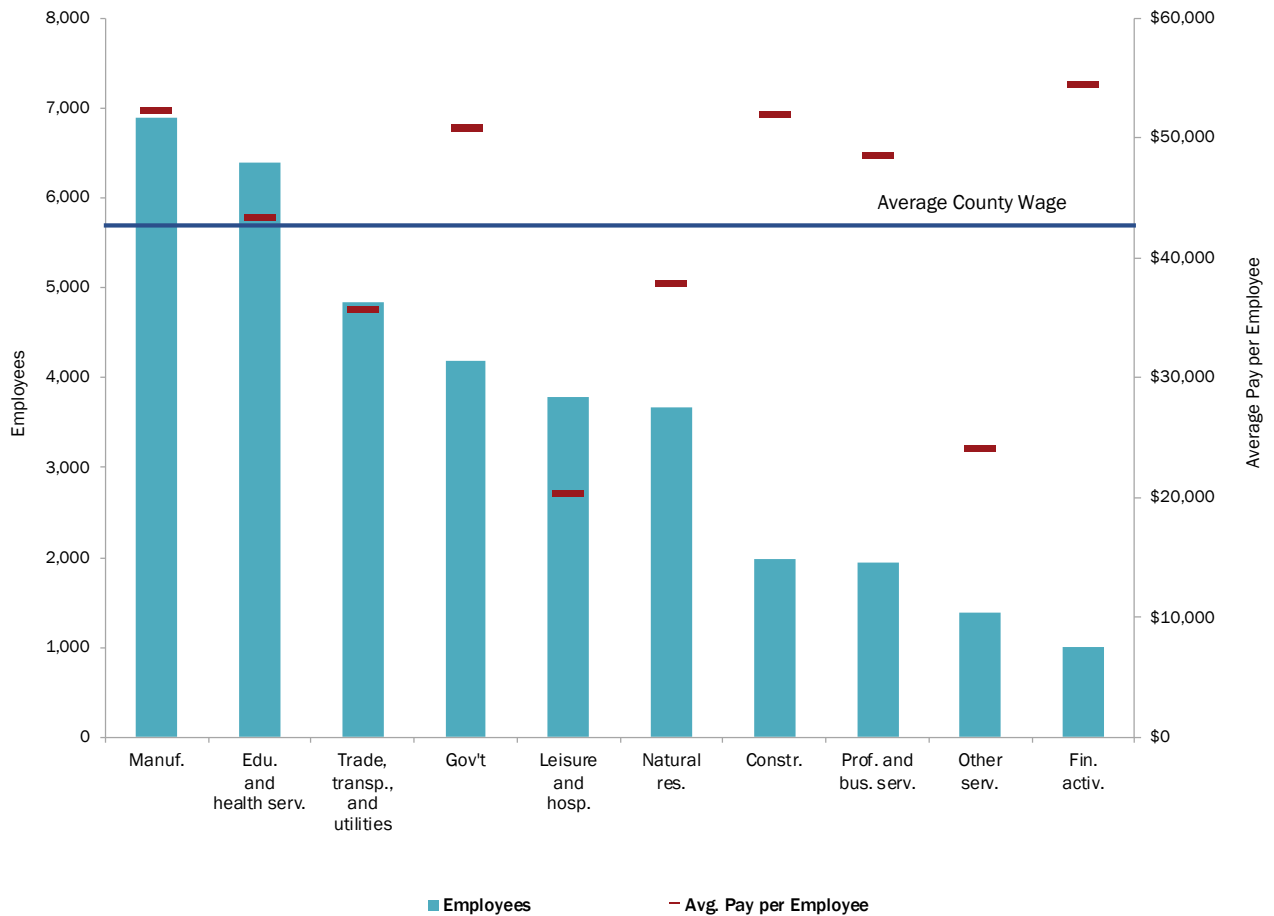
| Industry Sector | 2008 | 2018 | Change 2008 - 2018 | | | Average Wage (2018) |
|-------------------------------------|---------------|---------------|--------------------|------------|-------------|---------------------|
| | | | Number | Percent | AAGR | |
| Natural resources and mining | 2,926 | 3,669 | 743 | 25% | 2.3% | \$37,840 |
| Construction | 1,760 | 1,977 | 217 | 12% | 1.2% | \$51,966 |
| Manufacturing | 6,592 | 6,896 | 304 | 5% | 0.5% | \$52,331 |
| Trade, transportation and utilities | 4,547 | 4,844 | 297 | 7% | 0.6% | \$35,692 |
| Information | 213 | 242 | 29 | 14% | 1.3% | \$54,512 |
| Financial activities | 1,077 | 1,007 | -70 | -6% | -0.7% | \$54,405 |
| Professional and business services | 1,630 | 1,940 | 310 | 19% | 1.8% | \$48,464 |
| Education and health services | 5,212 | 6,392 | 1,180 | 23% | 2.1% | \$43,299 |
| Leisure and hospitality | 2,704 | 3,792 | 1,088 | 40% | 3.4% | \$20,279 |
| Other services | 1,082 | 1,386 | 304 | 28% | 2.5% | \$24,071 |
| Unclassified | 19 | 9 | -10 | -53% | -7.2% | \$51,094 |
| Government | 4,702 | 4,184 | -518 | -11% | -1.2% | \$50,765 |
| Total | 32,464 | 36,338 | 3,874 | 12% | 1.1% | \$42,302 |

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2008-2018.

Note: "ND" stands for "Not Disclosed" and indicates that the data has been suppressed by the BLS due to confidentiality constraints. The total amount of not-disclosed employment is shown in the table.

Exhibit 2 shows covered employment and average wage for the 10 largest industries in Yamhill County. Jobs in manufacturing accounted for approximately 19% of the county’s total covered employment followed by education and health services (18%) and trade, transportation and utilities (13%). However, of these sectors only manufacturing, and education and health services pay above the county wage (\$52,331 and \$43,299, respectively). Jobs in government, construction, professional and business services, and financial activities also paid more per year than the county average, but account for a smaller share of covered employment in the County. In addition to trade, transportation and utilities, leisure and hospitality, natural resources and mining, and other services paid below the 2018 county average.

Exhibit 2. Covered Employment and Average Pay by Sector, 10 Largest Sectors Yamhill County, 2018



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018.

The loss of statewide employment due to the COVID-19 pandemic impacted the accommodation and food services industry the most, followed by the healthcare and social assistance industry, as well as the retail trade industry.¹⁴ Other services, which include personal care services such as barber shops and beauty salons, non-veterinary pet care, and fitness instructors, also experienced acute impacts. Jobs in these industries tend to have lower wages and the Oregon Employment Department (OED) reported that in the first nine weeks of the pandemic, about 68% of all initial unemployment claims came from individuals working jobs that pay less than \$20 per hour.¹⁵ Furthermore, OED reported that the manufacturing, construction, and health care industries had a large quantity of initial unemployment insurance claims. For the manufacturing and construction industries, OED suggested that this is likely due to businesses' inability to put effective social distancing requirements into place.

In their September 2020 economic and revenue forecast, the Oregon Office of Economic Analysis (OEA) anticipates that over one-third of the initial job losses due to the pandemic will return by the end of 2020, with slower growth in the beginning 2021.¹⁶ However, the Oregon economy will be far from full recovery by then. OEA expects that after this initial economic snapback, Oregon's economy will recover more quickly than the Great Recession. OEA forecasts that the economy should recover to health by mid-2023.

¹⁴ Based on information from the Oregon Employment Department for Yamhill County as of June 2020. <https://www.qualityinfo.org/covid-19>

¹⁵ Damon Runberg. "Who Are the COVID-19 Unemployed in Oregon?" Salem, OR: State of Oregon Employment Department. May 21, 2020. <https://www.qualityinfo.org/-/who-are-the-covid-19-unemployed-in-oregon->

¹⁶ Oregon Employment Department, Oregon Economic and Revenue Forecast, September 2020

Employment in Newberg

Between 2008 and 2018, employment in Newberg increased by about 837 employees (9%). Employment in healthcare, social assistance, and private education increased by about 391 employees (19%), while manufacturing employment decreased by about 390 employees (16%) (Exhibit 3).

Exhibit 3. Change in Covered Employment, Newberg UGB, 2008-2018

Sectors highlighted in blue have wages higher than the city average.

| Sector | 2008 Employment | 2018 Employment | Change (Number) | Change (Percent) | AAGR |
|---|--------------------|--------------------|--------------------|---------------------|-------------|
| Construction; Natural Resources | 420 | 531 | 111 | 26% | 2.4% |
| Manufacturing | 2,475 | 2,085 | (390) | -16% | -1.7% |
| Wholesale Trade | 66 | 99 | 33 | 50% | 4.1% |
| Retail Trade | 872 | 1,083 | 211 | 24% | 2.2% |
| Transportation and Warehousing; Utilities | 93 | 122 | 29 | 31% | 2.8% |
| Information | 55 | 62 | 7 | 13% | 1.2% |
| Finance and Insurance | 178 | 181 | 3 | 2% | 0.2% |
| Real Estate and Rental and Leasing | 95 | 105 | 10 | 11% | 1.0% |
| Professional Services; Management of Companies | 189 | 219 | 30 | 16% | 1.5% |
| Administrative and Waste Services | 115 | 139 | 24 | 21% | 1.9% |
| Health Care and Social Assist.; Private Education | 2,050 | 2,441 | 391 | 19% | 1.8% |
| Arts, Entertainment, and Recreation | 33 | 54 | 21 | 64% | 5.0% |
| Accommodation and Food Services | 849 | 1,292 | 443 | 52% | 4.3% |
| Other Services (except Public Administration) | 376 | 387 | 11 | 3% | 0.3% |
| Government | 972 | 875 | (97) | -10% | -1.0% |
| Total | 8,838 | 9,675 | 837 | 9% | 0.9% |

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2008 and 2018.

Employment in Newberg accounted for about 27% of employment in Yamhill County in 2018. Exhibit 4 shows a summary of covered employment data for the Newberg UGB in 2018. The sectors with the greatest number of employees were health care, social assistance, and private education¹⁷ (25%); manufacturing (22%); accommodation and food services (13%); and retail trade (11%).

Exhibit 4. Covered Employment and Average Pay by Sector, Newberg UGB, 2018¹⁸

| Sector | Establishments | Employees | Payroll | Average Wage |
|---|----------------|--------------|-----------------------|------------------|
| Natural Resources | 6 | 72 | \$ 2,976,629 | \$ 41,342 |
| Utilities | 3 | 34 | \$ 2,374,556 | \$ 69,840 |
| Construction | 74 | 459 | \$ 26,030,085 | \$ 56,710 |
| Manufacturing | 53 | 2,085 | \$ 123,419,738 | \$ 59,194 |
| Wholesale Trade | 37 | 99 | \$ 5,455,352 | \$ 55,105 |
| Retail Trade | 73 | 1,083 | \$ 33,930,351 | \$ 31,330 |
| Transportation and Warehousing | 10 | 88 | \$ 2,583,193 | \$ 29,354 |
| Information | 14 | 62 | \$ 3,657,441 | \$ 58,991 |
| Finance and Insurance | 46 | 181 | \$ 9,772,257 | \$ 53,990 |
| Real Estate and Rental and Leasing | 40 | 105 | \$ 3,555,991 | \$ 33,867 |
| Professional Services; Management of Companies | 57 | 219 | \$ 15,170,897 | \$ 69,274 |
| Administrative and Waste Services | 35 | 139 | \$ 3,456,261 | \$ 24,865 |
| Health Care and Social Assist.; Private Education | 113 | 2,441 | \$ 107,106,088 | \$ 43,878 |
| Arts, Entertainment, and Recreation | 6 | 54 | \$ 582,001 | \$ 10,778 |
| Accommodation and Food Services | 74 | 1,292 | \$ 28,533,996 | \$ 22,085 |
| Other Services (except Public Administration) | 150 | 387 | \$ 9,823,593 | \$ 25,384 |
| Government | 23 | 875 | \$ 42,241,881 | \$ 48,276 |
| Total | 814 | 9,675 | \$ 420,670,310 | \$ 43,480 |

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

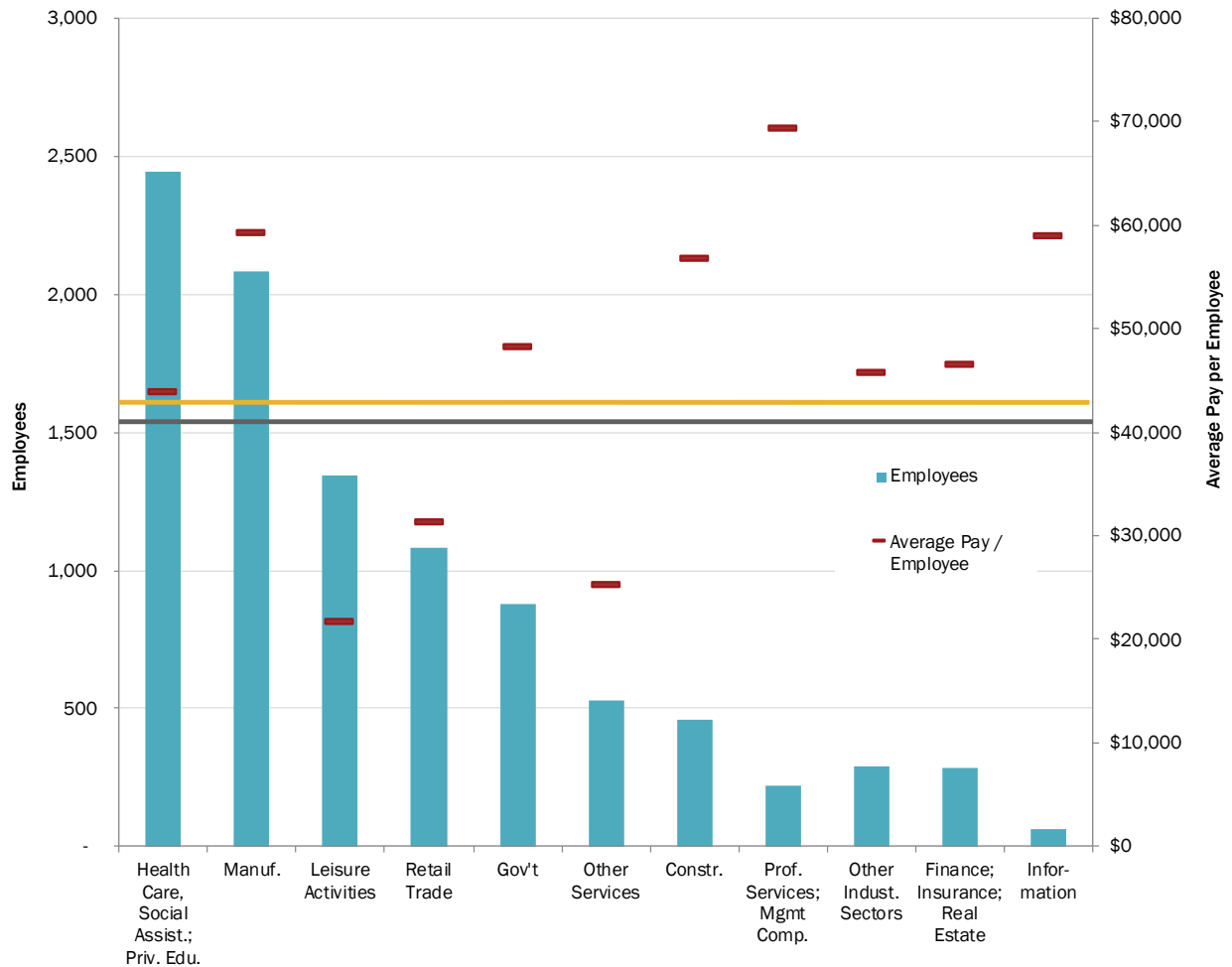
The average size for a private business in Newberg was 11 employees per business, the same as the State average. Businesses with 9 or fewer employees accounted for 18% of private employment and businesses with 50 or fewer employees account for 52% of private employment.

Exhibit 5 shows the employment and average pay per employee for sectors in Newberg. Average pay for all employees (\$43,480) is shown as a yellow line across the graph and average pay for individual sectors as short red lines. The figure shows that health care and social assistance; finance, insurance, and real estate; professional scientific, and technical services; government; and industrial sectors had above average wages. The lowest wages were in retail trade and leisure activities, which includes arts, entertainment, and recreation and accommodation and food services.

¹⁷ These sectors are combined due to confidentiality. Health care makes up a larger share of the jobs in this sector grouping.

¹⁸ The following sectors were combined due to confidentiality of QCEW data: Utilities, Transportation and Warehousing; Manufacturing and Wholesale Trade; Finance and Insurance, Real Estate and Rental and Leasing; Health Care and Social Assistance and Private Education; Arts, Entertainment and Recreation and Accommodation and Food Services.

Exhibit 5. Covered Employment and Average Pay by Sector, Newberg UGB, 2018¹⁹



Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

Though data are not readily available at the city level to inform the impacts of the COVID-19 pandemic, OED reports that Yamhill County had lower rates of Unemployment Insurance (UI) claims as a share of labor force relative to all Oregon counties.²⁰ In the months following the onset of the pandemic (for data ending June 30, 2020), nearly 3,303 continued UI claims were made in Yamhill County. Of these claims, almost 650 were in the manufacturing sector (20% of the county total). Accommodation and food services had the next largest share of claims at about 18% of the county total, followed by health care and social assistance with 12%. The depth of the impact on wages is not fully apparent in the data yet; however, the sharp job loss in these sectors and others is expected to decrease or at least stagnate them in the short run.

¹⁹ “Industrial sectors” includes natural resources, construction, transportation and warehousing, utilities, and wholesale trade. “Leisure activities” includes accommodation and food services and arts, entertainment, and recreation.

²⁰ Based on information from the Oregon Employment Department for Yamhill County as of June 2020. <https://www.qualityinfo.org/covid-19>

Outlook for Growth in Yamhill County

Given the large change in the economy starting in March 2020 as a result of the COVID-19 pandemic, it is difficult to accurately understand the likely outlook for growth in Yamhill County. The best currently available data is as follows. Exhibit 6 shows the Oregon Employment Department's forecast for employment growth by industry for the Mid-Valley region (Linn, Marion, Polk, and Yamhill Counties) over the 2019 to 2029 period. Employment in the region is forecasted to grow at an average annual growth rate of 0.8%.

The sectors that will lead employment in the region for the 10-year period are: private educational and health services (adding 6,700 jobs), government (3,100), trade, transportation, and utilities (2,600), professional and business services (2,400), construction (2,300), and leisure and hospitality (2,300). In sum, these sectors are expected to add 19,400 new jobs or about 81% of employment growth in the Mid-Valley Region. Yamhill County accounts for about 14% of employment in these four counties, and Newberg accounts for about 27% of the County's employment.

Exhibit 6. Regional Employment Projections, 2019–2029, Mid-Valley Region (Linn, Marion, Polk, and Yamhill Counties)

| Industry Sector | 2019 | 2029 | Change 2019 - 2029 | | |
|---|----------------|----------------|--------------------|-----------|-------------|
| | | | Number | Percent | AAGR |
| Total private payroll employment | 215,700 | 235,500 | 19,800 | 9% | 0.9% |
| Natural resources and mining | 18,000 | 19,300 | 1,300 | 7% | 0.7% |
| Mining and logging | 1,200 | 1,200 | 0 | 0% | 0.0% |
| Construction | 17,400 | 19,700 | 2,300 | 13% | 1.2% |
| Manufacturing | 28,900 | 30,300 | 1,400 | 5% | 0.5% |
| Durable goods | 17,100 | 18,200 | 1,100 | 6% | 0.6% |
| Wood product manufacturing | 4,400 | 4,500 | 100 | 2% | 0.2% |
| Nondurable goods | 11,800 | 12,100 | 300 | 3% | 0.3% |
| Trade, transportation, and utilities | 43,700 | 46,300 | 2,600 | 6% | 0.6% |
| Wholesale trade | 6,400 | 7,000 | 600 | 9% | 0.9% |
| Retail trade | 27,900 | 28,500 | 600 | 2% | 0.2% |
| Transportation, warehousing, and utilitie | 9,400 | 10,800 | 1,400 | 15% | 1.4% |
| Information | 2,000 | 2,000 | 0 | 0% | 0.0% |
| Financial activities | 9,600 | 9,700 | 100 | 1% | 0.1% |
| Professional and business services | 20,400 | 22,800 | 2,400 | 12% | 1.1% |
| Private educational and health services | 42,100 | 48,800 | 6,700 | 16% | 1.5% |
| Health care and social assistance | 37,400 | 43,600 | 6,200 | 17% | 1.5% |
| Leisure and hospitality | 23,300 | 25,600 | 2,300 | 10% | 0.9% |
| Accommodation and food services | 20,700 | 22,800 | 2,100 | 10% | 1.0% |
| Other services and private households | 10,300 | 11,000 | 700 | 7% | 0.7% |
| Government | 54,000 | 57,100 | 3,100 | 6% | 0.6% |
| Federal government | 2,200 | 2,300 | 100 | 5% | 0.4% |
| State government | 21,200 | 22,800 | 1,600 | 8% | 0.7% |
| Local government | 30,600 | 32,000 | 1,400 | 5% | 0.4% |
| Self Employment | 15,500 | 16,700 | 1,200 | 8% | 0.7% |
| Total employment | 285,200 | 309,300 | 24,100 | 8% | 0.8% |

Source: Oregon Employment Department. Employment Projections by Industry 2019-2029.

Newberg's Competitive Advantage

Local conditions, as well as national and state economic conditions, will affect economic development opportunities in Newberg. Economic conditions in Newberg relative to these conditions in other portions of the Willamette Valley region form Newberg's competitive advantage for economic development. Newberg's competitive advantages have implications for the types of firms most likely to locate and expand in the area.

Newberg's primary competitive advantages and key economic assets are access to US Highway 99, access to a skilled labor force, and high quality of life. These factors make Newberg attractive to residents and businesses that want a high quality of life where they live and work.

The discussion earlier in this chapter provided information about Newberg's existing base of businesses and access to labor, which are key to understanding Newberg's competitive advantages. This section summarizes these and other local factors that form Newberg's competitive advantage, with additional details in the sections following this summary.²¹

- **Location.** Newberg is located in Yamhill County, less than an hour from Portland. Because of its relative proximity to the Portland metropolitan area, the City has access to infrastructure such as the Portland International Airport and Interstate Highway 5. These locational aspects allow both goods and workers to move in and out of Newberg with relative efficiency. Newberg's location can be an advantage especially for workers who prefer to live in or near Newberg for its quality of life, but still need access to urban amenities.
- **Transportation.** Newberg is located along Oregon Route 99W, providing a connection to McMinnville and the Portland Metro area. The Highway runs through Newberg, allowing for freight and automotive transportation within and beyond the City. Most recently, the Oregon Department of Transportation (ODOT) has completed the first phase of the Newberg-Dundee Bypass which includes a four-mile expressway extending from OR219 to OR99W.²² In its final phase, the 11-mile expressway will feature four lanes running from Dayton to just outside of Newberg. The Bypass is being built to improve livability for the surrounding areas and will hopefully, in turn, alleviate traffic around Downtown Newberg.
- **Access to workers.** Newberg pulls workers from across Yamhill County. Newberg, unlike Yamhill County, has a higher share of residents in their early working lives. While many areas face the challenges of an aging workforce, Newberg may feel these effects less so if the community it continues to attract younger residents.

²¹ The analysis in this section also incorporates information from the *Newberg Economic Development Strategy* (2016, updated 2019)

²² Oregon Department of Transportation. (2019). Oregon Department of Transportation – Region 2 (Willamette Valley and Coast). <http://oregonjta.org/region2/?p=highway99w>

- **Remote workers.** The number of remote workers is expected to increase over time. Some of these workers will likely work from home, but may also seek small office spaces, if available.²³ This presents an opportunity for development of co-working or shared office space in Newberg. Business for service-sector industries could increase beyond current seasonal demand as remote workers may require access to local shops, restaurants, and other services to connect and collaborate.
- **Access to job training.** Aside from on-the-job training, workers in Newberg have access to an extension of the Portland Community College located in the City. The Newberg Center is about 30 miles from the main campus and offers associate and transfer degrees to students who plan on transferring to a State of Oregon college or university. Newberg has also made efforts to increase career and technical education (CTE) at the high school level. The City is home to George Fox University, a private, Christian university with extensions in Portland, Salem, and Redmond. The university offers bachelor's, master's, and doctorate degrees and has recently been ranked 24th out of 127 institutions in the "Best Regional Universities" West category by *U.S. News & World Report*.²⁴ In addition to this accolade, both *Forbes* and *The Princeton Review* have named the university a top regional institution.²⁵
- **Small business and entrepreneurial growth.** On average, private businesses in Newberg average 11.1 employees per business. Newberg's quality of life, especially its wineries and access to river-based recreation, make the community attractive as a place to grow small businesses. The City can continue working with regional and state resources, such as the Chehalem Valley Chamber of Commerce, to help connect small businesses and entrepreneurs with available resources and services.
- **Access to agricultural products.** Farming and processing of value-add agricultural products remains a large industry in Newberg and surrounding Yamhill County. In 2017, Yamhill County accounted for 6% of the state's total agricultural sales. The products with the largest sales produced in Yamhill County include nursery and greenhouse products, as well as fruits, tree nuts, and berries. The crops with the most acreage in Yamhill County include grass seed, hay, hazelnuts, grapes, and harvested vegetables. Farms in the county also produce animal products, including poultry, eggs, and milk.²⁶

²³ People working from home for businesses located outside of Newberg are likely not counted in annual employment figures. QCEW and the U.S. Census' Longitudinal Employer-Household Dynamics (LEHD) datasets use employment data that is based on the location of the employer. Some employers have multiple locations, but an employee may not physically work at that location. For example, a Newberg resident may work remotely for a business located in Portland. While the employee does not commute to Portland, the employer reports the employee as a worker at the Portland location.

²⁴ George Fox University. (2019). George Fox University again receives recognition in 2019 'U.S. News & World Report' Rankings. <https://blogs.georgefox.edu/newsreleases/?p=7571>

²⁵ George Fox University. (2019). High rankings testify to the quality of a George Fox education. <https://www.georgefox.edu/academics/rankings.html>

²⁶ U.S. Census of Agriculture. Yamhill County Profile. 2017.

Newberg's location within Oregon's largest wine region, the North Willamette Valley, contributes to the strength of the agricultural industry in the area. As of 2018, the North Willamette Valley had 651 vineyards with 20,279 planted acres of grapes, and 503 wineries.²⁷

- **Collaborative economic development partnerships.** Newberg is part of a regional ecosystem of economic development partnerships. Successful local economic development is often a result of effective collaboration among governments, business owners, and community members. Newberg has existing collaborative partnerships with public agencies, including the Chehalem Valley Chamber of Commerce, Chehalem Valley Innovation Accelerator, SEDCOR, Mid-Willamette Valley Council of Governments, Polk County Economic Development, Willamette Workforce Partnership, Business Oregon, Oregon Department of Transportation (ODOT), George Fox University, and Portland Community College. The City can continue to build on these relationships with key partners to improve infrastructure, identify opportunities for education and training for needed skills in potential growth industries, and expand on existing resources.
- **Tourism and related industries.** Tourism is growing in Yamhill County. The number of overnight visitors to Yamhill County has increased from 1,683,000 in 2016 to 1,773,000 in 2018, an increase of 90,000 overnight stays or 5.3%.²⁸ Growth in tourism creates opportunities for services for visitors, such as river guides, restaurants, tasting rooms, a brew pub, overnight accommodations, and other services for visitors. Newberg shares many similar attributes with McMinnville, such as climate, outdoor recreation opportunities, and arts and culture. Marketing Newberg as a place with attributes similar to other cities in the Willamette Valley may help to attract new visitors to Newberg.
- **Scenic resources.** Newberg is located in the northern part of the Willamette Valley, which is valued for its outdoor recreational activities, wineries, vineyards, and mountain ranges. Many residents and visitors to Newberg choose to live in and visit Newberg for its scenic beauty and tourism opportunities.
- **Quality of life.** Many residents of Newberg value the City's scenic beauty, friendly small-town character, pleasant climate, arts and culture, access to retail and other urban amenities, and access to outdoor recreational amenities.

Newberg's disadvantages for economic development include:

- **Land availability and serviceability.** Newberg has relatively little vacant, unconstrained commercial and industrial land within the city or urban growth boundary. Landowner willingness to sell or develop land varies, making some sites

²⁷ University of Oregon. *2018 Oregon Winery and Vineyard Report*. Institute for Policy Research and Engagement. September 2019.

²⁸ Dean Runyan Associates, Oregon Travel Impacts.

unavailable for development for the foreseeable future. Some sites within Newberg lack urban infrastructure (e.g., water, sewer, or roads), making development infeasible at this time. The cost to provide services to these sites can be prohibitive to potential developers, requiring coordination and assistance from the City.

Businesses have relocated or expanded outside of Newberg due to lack of available and suitable industrial sites. Recent examples of businesses that left Newberg include Polymax, NW Alpine, Halstead Cabinets, Advance Machinery, and Aviatrix. Furthermore, new businesses interested in locating on industrial land in Newberg have cited lack of available land and infrastructure as key issues for locating elsewhere. According to recruitment information collected by City staff, since 2014 potential businesses interested in locating in Newberg ranged from industries in advanced manufacturing to aviation related services to food and agricultural products.

SEDCOR is the lead economic development agency for the Mid-Willamette Valley, including Newberg. SEDCOR has long worked with the City of Newberg to provide opportunities for businesses to grow, expand, and locate in Newberg. SEDCOR describes the following impacts of the lack of available and suitable industrial sites in Newberg for business growth, expansion, and attraction:

“SEDCOR, like most economic development organizations, considers the retention and expansion of our region’s traded-sector employers as our top priority. Our efforts to retain growing employers in Newberg have been hampered by the lack of available industrial sites in the city. A business with expansion opportunities has been forced to look outside the community for a site ready and able to accommodate its future growth. Moreover, business recruitment, also an important part of a community’s economic development strategy, depends on an inventory of project-ready sites. Marketable, attractive sites that are development-ready provide a community with an advantage to grow the successful businesses that have already made investments there, as well as attract new employers to sustain and grow the local economy into the future.” –Erik Andersson, President, SEDCOR

- **Affordable housing for workers.** A growing concern among Newberg leaders and community members is the lack of available workforce housing. Those who choose to live and work in Newberg have lower wages than those who commute out of the city to surrounding areas for work. This pulls qualified workers away from the city’s employers and may inhibit employment and industry growth. The Housing Needs Analysis showed the following barriers to production of affordable housing: deficiency of land in medium and high-density residential plan designations, as well as increasing housing costs.

In addition, the winery businesses in and around Newberg need housing for migrant farmworkers. Vineyards rely heavily on migrant workers and the challenges these workers face in finding affordable short-term housing and accommodations may deter

them from coming to Newberg or the surrounding agricultural areas during the harvest season.

- **Aging population.** Newberg has a higher labor force participation rate than Yamhill County and Oregon; however, the aging workforce will still present challenges to the City. As workers in Newberg retire, or new residents locate in Newberg after retirement, the need for skilled, educated replacement workers will increase.
- **Environmental and climate change risks.** Newberg’s economy relies heavily on outdoor, recreation-focused tourism. Environmental factors, including climate change, can threaten the success of tourism industries that rely on favorable weather conditions. Forest fires and floods are both a concern for communities in Oregon, and the risk of these natural hazards is likely to increase as a result of climate change.²⁹ Forest fires also cause poor air quality, which can detract visitors and decrease quality of life for residents. Other potential natural hazards that will likely increase in Newberg as a result of climate change include drought, increased invasive species, and loss of wetland ecosystems.³⁰

Public Facilities and Services

Provision and costs of public facilities and services can impact a firm’s decision regarding location within a region. One of the primary considerations about developing a site is whether it has infrastructure to the site or near the site, including water, wastewater, stormwater, and transportation. If infrastructure is not developed to or near the site, the consideration becomes whether infrastructure can be extended in a timely manner and at a financially feasible cost.

This section discusses Newberg’s large infrastructure systems, including the water system, wastewater system, and stormwater system. It answers the question of whether Newberg has or is planning to have sufficient capacity to support the amount and types of development proposed in the EOA.

Water

Generally, Newberg has adequate water capacity and treatment facilities to meet current and future demand to serve population and employment growth. The City’s main water source is a well field in Marion County and has an overall maximum capacity to pump 8.5 million gallons per day. The water system includes three reservoirs each with the capacity to hold 4 million gallons—two are located at the North Valley Reservoir and the third is the Corral Creek Reservoir. The average winter demand for water in Newberg is 2.0 million gallons per day, while the average summer demand is 3.6 million gallons per day.³¹ Currently, the City is able to

²⁹ Oregon Climate Change Research Institute. Climate Change Influence on Natural Hazards in Oregon Counties. August 2018 and Fourth Oregon Climate Assessment Report. January 2019.

³⁰ Ibid.

³¹ The peak maximum daily demand was reported at 6.1 million gallons per day on July 21, 2006. The average maximum demand during the summer months is 4.5 million gallons per day.

serve current and future water uses on commercial and industrial land. However, the City may not have capacity to accommodate development of a new industry with significant water needs, such as water-intense food processing or electronics manufacturing, until the upgrades (described below) are completed by approximately 2025.

The City is in the process of updating its water master plan, and addressing needs identified in the Riverfront Master Plan such as extension of water mains to the area and improvements of water distribution north of the bypass. The industrial areas identified in the Riverfront Master Plan are located in close proximity to the water treatment plant near the southern boundary of the UGB. There is opportunity for infrastructure development for industrial uses in this area, but would need to be addressed in future development. The Riverfront area also has opportunities to extend the City's water reuse program.

Finally, the City is in the process of working to develop a redundant supply to provide secondary support for the existing water system, with one of the options as the Willamette River as a local source with intake near the existing water treatment plant. These additional water rights would add another 5.2 million gallons per day to the City's water capacity, increasing the City's potential capacity to 13.7 million gallons per day. The City expects to complete the water right acquisition by 2025. Based on the City's existing capacity, the average demand, and the redundant water supply available about five years into the 20-year planning period, Newberg will be able to accommodate heavy water users in the future.

Wastewater

Newberg's wastewater treatment facilities are also adequate to meet current and future needs over the 20-year planning period. The City's 5-year Capital Improvements Plan includes wastewater system improvement projects developed from the Wastewater Master Plan. These projects include improvements to lift stations, treatment plant and the collection and conveyance system. The City has an ongoing annual inflow and infiltration (I&I) project. The reduction of I&I adds capacity back into the wastewater system, which will assure that the plant will adequately serve existing and future uses for the next 20 years. Due to proximity to the wastewater treatment plant, connections to wastewater infrastructure will be relatively simple for future users in the Riverfront area. The City is in the process of updating its wastewater master plan, and addressing needs identified in the Riverfront Master Plan such as extension of wastewater mains to the area and improvements of wastewater distribution north of the bypass.

Stormwater

Drainage for stormwater in Newberg flows to three creeks—Chehalem Creek, Hess Creek, and Spring Brook—all of which flow to the Willamette River. The City's stormwater system is over 50 miles long through closed (pipe) and open networks. The 2014 Stormwater Master Plan identified potential deficiencies in the capacity of Newberg's stormwater system, including needed improvements to pipe infrastructure, as well as drainage and flooding issues. The City has also observed an increase in state regulation related to the development of new outlets in

natural drainages. Additional requirements have resulted in challenges to develop new outfalls into drainages. The City is in the process of updating its stormwater master plan, which includes an analysis of regulatory requirements and re-prioritization of system needs. The City is also working to address needs identified in the Riverfront Master Plan such as extension of stormwater mains to the area and improvements of stormwater distribution north of the bypass.

3. Employment Growth and Site Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for Newberg is based on expected employment growth and the types of firms that are likely to locate in Newberg over the 20-year period. This chapter presents an employment forecast and analysis of potential growth industries that build from recent economic trends.

Forecast of Employment Growth

OAR 660-009-0015(4) requires the EOA to “estimate the types and amounts of industrial and other employment uses likely to occur in the planning area.” The Goal 9 rule does not specify how jurisdictions conduct this analysis. The **types** of employment are described in: (1) the land use types shown in Exhibit 9 and the potential growth industries described later in this chapter. The **amounts** of employment uses are shown as number of employees (Exhibit 9) and acres of land for each land use type (see Exhibit 11 for Commercial land need and Exhibit 21 for Industrial land need). The sections in the chapter about Commercial Site Needs and Industrial Site Needs also describe the types of land needed to accommodate the forecast of employment growth in Newberg.

Demand for industrial and commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in Newberg. This employment land demand is driven by local growth independent of broader economic opportunities, including the growth of potential growth industries.

The employment projections in this section build off of Newberg’s existing employment base, assuming future growth is similar to Yamhill County’s long-term historical employment growth rates. The employment forecast does not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period. Such a major change in the community’s employment would exceed the growth anticipated by the city’s employment forecast and its implied land needs (for employment, but also for housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable: more demand for land (of all types) and public services.

Projecting demand for industrial and non-retail commercial land has four major steps:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in Newberg presented in Exhibit 4. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in the City.

2. **Project total employment.** The projection of total employment considers forecasts and factors that may affect employment growth in Newberg over the 20-year planning period.
3. **Allocate employment.** This step involves allocating types of employment to different land-use types.
4. **Estimate land demand.** This step estimates general employment land demand based on employment growth and assumptions about future employment densities.

Employment Base for Projection

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in Newberg starts with a base of employment growth on which to build the forecast. Exhibit 7 shows ECONorthwest's estimate of total employment in Newberg in 2018.

To develop the figures, ECONorthwest started with estimated covered employment in the Newberg UGB from confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, Newberg had about 9,675 covered employees in 2018.

Covered employment does not reflect all workers in an economy including sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for Yamhill County is only about 72% of *total* employment reported by the U.S. Department of Commerce.³² We evaluated this ratio for each industrial sector for Yamhill County and used the resulting ratios to determine the number of non-covered employees. This allowed us to determine the total employment in Newberg. Exhibit 7 shows Newberg had an estimated 13,466 *total* employees within its UGB in 2018.

³² **Covered** employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on data from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other non-covered workers.

Exhibit 7. Estimated total employment by sector, Newberg UGB, 2018

| | Covered Employment | Estimated Total Employment | Covered % of Total |
|--|-----------------------|----------------------------------|-----------------------|
| Natural Resources | 72 | 72 | 100% |
| Utilities | 34 | 76 | 45% |
| Construction | 459 | 662 | 69% |
| Manufacturing | 2,085 | 2,324 | 90% |
| Wholesale Trade | 99 | 140 | 71% |
| Retail Trade | 1,083 | 1,441 | 75% |
| Transportation and Warehousing | 88 | 196 | 45% |
| Information | 62 | 105 | 59% |
| Finance and Insurance | 181 | 365 | 50% |
| Real Estate and Rental and Leasing | 105 | 796 | 13% |
| Prof., Sc., and Tech. Services; Mgmt of Comp. | 219 | 544 | 40% |
| Admin. and Support and Waste Mgmt and Remed. Serv. | 139 | 268 | 52% |
| Health Care and Social Assist.; Priv. Edu. | 2,441 | 3,234 | 75% |
| Arts, Entertainment, and Recreation | 54 | 150 | 36% |
| Accommodation and Food Services | 1,292 | 1,459 | 89% |
| Other Services (except Public Administration) | 387 | 701 | 55% |
| Government | 875 | 933 | 94% |
| Total Non-Farm Employment | 9,675 | 13,466 | 72% |

Source: 2018 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Employment Projection

The employment forecast covers the 2021 to 2041 period, requiring an estimate of total employment for Newberg in 2021. The base employment starts with the estimate of 13,466 total jobs in Newberg in 2018, shown in Exhibit 7.

Newberg does not have an existing employment forecast, and there is no required method for employment forecasting. OAR 660-024-0040(9) sets out some optional “safe harbors” that allow a City to determine employment land need.

Newberg is relying on the safe harbor described in OAR 660-024-0040(9)(a)(B), which allows the City to assume that the current number of jobs in the Newberg UGB will grow during the 20-year planning period at a rate equal to the population growth rate provided in the most recent forecast published by Portland State University’s Oregon Population Forecast Program. The latest forecast shows that population in Newberg will grow at an average annual growth rate of 1.39%.³³

Exhibit 8 shows employment growth in Newberg between 2021 and 2041, based on the assumption that the City will grow at an average annual growth rate of 1.39%. Newberg will

³³ Final Population Forecasts prepared by Population Research Center, Portland State University, June 30th, 2020.

have 18,486 employees within the UGB by 2041, which is an increase of 4,452 employees (32%) between 2021 and 2041.

Exhibit 8. Employment growth in Newberg UGB, 2021–2041

| Year | Total Employment |
|----------------------------|------------------|
| 2021 | 14,034 |
| 2041 | 18,486 |
| Change 2021 to 2041 | |
| Employees | 4,452 |
| Percent | 32% |
| AAGR | 1.39% |

Source: ECONorthwest

Allocate Employment to Different Land Use Types

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in Newberg will look for a variety of site characteristics, depending on the industry and specific circumstances. We grouped employment into four broad categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, and government.

Exhibit 9 shows the expected share of employment by land-use type in 2021 and the forecast of employment growth by land-use type in 2041 in the Newberg UGB. For each land-use type, we assumed that the *share* of total employment will decrease, except for Industrial, which will increase to a similar share of Newberg’s employment as in 2008. Exhibit 9 shows the following changes in the mix of employment:

- Industrial.**³⁴ Industrial employment is forecast to increase to 32% of employment by 2041, resulting in growth of 2,407 new jobs. This change is based on expected implementation of the City’s economic development vision in the City’s adopted economic development strategy and community vision. In the documents *A NewBERG Community Vision* and the *Newberg Economic Development Strategy Update*, Newberg assessed their community economic development potential and developed the community’s vision for economic development (consistent with OAR 660-009-0015(5)). These documents state Newberg’s economic development objectives, which include strong policies for development of industrial employment (consistent with OAR 660-009-0020(1)).³⁵

³⁴ Industrial employment includes employment in the following NAICS sectors: Construction, Natural Resources, Manufacturing, Wholesale Trade, Transportation and Warehousing, and Utilities

³⁵ The City adopted the *A NewBERG Community Vision* in August 2019 and the *Newberg Economic Development Strategy Update* in November 2019.

The City's first economic development goal is enhancing industrial development capabilities and opportunities. The strategies to implement this goal are:

- building traded-sector industries (discussed later in the EOA as potential growth industries),
- retention, expansion, and recruitment of traded-sector industrial companies,
- participating in economic development partnerships,
- increasing the supply of industrial land,
- ensuring adequate infrastructure to support growth
- improving transportation access for industrial land.

The *Newberg Economic Development Strategy Update* provides details about implementation of each of these strategies, including actions that the City will complete over the next three years, partners, funding, staff resources, and metrics to measure success. The City has started to implement several of these actions, including Urban Renewal and seeking redevelopment opportunities, such as the former WestRock mill site. In addition, Newberg's Comprehensive Plan Economic Element includes policies about encouraging growth of jobs that allow people to live and work in Newberg, supporting industrial growth, encouraging a diversity of industrial businesses, and preserving large industrial sites for future industrial uses.

The forecast in Exhibit 9 assumes that Newberg will be successful in achieving its economic development aspirations. In 2008, 35% of employment in Newberg was industrial.³⁶ Newberg lost employment in manufacturing since 2008, in part because the city did not have sites where manufacturers could grow into, as documented in other parts of the EOA. This forecast assumes that the City successfully implements its economic development strategy and that industrial employment grows faster than other employment in Newberg.

- **Retail Commercial.**³⁷ Retail employment is expected to decrease from 11% of all employment in Newberg to 9% by 2041. The basis for this change is the national trend to purchasing retail goods on-line.
- **Office & Commercial Services.**³⁸ Office employment is expected to account for more than 1,000 new jobs or 53% of employment in Newberg by 2041. In 2008, Office and Commercial Service employment accounted for 45% of employment. By 2041, the forecast shows Office and Commercial Services accounting for 53% of employment, with

³⁶ Oregon Employment Department Quarterly Census of Employment and Wages data for Newberg.

³⁷ Retail employment includes employment in the following NAICS sectors: Retail Trade

³⁸ Office and Commercial Services employment includes employment in the following NAICS sectors: Information, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific, and Technical Services, Management of Companies and Enterprises, Administrative and Support and Waste Management and Remediation Services, Private Education, Health Care and Social Assistance Arts, Entertainment, and Recreation, Accommodation and Food Services, Other Services (except Public Administration).

Industrial employment growing at a faster rate than Office and Commercial Services. The types of industries in Office and Commercial Services that are expected to grow in the next 20 years include healthcare services and tourism-related industries such as accommodation and food services.

- **Government.**³⁹ Government employment is expected to grow by more than 100 jobs, with most new jobs in k-12 schools and public administration.

Exhibit 9. Forecast of employment growth by land use type, Newberg UGB, 2021–2041

| Land Use Type | 2021 | | 2041 | | Change 2021 to 2041 |
|------------------------------|---------------|-------------|---------------|-------------|---------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 3,509 | 25% | 5,916 | 32% | 2,407 |
| Retail Commercial | 1,544 | 11% | 1,664 | 9% | 120 |
| Office & Commercial Services | 7,999 | 57% | 9,798 | 53% | 1,799 |
| Government | 982 | 7% | 1,108 | 6% | 126 |
| Total | 14,034 | 100% | 18,486 | 100% | 4,452 |

Source: ECONorthwest

Note: The shaded percentages denote an assumption about the future change in the share of employment (as a percent of total) by land use type.

Estimate of Demand for Commercial Land

This section shows demand for vacant (including potential infill) commercial land in Newberg over the 20-year period. Need for new land for government uses, such as schools, new infrastructure (e.g., water facilities), and government offices will be addressed through a separate analysis of land needed for public and semi-public uses. Need for new land for industrial uses is addressed later in this Chapter through a separate analysis.

The assumptions used in this analysis are:

- **Employment located in residential plan designations.** According to QCEW data, some employment in Newberg in 2018 was located on land designated for residential uses. The amount of commercial employment located in residential plan designations was 15.8%. This may include uses such as corner stores, other retail in neighborhoods, medical offices, or small personal service businesses (e.g., banks or hair stylists).

Exhibit 10 shows that the percentage of new employment locating in residential land designations will remain the same over the 20-year period for commercial uses (15.8%).

- **Employment located in existing built space.** Some employment may locate in existing built space, through adding capacity in an existing business (e.g., adding a desk to an existing office) or occupancy of vacant built space. Exhibit 10 shows that 10% of commercial employment of new employment growth will occur in existing built space.

³⁹ Government employment includes any employment in any sector where the employer is local, state, or federal government.

Exhibit 10. Estimated Commercial Employment Growth Accommodated in Residential Plan Designations and Existing Built Space, Newberg UGB, 2021–2041

| Land Use Type | New Employment Growth | Emp. In Res. Designations | Emp. In Existing Built Space | New Emp. on Vacant Land |
|------------------------------|-----------------------|---------------------------|------------------------------|-------------------------|
| Retail Commercial | 120 | 19 | 12 | 89 |
| Office & Commercial Services | 1,799 | 284 | 180 | 1,335 |
| Total | 1,919 | 303 | 192 | 1,424 |

Source: ECONorthwest

- Employment density.** Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. An empirical analysis of Newberg’s existing commercial employment conducted by ECONorthwest showed that retail commercial sites have an average of 16 employees per acre and office and commercial services sites have an average of 22 employees per acre.⁴⁰

Using the existing employment densities as a baseline, while also considering Newberg’s future development goals and policies, Exhibit 11 assumes the net employees per acre: retail commercial will have an average of 16 employees per acre and office and commercial services will have an average of 22 employees per acre. These employment densities are consistent with employment densities in Oregon cities of similar size as Newberg. Some types of employment will have higher employment densities (e.g., a multistory office building), and some will have lower employment densities (e.g., a convenience store with a large parking lot).

- Conversion from net to gross acres.** The data about employment density is in net acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from net to gross acres based on assumptions about the amount of land needed for public right-of-way.⁴¹ A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of Newberg’s existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 16% for commercial uses.

⁴⁰ This analysis considered a sample of existing businesses in Newberg, accounting for 31% of existing commercial employment in Newberg. The results were generally consistent with ECONorthwest’s analysis of employment densities in other cities across Oregon.

⁴¹ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Using these assumptions, the forecasted growth of 1,424 new commercial employees will result in the demand for vacant (and potential infill) employment land including 7 acres of retail commercial land and 76 gross acres of office and commercial services land.

Exhibit 11. Demand for Vacant Land to Accommodate Employment Growth, Newberg UGB, 2021-2041

| Land Use Type | New Emp. on Vacant Land | Employees per | | Land Demand (Net Acres) | Land Demand (Gross Acres) |
|------------------------------|-------------------------|------------------|--|-------------------------|---------------------------|
| | | Acre (Net Acres) | | | |
| Retail Commercial | 89 | 16 | | 6 | 7 |
| Office & Commercial Services | 1,335 | 22 | | 62 | 76 |
| Total | 1,424 | | | 68 | 83 |

Source: ECONorthwest

Site Characteristics for Commercial Land

Commercial businesses have a variety of space needs and site characteristic needs, including the following:

- **Space in an existing building.** Businesses would be located as one of several or many firms within the building. The size of needs may be a few hundred square feet for a single office or many thousands of square feet for larger commercial uses.
- **Land for construction of a building designed for the firm.** The size of sites for commercial buildings typically range from sites smaller than 0.5 acres to sites of 5 acres or so.
- **Land for construction of a commercial center.** Some businesses may prefer to locate in commercial centers, ranging in size from 1 to 3 acres or larger community commercial centers ranging in size from 10 to 40 acres.
- **Visibility of location.** Retail, service, and hospitality commercial uses often require sites with highly visible locations, often near other businesses or residential neighborhoods.
- **Proximity / access to a major automotive route.** Commercial businesses seek sites that are located on neighborhood streets with access to arterial or major collector streets and easy access to a state highway (or equivalent). Large-scale commercial users would likely avoid sites that would force their traffic to be routed through residential neighborhoods.

Estimate of Demand for Industrial Land

This section shows demand for vacant (or potential infill) industrial land in Newberg over the 20-year period. Building from the number of new industrial employees shown in Exhibit 9, the analysis for needed land for these 2,407 new employees includes considerations for Newberg's potential growth industries and the site needs for those industries. The analysis also uses average site sizes for comparable cities in the Willamette Valley to better align Newberg's potential growth industries with the types of sites needed. This section ends with an estimate (in terms of acreage) of the industrial land need.

Potential Growth Industries

The characteristics of Newberg will affect the types of businesses most likely to locate in the city. Newberg's attributes that may attract firms are: Newberg's access to workforce; public infrastructure; and quality of life.

Newberg's existing businesses are concentrated in the industries defined in Exhibit 12. The industries in **green highlight** are industries with a high location quotient (i.e., highly specialized compared to employment in the U.S. in the industry), high employment (i.e., have more than 50 employees in Newberg), and higher than average city wages. These industries have the highest potential for growth, given existing businesses and the higher concentration of employment.

Newberg also has opportunities for employment growth in industries without a concentration of employment or a high location quotient.

Exhibit 12. Concentration of Industries and Employment, Newberg and U.S., 2018

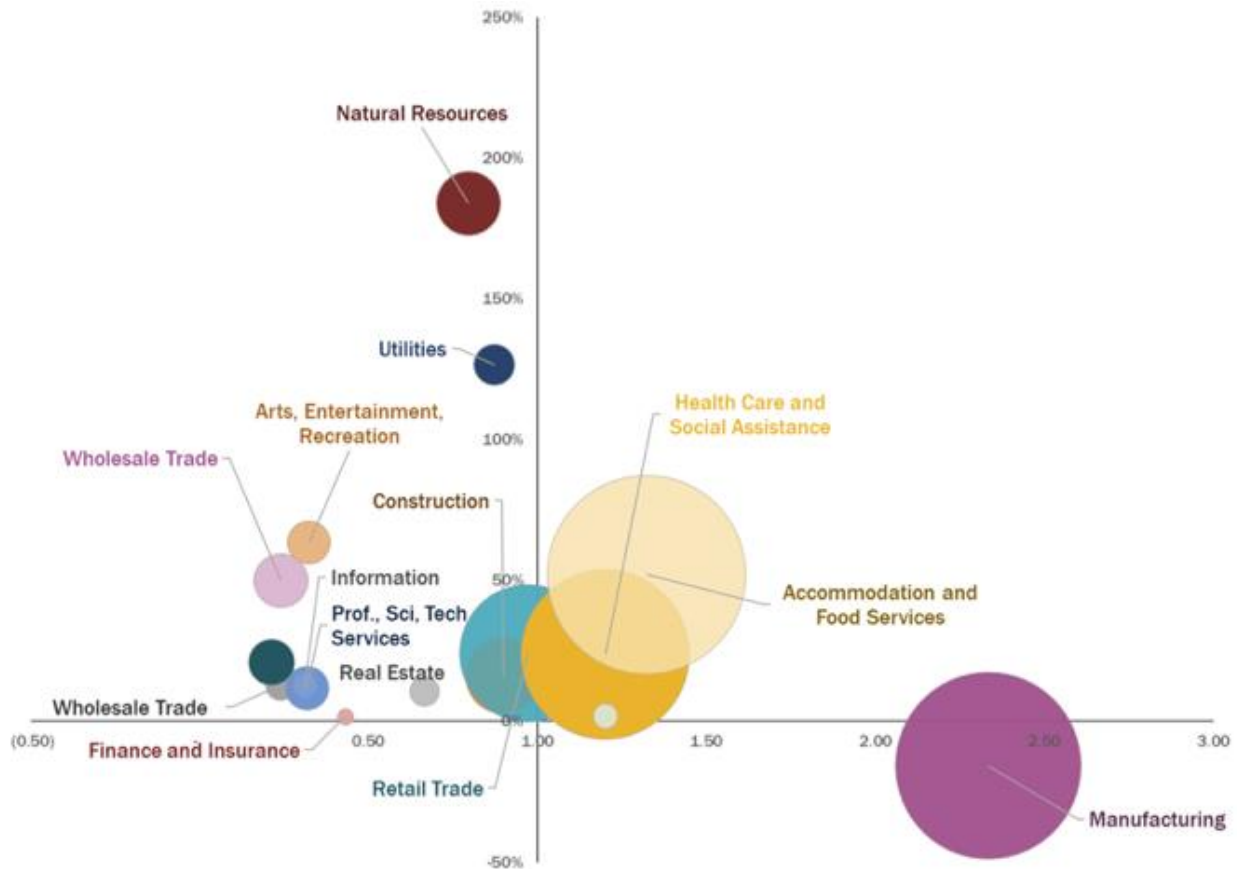
| | High Employment (more than 50 employees) | Low Employment (at least 10 employees) |
|------------------------|--|--|
| High Location Quotient | <ul style="list-style-type: none"> ▪ Construction of Buildings ▪ Plastics and Rubber Products Manufacturing ▪ Fabricated Metal Product Manufacturing ▪ Machinery Manufacturing ▪ Furniture and Related Product Manufacturing ▪ Motor Vehicle and Parts Dealers ▪ Miscellaneous Store Retailers ▪ Transit and Ground Passenger Transportation ▪ Nursing and Residential Care Facilities ▪ Food Services and Drinking Places ▪ Religious, Grantmaking, Civic, Professional, and Similar Organizations ▪ Private Households | <ul style="list-style-type: none"> ▪ Support Activities for Agriculture and Forestry ▪ Beverage and Tobacco Product Manufacturing ▪ Electronics and Appliance Stores ▪ Motion Picture and Sound Recording Industries |
| Low Location Quotient | <ul style="list-style-type: none"> ▪ Specialty Trade Contractors ▪ Building Material and Garden Equipment and Supplies Dealers ▪ Food and Beverage Stores ▪ Gasoline Stations ▪ Credit Intermediation and Related Activities ▪ Insurance Carriers and Related Activities ▪ Real Estate ▪ Professional, Scientific, and Technical Services ▪ Administrative and Support Services ▪ Ambulatory Health Care Services ▪ Social Assistance ▪ Amusement, Gambling, and Recreation Industries ▪ Repair and Maintenance | <ul style="list-style-type: none"> ▪ Heavy and Civil Engineering Construction ▪ Transportation Equipment Manufacturing ▪ Merchant Wholesalers ▪ Wholesale Electronic Markets and Agents and Brokers ▪ Furniture and Home Furnishings Stores ▪ Health and Personal Care Stores ▪ Clothing and Clothing Accessories Stores ▪ Sporting Goods, Hobby, Musical Instrument, and Book Stores ▪ Truck Transportation ▪ Support Activities for Transportation ▪ Publishing Industries (except Internet) ▪ Securities, Commodity Contracts, and Other Financial Investments and Related Activities ▪ Personal and Laundry Services ▪ National Security and International Affairs |

Source: National employment from the U.S. Bureau of Labor Statistics and Oregon Employment Department, Quarterly Census of Employment and Wages, 2018.

Note: Green highlighting indicates higher than Newberg's average wage.

Exhibit 13 shows the change in employment in Newberg between 2008 and 2018 relative to the location quotients for sectors in 2018, compared to national employment. Manufacturing, health care, and accommodation and food services each have more than 300 employees and are more specialized sectors when compared to the nation (i.e., have higher location quotients).

Exhibit 13. Change in Employment and Concentration of Sectors Compared to the U.S. Average, Newberg, 2008-2018



Source: U.S. Bureau of Labor Statistics and Oregon Employment Department, Quarterly Census of Employment and Wages, 2008-2018.

An analysis of growth industries in Newberg should address two main questions: (1) Which industries are most likely to be attracted to Newberg? and (2) Which industries best meet Newberg’s economic development goals? The selection of potential growth industries is based on Newberg’s goals for economic development, economic conditions in Newberg and Yamhill County, and the City’s competitive advantages.

Given the current employment base, which is composed of small-sized businesses, it is reasonable to assume that much of the city’s business growth will come from small-sized businesses. This growth will either come from businesses already in Newberg or new businesses that start or relocate to Newberg from within the Willamette Valley region or from outside of the region.

The *Newberg Economic Development Strategy* identified key traded-sector industries to target for growth in Newberg. The industries below build from those potential growth industries, re-organizing them slightly and adding examples of each type of industry. These industries are the types of industries that Newberg’s *Economic Development Strategy* calls for growth of, with examples of the specific types of businesses that may locate in Newberg, though not intended to be an all-inclusive list. While the EOA focuses on these potential target industries, the target

industries are illustrative of the types of industries that may locate in Newberg and are not meant to exclude growth of businesses in other industries. Other traded-sector industries and local-serving industries may grow in Newberg over the planning period.

- **Advanced and General Manufacturing.** Examples of businesses in this industry may include: dental and medical equipment, machine shops, and storage, logistics, and distribution.
- **Technology and High-Tech Manufacturing.** Examples of businesses in this industry may include: electronics and software, semiconductors, and health or medical information.
- **Food/Beverage Processing and Agricultural Products.** Examples of businesses in this industry may include: farming and value-add food manufacturing.
- **Forestry and Wood Products.** Examples of businesses in this industry may include: forest management; lumber and logs; and mass plywood panel or cross-laminated timber production.
- **Aviation related industries.** Examples of businesses in this industry may include: specialty aircraft equipment; air travel and tourism; and parts machining and repair.

Site Needs for Potential Growth Industries

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), does state that “[I]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the City “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by: (1) plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, Newberg groups its future industrial employment uses into categories based on potential growth industries defined in the previous section. These potential growth industries align with relevant industries identified in the Industrial Development Competitiveness Matrix developed by Business Oregon (Exhibit 14).⁴² The relevant Business Oregon industries are listed in the columns of the table, and Newberg’s potential growth industries are listed in the rows of the table.

⁴² Note that the Business Oregon Industrial Development Competitiveness Matrix (2015) includes more industries than those listed in the columns in Exhibit 14.

Exhibit 14. Comparison of Newberg’s Potential Growth Industries (2019) and Industries Shown in the Business Oregon Industrial Development Competitiveness Matrix (2015)

| Industry | High Tech | Food Proc. | Adv. Mfg. | Gen. Mfg. | Ind. Bus. Park | Reg. Warehouse | Local Warehouse | Specialized |
|---|-----------|------------|-----------|-----------|----------------|----------------|-----------------|-------------|
| Advanced+ General Manufacturing | ✓ | | ✓ | ✓ | ✓ | | | ✓ |
| Food/Beverage Processing + Agriculture Products | | ✓ | ✓ | | | | ✓ | |
| Forestry + Wood Products | | | ✓ | ✓ | ✓ | | ✓ | |
| Tech + High Tech Manuf. | ✓ | | ✓ | | ✓ | | | ✓ |
| Aviation related industries | | | ✓ | ✓ | ✓ | | | ✓ |

Source: Business Oregon, Infrastructure Finance Authority, “Industrial Development Competitiveness Matrix” (2015); Newberg Economic Development Strategy (2019).

The primary purpose of Business Oregon’s Industrial Development Competitiveness Matrix is to define typical characteristics and general requirements of sites for traded-sector industries. Exhibit 14 aligns the industries described in the matrix with Newberg’s potential growth industries, and Exhibit 15 matches the characteristics of sites from the matrix with those potential growth industries. Site characteristics relevant to this analysis include site size, slope, railroad access, highway access, and special utility needs. The Business Oregon matrix defines competitive acreage as “acreage that would meet the site selection requirements of the majority of industries in this sector.”⁴³

⁴³ Business Oregon, Infrastructure Finance Authority, “Industrial Development Competitiveness Matrix” (2015)

Exhibit 15. Site Characteristics for Newberg’s Potential Growth Industries

Based on matching industries listed in the Business Oregon Industrial Development Competitiveness Matrix

| Site Characteristics | Advanced+ General Manufacturing | Food/Beverage Processing + Agriculture Products | Forestry + Wood Products | Tech + High Tech Manuf. | Aviation related industries |
|------------------------------------|--|---|-------------------------------------|---|-------------------------------------|
| Site Size (Competitive acres) | 5-25+ | 5-25+ | 5-25+ | 5-100+ | 5-25+ |
| Slope | 0 to 7% | 0 to 5% | 0 to 7% | 0 to 5% | 0 to 7% |
| Railroad Access | Preferred | Preferred | Preferred | Preferred | <i>Depends on specific industry</i> |
| Highway Access (mi. to interstate) | within 20 | within 30 | within 5-20 | within 60 | within 20 (or n/a) |
| Special Utility Needs | Electricity redundancy dependency; Higher demand for electricity, gas, and telecom | High pressure water dependency | <i>Depends on specific industry</i> | High pressure water dependency; Very high utility demands | <i>Depends on specific industry</i> |

Source: Business Oregon, Infrastructure Finance Authority, “Industrial Development Competitiveness Matrix” (2015); Newberg Economic Development Strategy (2019).

Note: Items identified as “preferred” are those that increase the feasibility of the subject property and its future reuse. Items identified as “required” are factors seen as mandatory in the vast majority of cases and have become industry standards.

Demand for Industrial Land

The potential growth industries shown above are all traded-sector industries, most of which generally locate on industrial land. Newberg has a modest supply of vacant and potential infill industrial land, with only 51 unconstrained vacant or potential infill acres in the buildable lands inventory (Exhibit 25 and Exhibit 26). Newberg has one vacant industrial site larger than 10 acres, with the majority of vacant industrial land on sites smaller than five acres.

Exhibit 15 shows that Newberg’s potential growth industries generally need land on sites between five and 25 acres, with some potential demand for sites up to 100 acres. Given that Newberg does not currently have the land base to support the site needs required for growth of the potential growth industries, this analysis examines the developed land base for other cities within the mid-Willamette Valley to better understand the typical characteristics of sites with

industrial development.⁴⁴ This section concludes with a forecast of industrial land demand based on the average characteristics of developed sites in the sample cities.

Characteristics of developed sites with industrial site employment in the mid-Willamette Valley

This analysis examined the site size and existing employment for the cities of Albany, Corvallis, McMinnville, Newberg, Salem, and Woodburn.⁴⁵ We selected these cities for the following reasons:

- They are located within the Mid-Willamette Valley, between Corvallis and the southern part of the Portland area. Cities within the southern part of Portland area were considered in this analysis but were excluded because their planning framework, within the Metro Urban Growth Boundary (UGB), is substantially different from Newberg’s planning framework. In addition, cities in the Portland Metro UGB are closely tied to the Portland region’s economy.
- They have populations greater than 20,000, which means that they are likely to have a substantial employment base.
- They have substantial industrial employment or policies to develop industrial employment of the type that Newberg aspires to. These types of industrial employment generally have at least average wages (and often higher than average wages) and provide opportunities for people to live and work in the same city, which is a concern for Newberg.⁴⁶
- We determined that cities in the Portland Metro UGB should not be included in this analysis, as they are closely tied to the Portland region’s economy. These types of industrial employment generally have at least average wages (and often higher than

⁴⁴ SECOR provided an example of a project inquiry they regularly receive through Business Oregon’s recruitment and development team (about 1-2 inquiries per month):

CAPEX: \$100-200M

Jobs: 100-200

Site: 20-40 acres with potential for up to 75 acres (they are working to narrow this range as they evaluate configurations)

Power: 200-300MW constant pull

Water: 1,000,000 kg/day

Site selection timeline: Decision in Q2 2021

Operational timeline: Facility start in 2023 and minimum 20 year operational lifespan with likely extension of additional 10-30 years

⁴⁵ Information for Salem is for the portion of Salem city limits within the Salem-Keizer UGB.

⁴⁶ The one city of 20,000 or more people between Corvallis and the southern edge of the Portland area that was excluded from this analysis is Keizer. The reason for exclusion is that Keizer does not have substantial industrial employment (fewer than 570 employees or 7% of employment in Keizer), in part as a result of re-zoning their industrial land to commercial uses. We conclude that Keizer’s land base, in terms of providing opportunities for industrial development, is significantly different from either other cities in this analysis or the type of development that Newberg aspires to.

average wages) and provide opportunities for people to live and work in the same city, which is a concern for Newberg. While the size of these cities (in terms of population) varies substantially, the size of the city is less relevant than the city’s industrial landbase and economic development aspirations.

The analysis in Exhibit 16 through Exhibit 19 is based on the following information and assumptions:

- **Site location.** We selected lots within each city’s UGB (or city limits for Salem) that are not located in rights of way and had industrial employment on the lot (Exhibit 16).
- **Industrial employment.** We selected sites with industrial employment based on 2018 covered employment data from the Oregon Employment Department’s Quarterly Census of Employment and Wages (Exhibit 17). Since some sites have a mix of types of employment on one parcel (e.g., industrial and commercial), we only included sites where the majority of employment was industrial (75% or more).
- **Site size.** We categorized sites for this analysis into the following site sizes: smaller than 5 acres, 5-25 acres, 25-50 acres, and 50+ acres and calculated the average site size within each category (Exhibit 18). These size categories align with those used in the Business Oregon Industrial Development Competitive Matrix (Exhibit 14).
- Exhibit 19 Provides a summary of the analysis for the selected cities. We used these characteristics to inform the number of needed sites for industrial land in Newberg

Exhibit 16. Number of Sites with Industrial Employment by Site Size in Selected Cities within the Mid-Willamette Valley Region.

Analysis based on averages of industrial employment at sites in the following cities: Albany, Corvallis, McMinnville, Newberg, Salem, and Woodburn

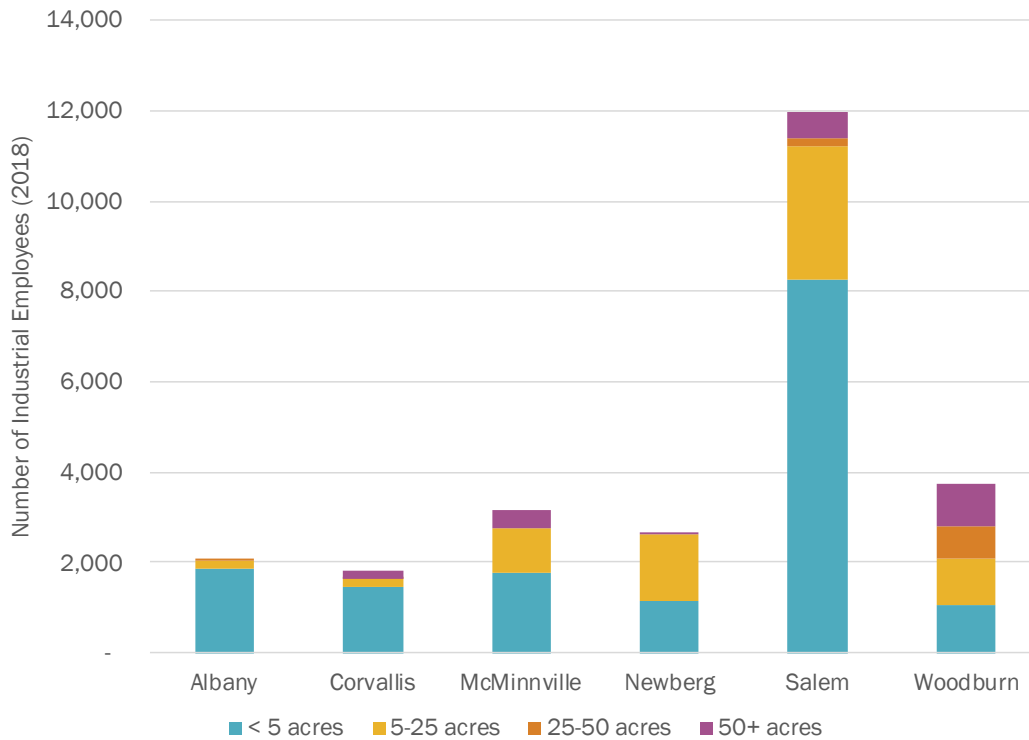
| City | Site Size (acres) | | | |
|--------------|-------------------|------------|-------------|-----------|
| | < 5 acres | 5-25 acres | 25-50 acres | 50+ acres |
| Albany | 205 | 6 | 1 | |
| Corvallis | 131 | 6 | 2 | 3 |
| McMinnville | 147 | 13 | | 1 |
| Newberg | 113 | 7 | | 1 |
| Salem* | 628 | 33 | 4 | 2 |
| Woodburn | 106 | 11 | 3 | 2 |
| Total | 1,330 | 76 | 10 | 9 |

*City limits only

Source: Oregon Employment Department’s Quarterly Census of Employment and Wages; County and City-level parcel data sets; Analysis by ECONorthwest

Exhibit 17. Industrial Employees by Site Size in Selected Cities within the Mid-Willamette Valley Region

Analysis based on averages of industrial employment at sites in the following cities: Albany, Corvallis, McMinnville, Newberg, Salem, and Woodburn



Source: Oregon Employment Department’s Quarterly Census of Employment and Wages; County and City-level parcel data sets; Analysis by ECONorthwest

Exhibit 18. Average Site Size (in Acres) by Site Size in Selected Cities within the Mid-Willamette Valley Region

Analysis based on averages of industrial employment at sites in the following cities: Albany, Corvallis, McMinnville, Newberg, Salem, and Woodburn

| City | Site Size (acres) | | | |
|----------------|-------------------|------------|-------------|-------------|
| | < 5 acres | 5-25 acres | 25-50 acres | 50+ acres |
| Albany | 0.7 | 7.5 | 29.9 | |
| Corvallis | 1.0 | 9.1 | 38.3 | 123.0 |
| McMinnville | 0.8 | 8.5 | | 82.5 |
| Newberg | 0.6 | 7.9 | | 145.2 |
| Salem* | 0.7 | 9.8 | 34.8 | 58.1 |
| Woodburn | 0.8 | 10.3 | 33.0 | 78.2 |
| Average | 0.7 | 9.2 | 34.5 | 96.6 |

*City limits only

Source: Oregon Employment Department’s Quarterly Census of Employment and Wages; County and City-level parcel data sets; Analysis by ECONorthwest

Exhibit 19. Characteristics of Industrial Sites and Employment by Site Size for Selected Cities within the Mid-Willamette Valley Region

Analysis based on averages of industrial employment at sites in the following cities:
Albany, Corvallis, McMinnville, Newberg, Salem, and Woodburn

| Characteristic | Site Size (acres) | | | |
|---|-------------------|------------|-------------|-----------|
| | < 5 acres | 5-25 acres | 25-50 acres | 50+ acres |
| Land with industrial employment | | | | |
| Acres of land | 979 | 703 | 345 | 869 |
| Number of sites | 1,330 | 76 | 10 | 9 |
| Average site size (acres) | 0.7 | 9.2 | 34.5 | 96.6 |
| Existing covered employment on industrial land | | | | |
| Employees | 15,536 | 6,821 | 975 | 2,021 |
| Percent of employment by site size | 61% | 27% | 4% | 8% |
| Average employees per site | 12 | 90 | 98 | 225 |

Source: Oregon Employment Department's Quarterly Census of Employment and Wages; County and City-level parcel data sets; Analysis by ECONorthwest

Forecast of demand for industrial land in Newberg

Exhibit 9 shows that Newberg will have an increase of 2,407 employees on industrial land between 2021 and 2041. The potential growth industries defined above will generally need sites between 5 and 25 acres, and some will need larger or smaller sites. Our calculation of demand for industrial land accounts for specific site considerations for potential growth industries for industrial uses.

First, we reviewed the mix of industrial sites, and industrial employment⁴⁷ on these sites, in the Willamette Valley region in cities comparable to Newberg, summarized in Exhibit 19. Exhibit 20 shows the key assumption resulting from the analysis of regional averages for industrial employment and site size.

Exhibit 20. Regional Industrial Employment and Site Size

Analysis based on averages of industrial employment at sites in the following cities:
Albany, Corvallis, McMinnville, Newberg, Salem, and Woodburn

| | Site Size (acres) | | | |
|---|-------------------|------------|-------------|-------------|
| | Less than 5 acres | 5-25 acres | 25-50 acres | 50 and more |
| Percent of Existing Employment | 61% | 27% | 4% | 8% |
| Number of Industrial Employees per Site | 12 | 90 | 98 | 225 |
| Average Site Size (Acres) | 0.7 | 9.2 | 34.5 | 96.6 |

Source: Oregon Employment Department's Quarterly Census of Employment and Wages; County and City-level parcel data sets; Analysis by ECONorthwest

⁴⁷ Industrial employment includes employment in the following sectors: Manufacturing, Construction, Utilities, Wholesale Trade, Transportation and Warehousing, and Agricultural and Forestry Services.

Using the information presented in Exhibit 20, we estimate the industrial land need for Newberg industrial employment between 2021 and 2041. Exhibit 21 shows the results of this analysis.

- **Employment by site size.** This assumption starts with the forecast of 2,407 industrial employees on industrial land. It uses the “percent of existing employment” in Exhibit 20 to estimate how much employment will be in each site size category. For example, 27% of industrial employment in the regional analysis (Exhibit 19) was on sites of 5 to 25 acres. In Exhibit 21, we assume that 27% of the 2,407 new industrial employees (650 employees) will be located on sites of 5 to 25 acres.
- **New sites needed.** This assumption starts with the average number of employees per site in Exhibit 19 and divides the number of employees in Newberg by that site size. For example, on sites of 5 to 25 acres, the regional analysis in Exhibit 19 shows that there were 90 employees per site. This analysis divides the number of new industrial employees (650) by the average number of employees per site (90) to show a need for 7 new sites needed.
- **New land needed.** This assumption starts with the average size of sites in the regional analysis in Exhibit 19 and multiplies the number of needed sites by that size. For example, the average size of sites 5 to 25 acres was 9.2 acres in Exhibit 19. Newberg needs 7 sites in this size group, resulting in need for 64 acres of land at an average site size of 9.2 acres.

The result of this analysis is a need for 131 sites on about 277 acres to accommodate the 2,407 new employees.

Exhibit 21. Industrial Land Need, Newberg UGB, 2021-2041

*Analysis based on the averages of industrial employment.

| | Site Size (acres) | | | | Total |
|------------------------------------|-------------------|------------|-------------|-------------|-------|
| | Less than 5 acres | 5-25 acres | 25-50 acres | 50 and more | |
| New Employment by Site Size | | | | | |
| Percent of New Employment* | 61% | 27% | 4% | 8% | 100% |
| Number of New Industrial Employees | 1,468 | 650 | 96 | 193 | 2,407 |
| New Sites Needed | | | | | |
| Employees per Site* | 12 | 90 | 98 | 225 | |
| New Sites Needed in Newberg | 122 | 7 | 1 | 1 | 131 |
| New Land Needed | | | | | |
| Average Site Size* | 0.7 | 9.2 | 34.5 | 96.6 | |
| Acres of Land in Newberg (Acres) | 85 | 64 | 35 | 97 | 281 |

Source: Oregon Employment Department’s Quarterly Census of Employment and Wages; County and City-level parcel data sets; Analysis by ECONorthwest

Characteristics of Sites for Potential Growth Industries

This section builds on the discussion of site needs from Exhibit 15. Exhibit 21 shows that Newberg will need 9 sites larger than 5 acres for potential growth industries. The Goal 9 Administrative Rule (OAR 660-009) requires the City to identify the “site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies.” (OAR 660-009-0020(1); -0025(1)). The Administrative Rule defines site characteristics as follows in OAR 660-009-0005(11):

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

Newberg has identified the following types of manufacturing target and traded-sector industries: advanced and general manufacturing; technology and high-tech manufacturing; food/beverage processing and agricultural products; forestry and wood products; and aviation related industries.

The following summarizes a range of the site characteristics Newberg should seek when identifying the sites that will address its employment land deficit, in terms of the Oregon Court of Appeals’ opinion in *Friends of Yamhill County v. City of Newberg*, 62 Or LUBA 5 (2010), *aff’d* 240 Or App 738 (2011).

- **Site size / minimum acreage.** Sites for manufacturing and trade-sector firms range in size from 5 acres up to more than 100 acres for large-scale industrial firms. Business Oregon, the State of Oregon’s economic development agency, has studied the site needs of these industries and determined that competitively sites for most of Newberg’s potential growth industries are 5 to 25 acres in size (Exhibit 15). Competitive sites for technology and high-tech manufacturing require 5 to 100 acre sites.

For the operations of a manufacturing firm to be successful, its site needs to be large enough to accommodate the needed built space, as well as to accommodate storage. In addition, the site needs to be large enough to accommodate not only the general industrial uses, but also parking, on-site circulation, connections to public transportation, landscaping, rail connections, and other access to the transportation network.

There is ample evidence that businesses have relocated or expanded outside of Newberg because they were unable to find sites big enough to support the successful operation within Newberg. Examples of such firms include Polymax, NW Alpine, Halstead Cabinets, Advance Machinery, and Aviatrix. A number of these firms searched for expansion sites within Newberg and only moved or expanded to sites outside of Newberg after they were unable to find a suitable, big enough site within Newberg.

- **Land ownership.** Sites with two or fewer owners are necessary to reduce the cost and uncertainty of land assembly. Developing an industrial building on a site on two or more tax lots requires negotiating land assembly. Land assembly is difficult and often costly for a number of reasons. People own land for a variety of reasons, such as the desire to develop the land, keep the land undeveloped, or sell the land for a profit. Getting landowners to sell land can be difficult, especially if the ownership is legally disputed, as is the case with some inheritances. If a landowner is a willing seller, they may have an unrealistic expectation of their land's value, in the context of comparable land values. In addition, one parcel of land may have multiple owners, compounding the issues described above.

Developers attempting land assembly often have difficulty assembling a site at a cost that makes development economically viable. When assembling land, developers often find that owners of key sites are not willing sellers, have unrealistic expectations of the value of their land, or cannot get agreement among multiple owners to sell the land. As a result, developers of industrial buildings typically choose to develop sites with one or two owners.

Sites should be available for private market sale or be in the ownership of the developer. Sites in public ownership that can only be leased, not sold to private owners, are not considered suitable. Businesses or developers typically own the land they build on.

- **Proximity / access to a major automotive route.** Manufacturers seek sites that are located on arterial or major collector streets with good access to a state highway (or equivalent). Manufacturers reject sites that would force their industrial traffic to be routed through residential neighborhoods.

Business Oregon has determined that manufacturing and industrial firms need to be located relatively close to an interstate highway or principle arterial road, with varying minimum proximity requirements depending upon the specific type of manufacturer, generally not exceeding 20 miles (Exhibit 15). Local experts indicate that close proximity to a freight route is typical for local manufacturers. Effective industrial operations rely on close proximity to an arterial or collector street to avoid conflicts with the community / residential areas by minimizing the amount of traffic on local streets and freight traffic in residential neighborhoods. More direct access to freight routes also improves the industry's mobility for efficient long distance travel.

- **Topography / no or little slope.** Newberg considers a slope exceeding 7% to be a development constraint for purposes of identifying possible land for industrial employment. Business Oregon has determined all of sectors on Newberg's list of potential growth industries select sites with a slope of 7% or less (Exhibit 15). Newberg has indicated that "no more than a 7% slope" would be an important site characteristic, if not treated as an actual development constraint, because the successful operation of industrial buildings requires level floorplates to reduce costs and offer maximum flexibility, as well as level areas to provide for freight access and pedestrian walkways that meet ADA standards. The real estate development literature describes the increases

in development costs and other difficulties associated with industrial development on a sloped site.⁴⁸

- **Floodplains, geologic hazard areas, and stream corridors.** Newberg’s buildable land identifies areas in the floodway, in the floodplain, with geologic hazards, and areas within the Newberg Stream Corridor Overlay as unbuildable.⁴⁹ Sites for new businesses should also consider areas with these constraints as unbuildable, as well.
- **Compatible surrounding land uses.** Manufactures reject sites located in areas where a manufacturing operation will be incompatible with surrounding uses (established or planned). OAR 660-009-0025(6) recognizes that compatibility is an important factor when locating new employment land. It strongly encourages cities to manage the encroachment and intrusion of incompatible uses with employment uses. Industrial buildings used for manufacturing are generally compatible with other industrial uses, commercial uses, and some public uses. Industrial uses may be compatible with agricultural uses, provided that the industrial use does not encroach on the agricultural uses. Industrial uses are able to operate efficiently where they are not in conflicts with adjacent land uses that could disrupt industrial business activity. Noise or odors from the manufacturing process and/or traffic from employees and/or shipping can cause conflicts with nearby residential uses. This could result in requiring a manufacturer to make changes that negatively impact its operations. For this reason, manufacturing firms require a location that does not present incompatibility concerns.

⁴⁸ Peiser, Richard B. “Professional Real Estate Development: The ULI Guide to the Business,” Urban Land Institute, 1992.

⁴⁹ Geologic hazards include data from Oregon DOGAMI on landslide susceptibility (“high” or “very high” classifications) and landslide hazards in the SLIDO database. Chapter 15.342 of the Newberg Development Code defines the Newberg Stream Corridor Overlay Subdistrict as a Goal 5 resource intended to “...protect, conserve, enhance, and maintain the Willamette River Greenway.”

4. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Newberg UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This chapter presents results of the commercial and industrial buildable lands inventory for the Newberg UGB. The results are based on analyses of Yamhill County and State of Oregon GIS data by ECONorthwest and reviewed by City staff. The remainder of this chapter summarizes key findings of the buildable lands inventory.

The general steps in the buildable lands inventory are:

1. Generate UGB “land base”
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

The next section provides a summary of the definitions used to develop the BLI, followed by the results of the commercial and industrial buildable lands inventory for the Newberg UGB in both tabular and map formats. **Appendix B presents the detailed methodology used for developing the inventory.**

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database from the Yamhill County Assessor/Tax Collector Department. Maps produced for the buildable lands inventory used a combination of GIS data, adopted maps, and visual verification to verify the accuracy of County data. The tax lot database was current as of July 2020. The inventory assigns only one land classification (e.g., vacant, potential infill, developed, public, or undevelopable) for each tax lot. The land classifications for consideration of buildable land result in identification of lands that are vacant or potential infill.

The inventory builds from the database to estimate buildable land per commercial and industrial plan designations. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots that have no structures or have buildings with very little value. For the purpose of this inventory, we reviewed all lands with no (\$0) improvement value as having potential to be considered vacant (not including lands that are identified as

having mobile homes).⁵⁰ Note that this definition is considerably more inclusive than what is required by OAR 660-009-0005(14). It includes all lots or parcels that are less than one half-acre and did not automatically classify lots between 0.5 and 5.0 acres as developed if they had pre-existing development. Lots in that category were visually inspected to make a determination of whether they should be classified as developed or vacant.

- *Potential infill land.*⁵¹ Tax lots on which development has already occurred or has existing structures but could accommodate additional employment uses or more intensive uses during the planning period.⁵²

Potential infill land is a subset of developed land that was identified using size thresholds, aerial imagery verification, and local context. The verification process also determined which portions of the tax lot are available for infill development. For the purpose of the BLI, “potential infill” land corresponds with the definition of “developed land” as stated in OAR 660-009-0005(1) as described in Exhibit 59 in Appendix B.

- *Developed land.* Tax lots that are developed at densities consistent with current zoning/plan designation and improvements that make it unlikely to redevelop during the analysis period. Tax lots not classified as vacant, potential infill, public, or undevelopable are considered developed.⁵³ Note that OAR 660-009-0005(1) uses the following definition: (1) “Developed Land” means non-vacant land that is likely to be redeveloped during the planning period. This study defines developed land as developed and defines land “likely to be redeveloped” as potentially redevelopable. Thus, the definition of developed land used for the BLI is different (e.g., more inclusive) than the definition in the administrative rule.

For purposes of the Newberg BLI, developed land is considered committed during the 20-year period and unavailable for redevelopment; however, redevelopment potential on some land classified as developed is discussed in more detail later in this chapter.

- *Public or exempt land.* Tax lots on commercial or industrial plan designations that are in public ownership are mostly considered unavailable for private employment uses. This includes lands in Federal, State, County, City, or other public ownership. Public lands

⁵⁰ Note that this definition is more inclusive than what statewide planning policy requires. OAR 660-009-0005(14) provides the following definition: “Vacant Land” means a lot or parcel: (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements. The implication of using a more inclusive definition are that more land was considered available in the inventory than would be if the state definitions were used.

⁵¹ Previous materials used the term “partially vacant” for this land classification. While “partially vacant” is clearer for communication with the advisory committees and public, the classification “infill” more accurately fits the definition of a subset of “developed land” described in OAR 660-009-0005.

⁵² This definition is based on the definition in OAR 660-009-0005(1).

⁵³ Note that OAR 660-009-0005(1) uses the following definition: (1) “Developed Land” means non-vacant land that is likely to be redeveloped during the planning period. This study defines developed land as developed and defines land “likely to be redeveloped” as potentially redevelopable.

are identified using the Yamhill County Assessment property tax exemption codes and verified by reviewing ownership.

- *Undevelopable land.* Tax lots that are too small to practically have an employment use (less than 3,000 square feet), buildable areas of a tax lots (after removing constraints) that are less than 3,000 square feet, or inaccessible tax lots.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted portions of commercial and industrial tax lots that fall within certain constraints from the vacant and potential infill lands (e.g., wetlands and steep slopes). We used categories consistent with OAR 660-009-0005(2):

- *Lands within floodplains and floodways.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains.
- *Land within natural resource protection areas.* The National Wetlands Inventory was used to identify areas within wetlands, and stream data from the City of Newberg was used to identify areas within the stream corridor.
- *Land within landslide hazards.* The DOGAMI SLIDO database and landslide susceptibility data sets were used to identify lands with landside hazards. ECONorthwest included lands with “very high” or “high” susceptibility to landsides in the constrained area.
- *Land with slopes over 15%.* Lands with slopes over 15% are considered unsuitable for commercial or industrial development.

After deducting constraints, vacant and potential infill lands that have remaining development capacity are classified as “buildable lands.”

Land Base

Exhibit 22 summarizes all land included in the employment land base (e.g., lands with plan designations that allow employment) in the Newberg UGB. ECONorthwest used this land base in the buildable lands analysis for Newberg. The land base includes the commercial and industrial plan designations within the Newberg UGB (as listed in Appendix B). Included in these areas are plan designations in Newberg’s master plan and specific plan districts – Springbrook Oaks, Springbrook District, and the Riverfront District. Of these areas, the Springbrook District provides specific information about the types of uses in each plan designation. The next section provides further discussion of this area.

According to 2020 data, within Newberg’s UGB there are about 917 acres in 767 tax lots in commercial, mixed-use, and industrial plan designations, and about 54 acres in 2 tax lots in employment plan designations in the airport.

Exhibit 22. Commercial and Industrial Acres in Newberg UGB, 2020

| Plan Designation | Number of Taxlots | Total Taxlot Acreage | Percent (Total Acreage) |
|--|-------------------|----------------------|-------------------------|
| Commercial | 353 | 266 | 27% |
| Commercial | 338 | 163 | 17% |
| Riverfront District Commercial | 5 | 7 | 1% |
| Specific Plan Commercial | 5 | 9 | 1% |
| Public Quasi-Public (Hospital Site) | 1 | 41 | 4% |
| Springbrook District - Hospitality | 3 | 35 | 4% |
| Springbrook District - Neighborhood Commercial | 1 | 11 | 1% |
| Mixed Use | 242 | 217 | 22% |
| Mixed Use | 63 | 83 | 9% |
| Riverfront District Mixed Use | 12 | 22 | 2% |
| Specific Plan Mixed Use | 161 | 78 | 8% |
| Springbrook District - Village | 6 | 34 | 4% |
| Industrial | 172 | 434 | 45% |
| Industrial | 161 | 246 | 25% |
| Riverfront District Industrial | 5 | 108 | 11% |
| Specific Plan Industrial | 3 | 53 | 5% |
| Springbrook District - Employment | 3 | 27 | 3% |
| Other - Airpark | 2 | 54 | 6% |
| Industrial | 1 | 12 | 1% |
| Public Quasi-Public | 1 | 42 | 4% |
| Total | 769 | 971 | 100% |

Source: ECONorthwest analysis of data from Yamhill County; City of Newberg.

Development Status

Exhibit 23 shows commercial and industrial land in Newberg by development status.⁵⁴ Of the 917 commercial and industrial acres in the Newberg UGB, about 669 acres (73%) are in classifications with no development capacity (or, “committed acres”). Of the remaining 248 acres, 97 acres (11%) are constrained and 130 acres (14%) are buildable land with development capacity.

The 34 total acres in the Springbrook District Village that is reported in Exhibit 23 includes all land in this plan designation. The Springbrook Master Plan divides this area into both residential and commercial uses. The HNA assumes capacity for 265 housing units, as defined in the master plan. The master plan also states that “retail is also anticipated to occur in the Village and may represent up to 35% of that area” (pg. 37). This assumption results in about 12 acres of buildable land for commercial use, as shown in Exhibit 23.

Exhibit 23. Commercial and Industrial Acres by Classification and Plan Designation, Newberg UGB, 2020

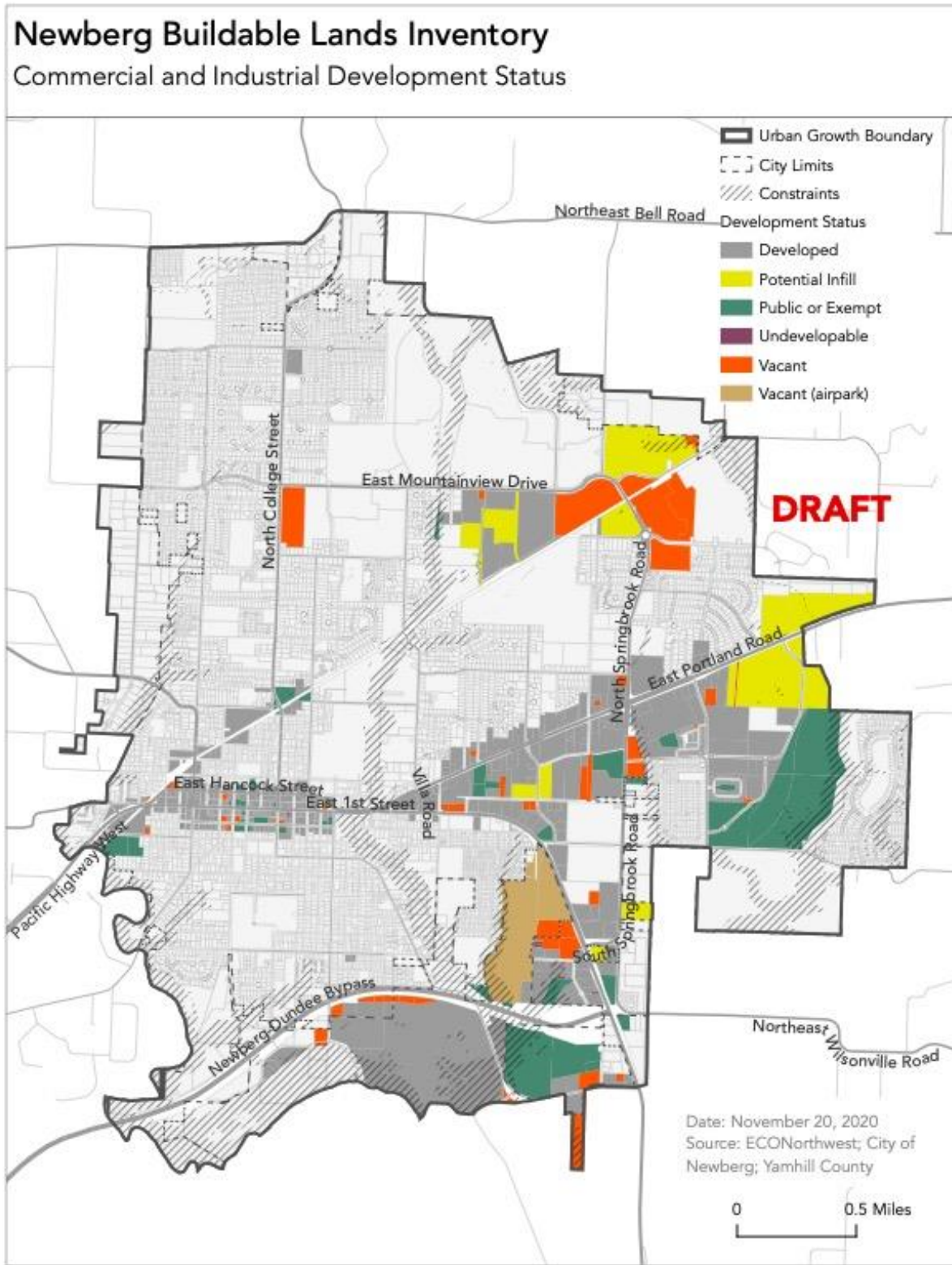
| Plan Designation | Total Acres | Committed Acres | Constrained Acres | Buildable Acres |
|--|-------------|-----------------|-------------------|-----------------|
| Commercial | 266 | 201 | 12 | 53 |
| Commercial | 163 | 146 | 2 | 15 |
| Riverfront District Commercial | 7 | 4 | 2 | 1 |
| Specific Plan Commercial | 9 | 3 | 2 | 4 |
| Public Quasi-Public (Hospital Site) | 41 | 32 | 1 | 8 |
| Springbrook District - Hospitality | 35 | 16 | 5 | 14 |
| Springbrook District - Neighborhood Commercial | 11 | - | - | 11 |
| Mixed Use | 217 | 169 | 1 | 25 |
| Mixed Use | 83 | 73 | - | 10 |
| Riverfront District Mixed Use | 22 | 19 | - | 3 |
| Specific Plan Mixed Use | 78 | 77 | 1 | - |
| Springbrook District - Village* | 34 | - | - | 12 |
| Industrial | 434 | 299 | 84 | 52 |
| Industrial | 246 | 194 | 25 | 27 |
| Riverfront District Industrial | 108 | 64 | 41 | 3 |
| Specific Plan Industrial | 53 | 35 | 18 | - |
| Springbrook District - Employment | 27 | 6 | - | 22 |
| Total | 917 | 669 | 97 | 130 |

Source: ECONorthwest analysis of data from Yamhill County; City of Newberg.

*Note: Buildable acres in the Springbrook District Village plan designation reflect the assumptions for commercial land included in the Springbrook Master Plan (2008) on page 37.

⁵⁴ The tax lots that make up the Airpark are discussed separately later in this chapter. The acres in this area are excluded from the remainder of the tables in the BLI results.

Exhibit 24. Commercial and Industrial Land by Classification with Development Constraints, Newberg UGB, 2020



Vacant Buildable Land

The next step in the commercial and industrial buildable land inventory was to net out portions of vacant tax lots that are unsuitable for development. Areas unsuitable for development fall into three categories: (1) developed areas of potential infill⁵⁵ tax lots, (2) areas with service constraints, (3) areas with physical constraints (areas with wetlands, floodways, riparian setback areas and steep slopes, shown in Exhibit 61).

Exhibit 25 shows unconstrained buildable acres for vacant and potential infill land by plan designation. The results show that Newberg has about 130 net buildable acres in commercial and industrial plan designations. Of this, 60% (78 acres) is in commercial or mixed-use designations and 40% (52 acres) is in industrial designations.

Exhibit 25. Employment Land with Unconstrained Development Capacity (Vacant, and Potential infill) by Plan Designation, Newberg UGB, 2020

| Plan Designation | Total Buildable Acres | Buildable Acres on Vacant Lots | Buildable Acres on Potential Infill Lots |
|--|-----------------------|--------------------------------|--|
| Commercial | 54 | 26 | 28 |
| Commercial | 16 | 6 | 10 |
| Riverfront District Commercial | 1 | 1 | - |
| Specific Plan Commercial | 4 | 4 | - |
| Public Quasi-Public (Hospital Site) | 8 | - | 8 |
| Springbrook District - Hospitality | 14 | 4 | 10 |
| Springbrook District - Neighborhood Commercial | 11 | 11 | - |
| Mixed Use | 24 | 20 | 4 |
| Mixed Use | 10 | 6 | 4 |
| Riverfront District Mixed Use | 2 | 2 | - |
| Specific Plan Mixed Use | - | - | - |
| Springbrook District - Village* | 12 | 12 | - |
| Industrial | 52 | 42 | 10 |
| Industrial | 27 | 20 | 7 |
| Riverfront District Industrial | 3 | 3 | - |
| Springbrook District - Employment | 22 | 19 | 3 |
| Total | 130 | 88 | 42 |

Source: ECONorthwest analysis of data from Yamhill County; City of Newberg.

*Note: Buildable acres in the Springbrook District Village plan designation reflect the assumptions for commercial land included in the Springbrook Master Plan (2008) on page 37.

⁵⁵ Previous materials used the term “partially vacant” for this land classification. While “partially vacant” is clearer for communication with the advisory committees and public, the classification “infill” more accurately fits the definition of a subset of “developed land” described in OAR 660-009-0005.

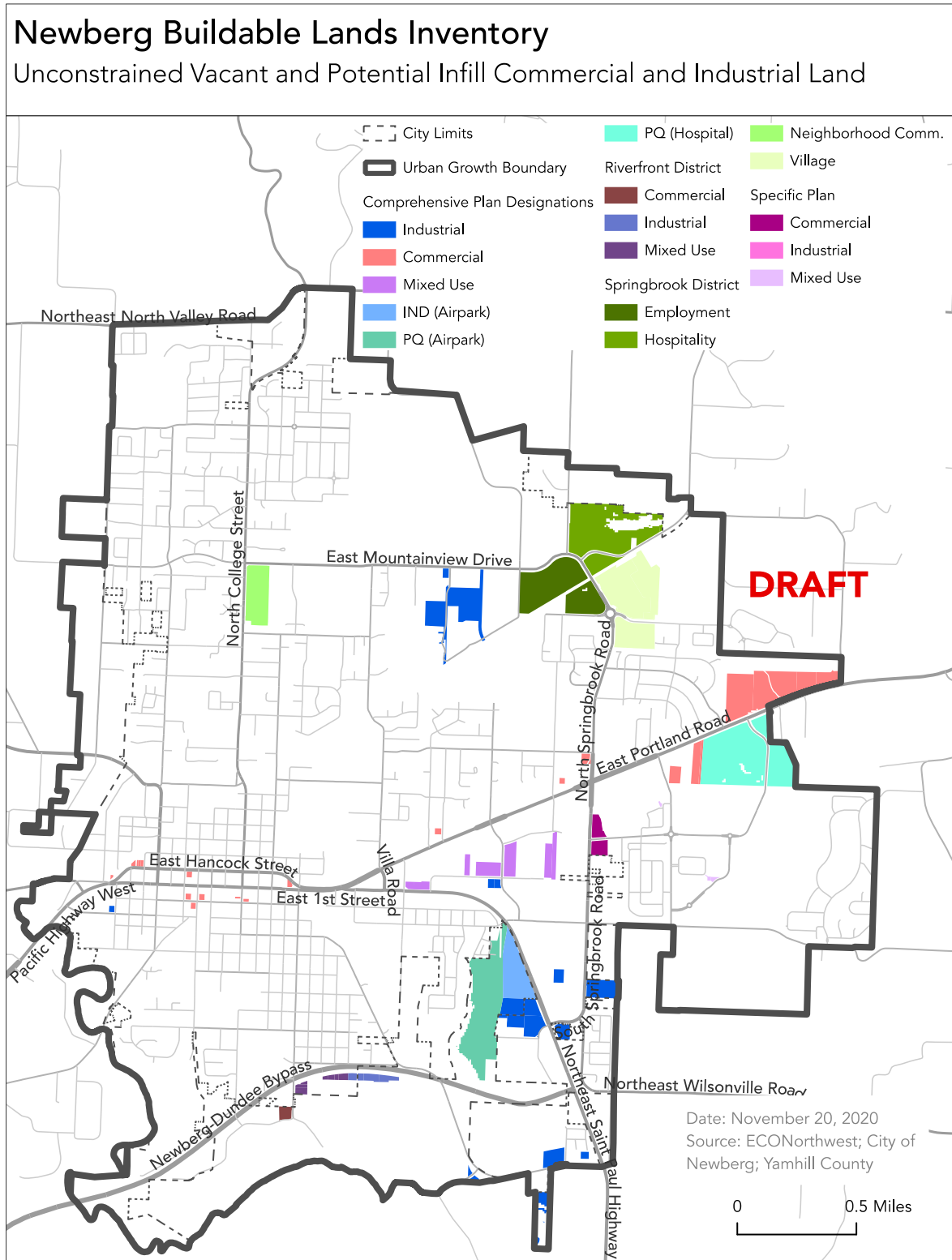
Exhibit 26 shows the size of lots by plan designations for buildable employment land. Newberg has 33 lots that are smaller than 0.5 acres (with 8 acres of land); 21 lots between 0.5 and 2 acres (24 acres of land); 14 lots between 2 and 5 acres in size (38 acres of land); 3 lots between 5 and 10 acres in size (8 acres of land); and 4 lots between 10 and 25 acres in size (52 acres of land).

Exhibit 26. Lot size by plan designation, buildable acres, Newberg UGB, 2020

| | Buildable Acre Category | | | | | | Total |
|--|-------------------------|------------------|-------------|-------------|-----------------|------------------|------------|
| | less than 0.5 acre | 0.5 - 1 acres | 1 - 2 acres | 2 - 5 acres | 5 - 10 acres | 10 - 25 acres | |
| <i>Buildable acres on taxlots</i> | | | | | | | |
| Commercial | 2 | 3 | 7 | 13 | 8 | 21 | 54 |
| Mixed Use | 3 | 1 | 6 | 2 | - | 12 | 24 |
| Industrial | 3 | 4 | 3 | 23 | - | 19 | 52 |
| Subtotal | 8 | 8 | 16 | 38 | 8 | 52 | 130 |
| <i>Number of taxlots with buildable acres</i> | | | | | | | |
| Commercial | 14 | 4 | 4 | 5 | 1 | 2 | 30 |
| Mixed Use | 12 | 2 | 4 | 1 | 2 | 1 | 22 |
| Industrial | 7 | 5 | 2 | 8 | | 1 | 23 |
| Subtotal | 33 | 11 | 10 | 14 | 3 | 4 | 75 |

Source: ECONorthwest analysis of data from Yamhill County; City of Newberg.

Exhibit 27. Buildable employment land by Plan Designation with development constraints, Newberg UGB, 2020



Potentially Redevelopable

For the purpose of this study, we define redevelopment in the context of the Goal 9 Administrative Rule. OAR 660-009-0005(1) defines developed land (redevelopment) as follows:

(1) "Developed Land" means non-vacant land that is likely to be redeveloped during the planning period.

The key components of this definition are “non-vacant” and “likely to be redeveloped.” Thus, any non-vacant land could be considered redevelopable, but only land that is “likely to be redeveloped” are required to be considered. Statewide planning statutes and administrative rules do not provide any guidance on how to determine what land is “likely to be redeveloped.”

This study identifies land with redevelopment potential as land on which development has already occurred but on which, due to present or expected market forces, there exists the potential that existing development will be converted to more intensive uses (providing additional employment capacity) during the planning period.

Redevelopment potential can be thought of as a continuum—from more redevelopment potential to less redevelopment potential. The factors that affect redevelopment are complicated and include location, surrounding uses, current use, land and improvement values and other factors. The estimate of redevelopment presented in Exhibit 28 considers redevelopment over the last several years, policies the city is implementing to support redevelopment, and an assessment of other redevelopment opportunities across the city.

In most cities, the amount and location of redevelopment is difficult to predict. In Newberg’s case, the city is currently in process of implementing the Riverfront Master Plan, which required an intensive planning effort, public process, and engagement of stakeholders. In the past six years, one commercial site has redeveloped in Newberg on about 1.9 acres. The identification of redevelopment potential is based on local knowledge of expected market forces and existing plans for redevelopment.

Exhibit 28 shows areas identified as having redevelopment potential in Newberg based on consideration of these factors. The redevelopment analysis summarized below provides an optimistic estimate of potential redevelopment, largely resulting from the City’s efforts to redevelop the WestRock Mill site, as evidenced by the on-going implementation of the Riverfront Master Plan

Newberg has 86 unconstrained acres of potentially redevelopable land, of which 20 acres are in commercial plan designations and 66 are in industrial plan designations.⁵⁶

⁵⁶ This analysis only considers tax lots that are developed in the BLI.

The largest potentially redevelopable site is the WestRock Mill site. The site was recently acquired by Commercial Development Company’s affiliate Newberg OR LLC. The entire site is about 130 total acres, of which 42 are constrained by floodplain, stream corridor, and steep slopes, and 5 acres are included in vacant buildable land. Of the remaining 83 acres classified as developed in the BLI, about 64 acres are in the Industrial Riverfront District plan designation and about 19 acres are in the Mixed Use Riverfront District plan designation.

Exhibit 28. Commercial and Industrial Areas with Redevelopment Potential, Newberg UGB, 2021-2041

| Plan Designation/Area | Number of Taxlots | Total Unconstrained Acreage |
|-----------------------------|-------------------|-----------------------------|
| Commercial/Mixed Use | 11 | 26 |
| Commercial | 5 | 5 |
| Mixed Use | 2 | 2 |
| WestRock Mill site (MIX/RD) | 4 | 19 |
| Industrial | 7 | 66 |
| Industrial | 1 | 1 |
| WestRock Mill site | 1 | 64 |
| West End Mill District | 5 | 1 |
| Total | 18 | 92 |

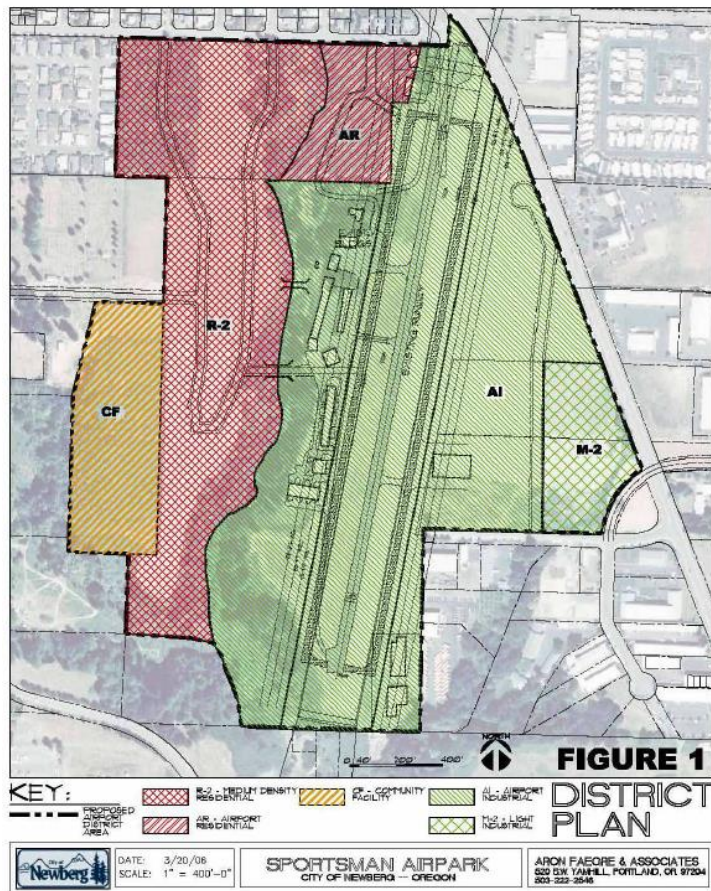
Source: City of Newberg; ECONorthwest analysis

Sportsman Airpark

Land at airports have more restrictions (from the FAA and the airport master plan) than typical commercial and industrial land in Newberg, these acres are not included in the calculation of unconstrained buildable land in the remainder of this Chapter.

The Sportsman Airpark, located in southeast Newberg and north of the Highway 18 Bypass, includes about 12 acres of industrial-designated land and 42 acres of public/quasi-public-designated land. Exhibit 20 shows the airport property boundary and zoning designations as defined in the *Sportsman Airpark Land Use Master Plan*.

Exhibit 29. Sportsman Airpark Property, Newberg, 2006



Source: Sportsman Airpark Land Use Master Plan. 2006.

According to the Sportsman Airpark Land Use Master Plan (2006), the airpark’s industrial land is about 17% developed, with about 29 estimated developable industrial acres remaining. Of this area in 2020, about 10.6 acres are vacant and for sale and 13.1 are vacant and for lease.⁵⁷

Development opportunities at the Airpark are limited, especially on the land for lease. Permitted uses on the Sportsman Airpark property are limited, and are not considered as part of the buildable lands inventory of industrial land available for most future employment uses. The permitted uses on the Airpark property include: aviation-related activities; emergency flight services (and necessary services); law enforcement, firefighting, search and rescue operations; flight instruction; aircraft service and maintenance; aircraft rental/sales; aerial mapping/surveying; air cargo and warehousing/distribution; and aviation and space technology development/research.

While the 10.6 acres of land that is for sale is considered part of the buildable lands inventory (Exhibit 30), the 13.1 acre of land for lease is not considered suitable because it does not fit the site suitability for ownership, described in a prior chapter.

⁵⁷ Based on information provided by the City of Newberg via email on October 23, 2020.

Summary of Suitable Buildable Unconstrained Land

Exhibit 30 shows a summary of the buildable unconstrained commercial and industrial land in the Newberg UGB. It combines the buildable land identified in Exhibit 25, land identified as potentially redevelopable in Exhibit 28, and suitable land identified at Sportsman Airpark. Exhibit 32 shows the suitable buildable unconstrained land by site size.

Exhibit 30. Suitable Buildable Unconstrained Commercial and Industrial Land, Newberg UGB

| Plan Designation/ Development Status | Acres |
|---|------------|
| Commercial/Mixed Use | 104 |
| Vacant/Potential Infill | 78 |
| Potentially Redevelopable | 26 |
| Industrial | 129 |
| Vacant/Potential Infill | 52 |
| Potentially Redevelopable | 66 |
| Sportsman Airpark | 11 |
| Total | 233 |

Exhibit 31. Suitable Buildable Unconstrained Commercial and Industrial Land by Lot Size, Newberg UGB

| | Buildable Acre Category | | | | Total |
|---|-------------------------|------------|-------------|----------------------|------------|
| | Less than 5 acres | 5-25 acres | 25-50 acres | 50 and more acres | |
| Buildable acres on taxlots | | | | | |
| Commercial/Mixed Use | 50 | 54 | - | - | 104 |
| Vacant/Potential Infill | 37 | 41 | | | 78 |
| Potentially Redevelopable | 13 | 13 | | | 26 |
| Industrial | 46 | 19 | - | 64 | 129 |
| Vacant/Potential Infill | 33 | 19 | | | 52 |
| Potentially Redevelopable | 2 | | | 64 | 66 |
| Sportsman Airpark | 11 | | | | 11 |
| Subtotal | 96 | 73 | - | 64 | 233 |
| Number of taxlots with buildable acres | | | | | |
| Commercial/Mixed Use | 56 | 7 | - | - | 63 |
| Vacant/Potential Infill | 46 | 6 | | | 52 |
| Potentially Redevelopable | 10 | 1 | | | 11 |
| Industrial | 33 | 1 | - | 1 | 35 |
| Vacant/Potential Infill | 22 | 1 | | | 23 |
| Potentially Redevelopable | 6 | | | 1 | 7 |
| Sportsman Airpark | 5 | | | | 5 |
| Subtotal | 89 | 8 | 0 | 1 | 98 |

Short-Term Supply of Land

This section evaluates the short-term supply of employment land in Newberg. It begins with an overview of the policy context for this analysis, and then it evaluates the short-term land supply.

Policy Context

The Goal 9 Administrative Rule (OAR 660-009) includes provisions that require certain cities to ensure an adequate short-term supply of industrial and other employment lands. Newberg is not currently subject to this requirement. OAR 660-009-005(10) defines short term supply as follows:

“...means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.”

In summary, the rule recommends cities to assess the short-term supply of employment land based on the criteria that land can be ready for construction within one year. The determination is based on “engineering feasibility.”

Analysis of Short-Term Supply of Land

ECONorthwest worked with the City of Newberg staff to identify commercial and industrial land that meet the definition of short-term supply of land, using the results of the buildable lands inventory as a basis. Exhibit 25 shows that Newberg has 130 acres of unconstrained buildable land on vacant and potential infill tax lots in commercial and industrial plan designations. On these lands, we considered access to water, sanitary sewer, and stormwater.

The results show that 58 acres of commercial and mixed-use land in Newberg is in the short-term supply of land and 44 acres of industrial land is in the short-term supply of land. In other words, 78% of all unconstrained buildable commercial and industrial land (130 acres) in Newberg is in the short-term supply.

5. Land Sufficiency and Conclusions

This chapter presents conclusions about Newberg’s employment land sufficiency for the 2021-2041 period. The chapter then concludes with a discussion about Newberg’s land base and its ability to accommodate growth over the next 20 years, as well as recommendations for the City to consider, ensuring it meets its economic growth needs throughout the planning period.

Land Sufficiency

Commercial Land Sufficiency

Exhibit 32 shows commercial land sufficiency within the Newberg UGB. It shows:

- **Suitable buildable unconstrained commercial land** from Exhibit 30 within the UGB. Exhibit 30 shows that Newberg has 104 gross acres of commercial land.
- **Demand for commercial land** from Exhibit 11. Exhibit 32 shows Newberg will need a total of 83 gross acres for commercial uses over the 2021-2041 period.

Exhibit 32 shows that Newberg has a 21-acre surplus of commercial land.

Exhibit 32. Comparison of the Capacity of Unconstrained Vacant Commercial Land with Commercial Land Demand, Newberg UGB, 2021-2041

| Land Use Type | Land Supply (Suitable Gross Acres) | Land Demand (Gross Acres) | Land Sufficiency (Deficit) |
|---------------|--|------------------------------|----------------------------------|
| Commercial | 104 | 83 | 21 |
| Total | 104 | 83 | 21 |

Source: ECONorthwest

Industrial Land Sufficiency

Exhibit 33 shows industrial site needs within the Newberg UGB by site size. It shows:

- **Suitable buildable unconstrained industrial sites** within the UGB from Exhibit 31. Newberg has 35 industrial sites on 129 acres of land. Exhibit 33 shows that 33 of the sites are 5 acres or smaller, one site is 5 to 25 acres in size, and one site is over 50 acres in size.
- **Demand for industrial land** from Exhibit 21. Exhibit 33 shows Newberg will need 131 new sites for industrial uses, 122 of which will be 5 acres or less.

Exhibit 33 shows that Newberg has a deficit of 96 sites or 152 acres of land in the following site sizes:

- **Less than 5 acres in size.** Newberg has a **deficit** of 89 sites or 62 acres for these smaller sites, which are expected to average about 0.7 acres in size.

- **5 to 25 acres in size.** Newberg has a **deficit** of 6 sites or 55 acres for these sites, which are expected to average about 9 acres in size. The majority of Newberg’s mid-sized potential growth industries will locate on these sites.
- **25 to 50 acres in size.** Newberg has a **deficit** of 1 site or 35 acres for this site, which is expected to average about 35 acres in size. This site will provide development opportunities for a mid-sized to large technology and high-tech manufacturing business.
- **50 or more acres in size.** Newberg has 1 site in this size class, the redevelopment opportunity at the WestRock Mill site.⁵⁸ Newberg has sufficient land in this site size.

Exhibit 33. Comparison of the Capacity of Unconstrained Vacant Industrial Land with Industrial Land Demand, Newberg UGB, 2021-2041

| | Site Size (acres) | | | | Total |
|---|-------------------|-------------|-------------|-------------|--------------|
| | Less than 5 acres | 5-25 acres | 25-50 acres | 50 and more | |
| Number of Vacant Sites: Newberg BLI | 33 | 1 | - | 1 | 35 |
| New Sites Needed | 122 | 7 | 1 | 1 | 131 |
| Comparison of Land Supply and Need (Land Surplus or Deficit) | (89) | (6) | (1) | - | (96) |
| Acres of Land Needed | (62) | (55) | (35) | - | (152) |

Source: ECONorthwest

Conclusions and Recommendations

The conclusions about commercial and industrial land sufficiency are:

- **Newberg is forecast for growth in both the commercial and industrial employment sectors.** Newberg is planning for growth of 4,452 new jobs in the city over the 2021 to 2041 period. About 2,407 of the jobs will be industrial, 1,799 of the jobs will be in office and commercial services, and 120 in retail. Growth of these jobs will result in demand for about 83 gross acres of commercial land and 131 new sites for industrial uses.
- **Newberg has a surplus of commercially-designated land of 21 acres.** Exhibit 32 shows that Newberg has enough land for commercial employment growth over the next 20 years, with a surplus of 21 acres. Commercial uses include services for residents and visitors (e.g., retail) as well as office services. This surplus includes commercial land in the Springbrook and Riverfront Districts, which are located in different parts of Newberg. This ensures that commercial development will be distributed throughout the city, providing reasonable access to services for residents and visitors.
- **Newberg has a deficit of land for industrial uses across all site sizes.** Newberg has a deficit of 96 sites or 152 acres of land for industrial uses. This need covers a range of site sizes from less than 5 acres to 50 acres. The majority of sites are needed at the less than 5-

⁵⁸ This assumption is based on current discussions with entities involved with on-going redevelopment plans for the WestRock Mill site. It is possible that discussions of the WestRock Mill site redevelopment may result in different plans for redevelopment of the site but this is the best available information as of production of this report.

acre size, but the range of site sizes is key to diversifying Newberg's economy and aligning with the city's potential growth industries.

- **Newberg will need an additional 2.9 acres of commercial land and 12.3 acres of industrial land for public and semi-public uses.** The Newberg Public and Semi-Public Land Needs memorandum concludes that Newberg will need commercial and industrial land to accommodate public and semi-public uses over the 20-year period.
- **Newberg's wages are comparable to the regional average.** Newberg's average wage of \$43,480 is slightly higher than the average of \$43,299 for Yamhill County. Newberg's potential growth industries generally have above average wages, except for some types of food or agricultural product industries, such as wineries or vineyards, which also tend to hire seasonally.
- **Newberg will need to address key infrastructure needs in the Riverfront District.** While water and wastewater connections will be relatively easy for eventual developers to access, the Riverfront Master Plan identifies potential challenges with connecting a road along the bluff area. This would require geotechnical studies that may present cost barriers for potential developers of the area.
- **Newberg's lack of industrial land presents barriers for business retention, expansion, and recruitment.** Since 2014, the City has documented recruitment and retention of businesses looking to stay or locate in Newberg. A key issue businesses have cited is the lack of available or suitable greenfield sites. This has led to recent relocation of existing Newberg businesses, as well as lack of new businesses choosing to locate in Newberg. Businesses are attracted to Newberg because of the access to a skilled workforce and quality of life, but the lack of suitable sites remains a key issue for many of these businesses.

Following are ECONorthwest's recommendations for measures to accommodate commercial and industrial land need within the Newberg UGB based on the analysis and conclusions in this report.

- The City has actively worked on implementing recent plans that in part address issues related to commercial and industrial land including: the *Newberg Economic Development Strategy*, *Newberg Downtown Improvement Plan*, *A NewBERG Community Vision*, and the *Riverfront Master Plan*. This EOA implements the *Newberg Economic Development Strategy* by supporting the goals in the *Strategy*, such as by identifying the need for land to support retention and expansion of businesses (item 1.2 in the *Strategy*), coordinating recruitment of traded sector companies with partners such as SEDCOR and Business Oregon (item 1.3 in the *Strategy*), analysis that support commercial development opportunities (item 2.1 and 2.2 in the *Strategy*), and through other analysis and recommendations that implement the *Strategy*.

The redevelopment plans that are proceeding on the WestRock Mill site show that the City's *Economic Development Strategy* and broader redevelop plans are being

implemented. In particular, implementation of the *Riverfront Master Plan*, use of Urban Renewal, use of the City's Enterprise Zone, and use of the Opportunity Zone at the WestRock Mill site have all resulted in plans for redevelopment and implementation of these plans.

- Newberg should develop a policy that supports preservation of prime industrial land for sites over 10 acres in size. The City may consider identifying prime industrial sites using the following criteria: sites larger than 10 acres, sites with direct access to a highway or major arterial road, sites with existing investments in infrastructure needed by industrial uses, and sites surrounded by properties that are planned for industrial uses.
- The City should consider use of incentives to support economic development. These incentives could include: creation of an economic or business district, developing a downtown partnership, development of a parking management plan in key commercial areas, support land assembly, regulatory streamlining to reduce costs of development, SDC "deferrals" or changes in how SDCs are assessed, use of New Market Tax Credits and EB-5 Investment programs to support business growth, and support for growth of particular industries (such as tourism and hospitality).
- The City should address the deficit of industrial land identified in the EOA, for 152 acres of land on about 96 sites. Given the limited amount of vacant land within Newberg's existing UGB, the City has few opportunities to accommodate expected growth within the UGB. The best opportunity, redevelopment of the WestRock Mill site, as well as the other sites shown in Exhibit 30, are the City's primary opportunities to increase land use efficiency within the existing UGB. The City should consider opportunities for expansion of the UGB to accommodate industrial land needs.

In short, the City should continue to implement the *Newberg Economic Development Strategy* to continue to support the type of industrial and commercial growth described in the EOA.

Appendix A. National, State, and Regional and Local Trends

The economic trends discussed in this appendix are based on long-term trends that are generally expected to continue on national, state, and regional scales. During the development of this document, the effects of the global COVID-19 pandemic began to emerge. However, the availability of data and the potential change in long-term effects remain unknown. Where available, this appendix provides data and discussion about the short-term economic effects of the pandemic.

National Trends

Economic development in Newberg over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth was forecasted to continue at a slow pace over the course of the next decade but the effects of the COVID-19 pandemic have ended the nation's longest period of economic expansion.** The Congressional Budget Office (CBO) previously predicted that real GDP would grow by 2.2% in 2020, followed by stagnation in later years as growth in private investment and consumer spending lessened. From 2021 to 2030, CBO forecasted that output would increase at an average annual rate of 1.7 percent.⁵⁹ However, in March 2020, business closures related to the novel coronavirus forced the nation into a recession. According to CBO's preliminary estimates, unemployment is expected to surpass 10% during the second quarter of 2020 due to sharp increases in unemployment claims. Additionally, GDP will likely decline by more than 7% during the second quarter, leading to a fall in the annualized growth rate of at least 28%.⁶⁰ The fiscal stimulus, as well as the federal government's efforts to maintain operations for essential businesses, will likely mitigate the fallout of the virus. An estimated 70% of GDP is derived from businesses exempt from stay-at-home orders and half of non-exempt businesses are able to continue their operations remotely.⁶¹ Importantly, long-term projections are highly variable as the economic impact of the COVID-19 pandemic unfolds.

⁵⁹ Congressional Budget Office. *The Budget and Economic Outlook: 2020 to 2030*. January 2020. <https://www.cbo.gov/publication/56020>.

⁶⁰ Swagel, P. (2020, April 2). Updating CBO's Economic Forecast to Account for the Pandemic. Congressional Budget Office. <https://www.cbo.gov/publication/56314>.

⁶¹ Caldwell, P., and Andersen, K. (2020). Coronavirus Update: Long-Term Economic Impact Forecast to Be Less Than 2008 Recession. Morningstar, Inc. <https://www.morningstar.com/articles/976107/coronavirus-update-long-term-economic-impact-forecast-to-be-less-than-2008-recession>

- **The aging of the Baby Boomer generation accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from almost 65 million in 2020 to over 88 million in 2045, a 36.5% increase. But due to lower birth-rate replacement generations, the number of covered workers is only expected to increase 10.3% over the same time period, from over 178 million to almost 197 million in 2045. In 2020, there are 36 Social Security beneficiaries per 100 covered workers but by 2045 there will be 45 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.⁶²

Baby Boomers are expecting to work longer than previous generations. An increasing proportion of workers 55 and older expect to work after age 65.⁶³ This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2018, this share increased to 5.6%, or a 94% increase over the 2000 to 2018 period. Over the same eighteen-year period, workers 45 to 64 years decreased by about 2%.⁶⁴

- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. Between 2018 and 2028, the Bureau of Labor Statistics (BLS) estimates that total employment in the United States will grow by about 8.4 million jobs. Over this same period, BLS forecasts an annual average of 19.7 million occupational openings indicating that the number of job openings per year exceeds expected employment growth. About 78% of annual job openings are in occupations that do not require postsecondary education.⁶⁵
- **The importance of education as a determinant of wages and household income.** According to BLS, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require a degree. The fastest growing occupations requiring an academic degree will be occupational therapy assistants, information security analysts, physician assistants, statisticians, nurse practitioners, and speech language pathologists. Of the top 10 fastest-growing occupations, the top four do not require an academic degree. From 2018 to 2028, the fastest-growing occupations are solar photovoltaic installers, wind

⁶² The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2015, The 2018 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, June 5, 2018. <https://www.ssa.gov/oact/tr/2018/tr2018.pdf>.

⁶³ The Employee Benefit Research Institute. Retirement Confidence Survey, 2016 RCS Fact Sheet #4. https://www.ebri.org/docs/default-source/rcs/4_rcs_16-fs-4_age.pdf?sfvrsn=56e8302f_2.

⁶⁴ Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2018 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

⁶⁵ Bureau of Labor Statistics. (2019). Occupational Employment Projections to 2018-2028. <https://www.bls.gov/news.release/pdf/ecopro.pdf>.

turbine service technicians, home health aides, and personal care aides. However, these non-degree requiring occupations yield lower incomes than the other six occupations.

Five sectors are projected to decline from 2018 to 2028. These include manufacturing, federal government, utilities, wholesale trade, and retail trade. The BLS estimates that retail trade will decrease by 153,700 positions, possibly due to the rise of e-commerce. Conversely, this shift in shopper preference is increasing occupations in transportation and warehousing.⁶⁶ Retail positions occupations typically have lower pay than occupations requiring an academic degree.

The national median income for people over the age of 25 in 2019 was about \$48,464. Workers without a high school diploma earned \$19,708 less than the median income, while those with a high school diploma earned \$10,504 less than the median income. Workers with some college earned \$6,760 less than median income, and workers with a bachelor's degree earned \$13,832 more than median. Workers in Oregon experience the same patterns as the nation but pay is generally lower in Oregon than the national average.⁶⁷

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010. Industries with the fastest productivity growth were Information Technology-related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.⁶⁸

Since the end of the recession (or 2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity – measured in output per hour – increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004 to 2016 period. Much of this, they note, is due to slowdown in semiconductors,

⁶⁶ Bureau of Labor Statistics. (2019). Occupational Employment Projections to 2018-2028. <https://www.bls.gov/news.release/pdf/ecopro.pdf>.

⁶⁷ Bureau of Labor Statistics. (2019). Occupational Employment Projections to 2018-2028. <https://www.bls.gov/news.release/pdf/ecopro.pdf>.

⁶⁸ Brill, M.R., & Rowe, S.T. (March 2013). Industry Labor Productivity Trends from 2000 to 2010. Bureau of Labor Statistics, *Spotlight on Statistics*.

other electrical component manufacturing, and computer and peripheral equipment manufacturing.⁶⁹

- **The importance of entrepreneurship and growth in small businesses.** According to the 2019 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 47% of American workers.⁷⁰ The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁷¹
- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) are broadening. Lower-paying jobs are more likely to be automated, with the potential for automation of more than 80% of jobs paying less than \$20 per hour over the next 20 years. About 30% of jobs paying \$20 to \$40 per hour and 4% of jobs paying \$40 or more are at risk of being automated over the next 20 years.⁷²

Low to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future as will occupations in technologically lagging sectors (e.g., production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).⁷³ This includes occupations such as (1) recreational therapists, (2) first-line supervisors of mechanics, installers, and repairers, (3) emergency management directors, (4) mental health and substance abuse social workers, (5) audiologists, (6) occupational therapists, (7) orthotists and prosthetists, (8) healthcare social workers, (9) oral and maxillofacial surgeons, and (10) first-line supervisors of firefighting and prevention workers.

⁶⁹ Brill, M., Chanksy, B., & Kim, J. (July 2018). Multifactor productivity slowdown in U.S. manufacturing. *Monthly Labor Review*, U.S. Bureau of Labor Statistics. <https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm>.

⁷⁰ US Small Business Office of Advocacy. (2019). 2019 Small Business Profile. <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142719/2019-Small-Business-Profiles-US.pdf>

⁷¹ National League of Cities. (2012). Supporting Entrepreneurs and Small Businesses. <https://www.nlc.org/supporting-entrepreneurs-and-small-business>

⁷² Executive Office of the President. (2016). Artificial Intelligence, Automation, and the Economy.

⁷³ Autor, D.H. (2015). Why Are There Still So Many Jobs? The History and Future of Workplace Automation. *Journal of Economic Perspectives*, 29(3), 3–30.

Occupations in the service and agricultural or manufacturing industry are most at-risk of automation because of the manual-task nature of the work.^{74,75,76} This includes occupations such as (1) telemarketers, (2) title examiners, abstractors, and searchers, (3) hand sewers, (4) mathematical technicians, (5) insurance underwriters, (6) watch repairers, (7) cargo and freight agents, (8) tax preparers, (9) photographic process workers and processing machine operators, and (10) accounts clerks.⁷⁷

- **Continued transformation of retail.**⁷⁸ In the last two decades, retail sales by e-commerce and warehouse clubs/supercenters (a lower-cost model to the traditional department store) have increased steadily, pulling the industry in two different directions. On one hand, the trend toward warehouse/supercenters is increasing the average scale of retail operations, increasing market concentrations, reducing business dynamism, and shifting retail activity toward more populated areas. On the other hand, the trend toward e-commerce generates “smaller [retailers], less market concentration, more geographical dispersion, and higher productivity.”⁷⁹ Since 2000, e-commerce sales grew from 0.9% of total retail sales to 9.7% (2018). Over this same period, e-commerce retail sales have grown at a rate of 18% per year.⁸⁰ It is reasonable to expect this trend to continue and will be accelerated by requirements to stay at home during the COVID-19 pandemic.

Ultimately, the growth in online shopping and the increasing dominance of large, supercenters has made it difficult for small and medium-sized retail firms (offering a narrower selection of goods) to compete. Declining net profits and increased competitive pressures have led many well-known retailers (e.g., J.C. Penney, Macy’s, Sears) to declare bankruptcy or to scale back their operations.

In the future, the importance of e-commerce will likely continue to grow, and despite the highly publicized closures of brick and mortar stores, physical retail is likely to remain an important part of the retail sector. In fact, retail sales at brick and mortar stores accounted for almost 90% of all retail sales in the Q3 of 2019.⁸¹

⁷⁴ Frey, C.B. & Osborne, M.A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

⁷⁵ Otekhile, C.A., & Zeleny, M. (2016). Self Service Technologies: A Cause of Unemployment. *International Journal of Entrepreneurial Knowledge*, 4(1). DOI: 10.1515/ijek-2016-0005.

⁷⁶ PwC. (n.d.). Will robots really steal our jobs? An international analysis of the potential long-term impact of automation. https://www.pwc.com/hu/hu/kiadvanyok/assets/pdf/impact_of_automation_on_jobs.pdf.

⁷⁷ Frey, C.B., & Osborne, M.A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

⁷⁸ Ali Hortaçsu and Chad Syverson. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. *Journal of Economic Perspectives*, 29(4), 89–112.

⁷⁹ Ali Hortaçsu and Chad Syverson. (2015). The Ongoing Evolution of US Retail: A Format Tug-of-War. *Journal of Economic Perspectives*, 29(4), 89–112, p. 109.

⁸⁰ U.S. Census Bureau, Monthly Retail Trade, Latest Quarterly E-Commerce Report. Retrieved from: <https://www.census.gov/retail/index.html#ecommerce>

⁸¹ Per data from the U.S. Census Bureau, cited in Deloitte’s 2020 Retail Industry Outlook.

Modern consumers are increasingly price sensitive, less brand loyal, and (since the advent of internet) able to substitute between retailers easily. To compete, retailers must be nimble, adept in recognizing the changing needs of their consumers, and quick to differentiate themselves from their competitors.

- **Opportunities for local retail and service.** The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences). According to the Urban Land Institute, in the post-disruption era of retail, new trends in this sector are beginning to emerge. These changes include the convergence of technology and shopping, as businesses focus on brand awareness and customer engagement via digital channels in the physical retail space.⁸²
- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some states, especially in the Western U.S. Increases in the population and in households' incomes, plus changes in tastes and preferences have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.⁸³
- **Continued increase in demand for energy.** While energy prices were unusually low in early 2020, energy prices are forecasted to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population (0.2%). Energy consumption is expected to grow primarily from industrial (0.7%) and, to a lesser extent, commercial users (0.2%). Residential and transportation consumption are forecasted to decrease (-0.2%). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

Energy consumption by type of fuel is expected to change over the planning period. By 2050, the U.S. will continue to shift from crude oil towards natural gas and renewables. For example, from 2018 to 2050, the Energy Information Administration projects that overall energy consumption in the U.S. will average a 0.2% annual growth rate, while consumption of renewable sources grows at 1.6% per year. With increases in energy

⁸² Diane Hoskins. "Three Trends Shaping Retail's Great Transformation." *Urban Land Institute*, September 3, 2019. <https://urbanland.uli.org/economy-markets-trends/three-trends-shaping-retails-great-transformation/>

⁸³ For a more thorough discussion of relevant research, see, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the U.S. will be able to be a net exporter of energy over the 2018 to 2050 period. Demand for electricity is expected to increase (0.2%), over 2018 to 2050 as population grows and economic activity increases.⁸⁴

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.⁸⁵ Over 2019 to 2035, the U.S. Energy Information Administration estimates in its forecast that the decline in transportation energy consumption as a result of increasing fuel economy more than offsets the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecasted to increase through 2050.
- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.⁸⁶ Extensive research shows that Oregon and other western states have already experienced noticeable changes in climate and that more change will occur in the future.⁸⁷

In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, (5) increase sea level, (6) increase wildfire frequency, and (7) increase forest vulnerability to tree disease.⁸⁸ These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.⁸⁹

⁸⁴ Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019. <https://www.eia.gov/outlooks/aeo/pdf/aeo2019.pdf>. Note, the cited growth rates are shown in the interactive tables and can be viewed here: <https://www.eia.gov/outlooks/aeo/data/browser/>.

⁸⁵ Energy Information Administration, 2019, *Annual Energy Outlook 2019 with Projections to 2050*, U.S. Department of Energy, January 2019.

⁸⁶ U.S. Global Change Research Program. *National Climate Assessment*. 2018. <https://nca2018.globalchange.gov/>

⁸⁷ Oregon Global Warming Commission. *2018 Biennial Report to the Legislature*. 2018. <https://www.keeporegoncool.org/reports/>

⁸⁸ U.S. Global Change Research Program. *National Climate Assessment*. "Chapter 24: Northwest." 2018. <https://nca2018.globalchange.gov/chapter/24/>

⁸⁹ Mote, P., Salathe, E., Duliere, V., & Jump, E. (2008). *Scenarios of Future Climate for the Pacific Northwest*. Climate Impacts Group, University of Washington. March. <http://cses.washington.edu/db/pdf/moteetal2008scenarios628.pdf>; Littell, J.S., McGuire Elsner, M., Whitely Binder, L.C., and Snover, A.K. (eds). (2009). "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." *In The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. www.cses.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T., & Figdor, E. (2007). *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States*. Environment America Research & Policy Center and Frontier Group.; Mote, P.W. (2006). Climate-driven variability and trends in mountain snowpack in western North America. *Journal of Climate*, 19(23), 6209-6220.

The Oregon Climate Change Research Institute (OCCRI) evaluated potential scenarios for “Climate Change Influence on Natural Hazards in Oregon Counties” in 2018. OCCRI specifically focused on Counties in the Gorge and Eastern Oregon and evaluated the potential increased or decreased risk for natural hazards such as heat waves, cold waves, heavy rains, river flooding, drought, wildfire, poor air quality, windstorms, dust storms, increased invasive species, and loss of wetland ecosystems. Across the eight counties evaluated, the hazards most likely to increase with the effects of climate change are heat waves, heavy rains, river flooding, wildfires, increased invasive species, and loss of wetland ecosystems.⁹⁰

These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today’s models predict, the Pacific Northwest will experience potential economic impacts:⁹¹

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon’s agriculture through changes in growing season, temperature ranges, and water availability.⁹² Climate change may impact Oregon’s forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in disease and pests that damage trees.⁹³
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snowpack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,⁹⁴ (3) negative impacts on availability of water summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

⁹⁰ Mote, P.W., Abatzoglou, J., Dello, K.D., Hegewisch, K., & Rupp, D.E. (2019). Fourth Oregon Climate Assessment Report. Oregon Climate Change Research Institute. ocri.net/ocar4; Oregon Climate Change Research Institute. Climate Change Influence on Natural Hazards in Eight Oregon Counties. August 2018. https://www.oregon.gov/lcd/CL/Documents/OCCRI_PDM16_AllCountyOverview2018.pdf

⁹¹ The issue of global climate change is complex and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

⁹² Resource Innovations & Institute for a Sustainable Environment. (2005). The Economic Impacts of Climate Change in Oregon: A Preliminary Assessment. https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/2299/Consensus_report.pdf?sequence=1

⁹³ Climate Leadership Initiative & Institute for Sustainable Environment. (2007). Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis.

⁹⁴ Resource Innovations & Institute for a Sustainable Environment. (2005). The Economic Impacts of Climate Change in Oregon: A Preliminary Assessment. https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/2299/Consensus_report.pdf?sequence=1

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the recession following the global COVID-19 pandemic. Despite efforts to mitigate the economic fallout from the virus by lowering interest rates and implementing federal stimulus packages, unemployment rates have risen 10.3 percentage points to 14.7% as of April 2020.⁹⁵ While job losses have occurred in all major sectors, the sharpest declines have been in the airline, leisure and hospitality, casinos and gambling, automotive parts and equipment, and oil and gas drilling industries.⁹⁶ As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy is in a recession due to the COVID-19 pandemic and the resulting statewide shutdowns.⁹⁷ Although OEA's June 2020 *Oregon Economic and Revenue Forecast* stated that the current recession would be shorter than the Great Recession, the severity would be the deepest on record since 1939. As the economy begins to reopen in phases through 2020, the agency expects the economy to return to near pre-recession levels by the middle of the 2020 decade.⁹⁸

Preliminary unemployment estimates in March and April 2020 indicate that approximately 267,000 jobs were lost statewide due to the pandemic.⁹⁹ This resulted in an unemployment rate increase from 3.8% in both January and February 2020 to 14.8% in April 2020, a difference of 11 percentage points.¹⁰⁰ As of May 2020, job losses were highest among workers with lower pay and lower for highly paid workers.

The OEA forecasts that there will be strong growth in the latter half of 2020, and though the agency anticipates a sizable rebound in economic activity, it expects a full recovery will take

⁹⁵ This is the highest unemployment rate and largest over-the-month increase in the history of the series with seasonally adjusted data reported since 1948. Bureau of Labor Statistics. (2020, May 8). The Employment Situation – April 2020. News Release, Bureau of Labor Statistics. Retrieved from: <https://www.bls.gov/news.release/pdf/empst.pdf>.

⁹⁶ Kumar, N., and Haydon, D. (2020, April 7). Industries Most and Least Impacted by COVID 19 from a Probability of Default Perspective March 2020 Update. *S&P Global*.

⁹⁷ Office of Economic Analysis. (2020). Oregon Economic and Revenue Forecast, June 2020. Vol. XL, No. 2, p. 1. <https://www.oregon.gov/das/OEA/Documents/forecast0620.pdf>.

⁹⁸ Ibid, p. 1.

⁹⁹ Ibid, p. 3.

¹⁰⁰ Oregon Employment Department, Local Area Unemployment Statistics (LAUS), Unemployment Rate estimates for the State of Oregon. Data retrieved on May 28, 2020.

much longer, with jobs returning to early 2020 levels by mid-2024. To illustrate the impact of this rebound, OEA reported that it may take Oregon to depression levels similar to those seen in the state's early 1980s depression or the Great Recession.¹⁰¹

In 2019, Oregon's average wage was at its highest point since the 1980s. Though the OEA forecasts an annual average wage increase of 4.5% in 2020, the agency estimates wages will contract by 0.1% in 2021 before growing by 3.0% in 2022, 4.2% in 2023, and 4.4% in 2024.¹⁰²

By the end of 2020, the OEA forecasts 225,100 jobs in Oregon's economy will be lost. This is an approximate 11.6% annual decrease in total nonfarm employment relative to 2019 levels.¹⁰³ Every employment sector, with the exception of government, is forecasted to decrease. The impacts on the leisure and hospitality sector are forecasted to be the most severely with a 29.7% contraction, or approximately 81,500 jobs lost. Construction and manufacturing are forecasted to lose 16,700 (15.3% decrease) and 30,900 (15.6% decrease) jobs, respectively. Furthermore, retail trade is forecasted to lose nearly 13,600 jobs in 2020 or decrease by 13.6%.¹⁰⁴

Oregon's household formation rate will be weaker over the medium term due to income loss, economic uncertainty, and in-migration reduction.¹⁰⁵ Housing starts in 2019 reached approximately 21,000 units. Through the end of 2020, however, the OEA forecasts a 21.7% contraction in housing starts for a total of about 16,200 units. In the years following the recession, they anticipate a partial recovery of housing starts in 2021 (3.0% increase), with growth increasing in velocity in 2022 (13.3% increase) and 2023 (13.1% increase) before settling to about 2.3% in 2024.¹⁰⁶

Oregon's economic health is dependent on the export market, which are also affected by the COVID-19 pandemic. The value of Oregon exports in 2017 was \$22.3 billion. In 2019, the countries that Oregon exports the most to are China (31% of total Oregon exports), Canada (14%), Japan (7%), South Korea (6%), Malaysia (6%), and Vietnam (5%).¹⁰⁷ Any strains on the relationship between the United States and China could impact Oregon's economy.¹⁰⁸ Additionally, China's public debt burden poses a threat not only to the state and region but also to the global economy.¹⁰⁹

¹⁰¹ Oregon Economic and Revenue Forecast, June 2020. Vol. XL, No. 2, p. 4.

¹⁰² *Ibid*, p. 32.

¹⁰³ *Ibid*, p. 32.

¹⁰⁴ *Ibid*, p. 32.

¹⁰⁵ *Ibid*, p. 10.

¹⁰⁶ *Ibid*, p. 32.

¹⁰⁷ United States Census Bureau. State Exports from Oregon, 2015-2019. <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

¹⁰⁸ Office of Economic Analysis. Oregon Economic and Revenue Forecast, December 2019. Vol. XXXIX, No. 4, p. 3. <https://www.oregon.gov/das/OEA/Documents/forecast1219.pdf>.

¹⁰⁹ *Ibid*, p. 14.

Long-Term Trends

State, regional, and local trends will also affect economic development in Newberg over the next 20 years. The most important of these trends includes continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving *to* Oregon than *from* Oregon) from other states, especially California and Washington, though to a lesser degree given the recession. From 1990 to 2017, Oregon's population increased by over 1.3 million, 66% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was about 33,128. During the early to mid-1990s, Oregon's net migration was highest, reaching over 60,000 in 1991, with another smaller peak of almost 42,100 in 2006. In 2019, net migration reached just over 47,500 persons.
- **Increasing ethnic diversity.** Oregon's population has continued to get more ethnically and racially diverse, with the Latino population growing from 8% of the population in 2000 to 12% of the population in 2014-2018. The non-White population grew from 13% of the population to 15% of the population over the same period. The share of Latino and people of color populations increased in Newberg since 2000 as well.
- **Forecast of job growth.** Total nonfarm employment was forecasted to increase from about 1.94 million in 2019 to just over 2 million in 2023, but the OEA's June 2020 economic and revenue forecast revises the 2023 employment estimate down to nearly 1.90 million, or by about 7%. Of private industry, the OEA forecasts job losses across the board in 2020 with an expectation of growth in the years following as economic activity and consumer confidence increases.¹¹⁰
- **Manufacturing is an important part of Oregon's economy.** The manufacturing sector has long been a crucial component of Oregon's economy. In the last decade, growth in Oregon's manufacturing sector has outpaced that of the nation, growing by 23% compared to the nation's 12%.¹¹¹ The manufacturing sector also makes up a larger share of Oregon's economy than it does in the nation with 10.2% of Oregon's payroll employment in manufacturing compared to 8.5% for the nation in 2018.¹¹²

Manufacturing remains an important piece of Oregon's economy and the sector is evolving. Only a few decades ago, Oregon's manufacturing economy was predominantly dependent on forestry and wood products. But between 1990 and 2018,

¹¹⁰ Oregon Employment Department, Oregon Economic and Revenue Forecast, June 2020. Vol. XL, No. 2, p. 32.

¹¹¹ Oregon Employment Department, Quarterly Census of Employment and Wages, 2018, qualityinfo.org.

¹¹² *Ibid.*

annual average employment in wood product manufacturing dropped by 22,600 jobs or 46%.¹¹³

Growth in Oregon's electronic component manufacturing, however, has filled the gap left by the decline in wood manufacturing. In 2018, there were a total of 37,900 jobs in Oregon's electronic component manufacturing (i.e., manufacturing of computer chips, computers and related equipment, and communications equipment), making it Oregon's largest manufacturing industry. Employment in this industry is over six times more concentrated in Oregon than it is nationally and is driving much of the growth in Oregon manufacturing.¹¹⁴

Continued growth, spurred by electronic component manufacturing, is expected in the future for Oregon's manufacturing sector. Although Oregon's economy is shifting, the state's roots in forestry and wood product manufacturing remain important, particularly for rural areas. Douglas County, for example, had 8.3% of its total employment and 10.7% of its total payroll in wood product manufacturing in 2018.¹¹⁵

Exhibit 34 shows the change in Oregon's employment between 2008 and 2018. Statewide, manufacturing employment remained relatively constant, decreasing by about 212 employees (or 0.01%), during the same time period. The largest decreases in manufacturing employment were in wood product, paper product, and transportation equipment manufacturing, while Oregon employment in industries such as food and beverage and machinery manufacturing increased (Exhibit 35). These growing industries in Oregon align with Newberg's target industries defined in Chapter 3.

¹¹³ *Ibid.*

¹¹⁴ *Ibid.*

¹¹⁵ *Ibid.*

Exhibit 34. Change in Covered Employment by Industry, Oregon, 2008-2018

| Sector | 2008 Employment | 2018 Employment | Change (Number) | Change (Percent) | AAGR |
|---|--------------------|--------------------|--------------------|---------------------|-------------|
| Natural resources and mining | 50,707 | 53,550 | 2,843 | 6% | 0.5% |
| Construction | 92,816 | 104,573 | 11,757 | 13% | 1.2% |
| Manufacturing | 194,852 | 194,640 | (212) | 0% | -0.01% |
| Wholesale trade | 80,269 | 75,286 | (4,983) | -6% | -0.6% |
| Retail trade | 196,066 | 211,081 | 15,015 | 8% | 0.7% |
| Transportation, warehousing & utilities | 55,927 | 63,299 | 7,372 | 13% | 1.2% |
| Information | 36,048 | 34,281 | (1,767) | -5% | -0.5% |
| Finance and insurance | 59,326 | 57,019 | (2,307) | -4% | -0.4% |
| Real estate and rental and leasing | 26,594 | 27,856 | 1,262 | 5% | 0.5% |
| Professional and business services | 195,413 | 248,698 | 53,285 | 27% | 2.4% |
| Educational services | 25,063 | 31,019 | 5,956 | 24% | 2.2% |
| Health care and social assistance | 187,779 | 257,934 | 70,155 | 37% | 3.2% |
| Arts, entertainment, and recreation | 23,164 | 27,480 | 4,316 | 19% | 1.7% |
| Accommodation and food services | 149,298 | 183,306 | 34,008 | 23% | 2.1% |
| Other services | 63,216 | 77,317 | 14,101 | 22% | 2.0% |
| Unclassified | 676 | 984 | 308 | 46% | 3.8% |
| Government | 277,655 | 272,481 | (5,174) | -2% | -0.2% |
| Total | 1,714,869 | 1,920,804 | 205,935 | 12% | 1.1% |

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2008-2018.

Exhibit 35. Change in Covered Employment for Manufacturing Industries (3-digit NAICS), Oregon, 2008-2018

| Industry (3-Digit NAICS) | 2008 Employment | 2018 Employment | Change (Number) | Change (Percent) | AAGR |
|---|--------------------|--------------------|--------------------|---------------------|---------------|
| Food manufacturing | 23,412 | 29,871 | 6,459 | 28% | 2.47% |
| Beverage & tobacco product manufacturing | 3,246 | 6,790 | 3,544 | 109% | 7.66% |
| Wood product manufacturing | 26,692 | 23,462 | (3,230) | -12% | -1.28% |
| Paper manufacturing | 6,015 | 3,967 | (2,048) | -34% | -4.08% |
| Printing and related support activities | 6,794 | 4,655 | (2,139) | -31% | -3.71% |
| Primary metal manufacturing | 9,715 | 8,554 | (1,161) | -12% | -1.26% |
| Machinery manufacturing | 11,840 | 14,154 | 2,314 | 20% | 1.80% |
| Transportation equipment manufacturing | 15,135 | 12,176 | (2,959) | -20% | -2.15% |
| Other manufacturing | 92,005 | 91,011 | (994) | -1% | -0.11% |
| Total (for Manufacturing Sector NAICS 31-33) | 194,852 | 194,640 | (212) | 0% | -0.01% |

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2008-2018.

- **Advancements in technology and increases in automation of jobs.**¹¹⁶ In decades past, automation was focused on manufacturing. In the coming decades, jobs at risk for automation will tend to be those without “computerization bottlenecks” or jobs that do not require social intelligence, perception, creativity, or fine motor skills. Jobs in industries lacking customer service component, such as those in transportation and

¹¹⁶ Portland Business Alliance. (2017). Automation and the Future of Work. <https://portlandalliance.com/assets/pdfs/2017-VOJ-Automation-summary.pdf>

material moving, are also at greater risk. Most researchers agree that “less educated workers in low-skill, lower-wage jobs featuring routine tasks are those most likely to be displaced by automation.”¹¹⁷ Oregon’s overall risk of automation is similar to the nation’s, with lower and middle-wage jobs at higher risk.

In 2017, 144,200 jobs in Oregon were found to be at risk of automation and 93% of jobs in food preparation and serving were found to be at risk.¹¹⁸ However, automation risk does not imply automation certainty. For example, consumer preferences for personalized and genuine experiences/interactions will likely slow job automation, particularly in the food services and hospitality sectors. In addition, there is a notable difference between task automation and full automation of jobs. One research study speculates that only 5% of jobs are fully automated, and that the “activities most susceptible to automation involve physical activities in highly structured and predictable environments, as well as the collection and processing of data.”¹¹⁹

- **Income and wages continue to increase.** Despite Oregon’s income and wages falling below the average among states, Oregon wages are at their highest point relative to other states since the recession in the early 1980s mainly due to the wage growth over the last two to three years. In 2018, the average annual wage in Oregon was \$53,053, and the median household income was \$60,212 (compared to national average wages of \$57,266 in 2018, and national household income of \$60,336).¹²⁰ Total personal income (all classes of income, minus Social Security contributions, adjusted for inflation) in Oregon is expected to increase by 22%, from \$214.3 billion in 2019 to \$312.4 billion in 2027.¹²¹ Per capita income is expected to increase by 16% over the same time period, from \$50,200 in 2018 to \$64,400 in 2027 (in nominal dollars).¹²² The economic fallout from the COVID-19 pandemic is likely to slow, or possibly eliminate, income growth at least through the resulting recession.
- **Small businesses continue to account for a large share of employment in Oregon.** While small firms played a large part in Oregon’s expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

¹¹⁷ Marcus Casey and Sarah Nzau. (2019). Searching for clarity: How much will automation impact the middle class? Brookings.

¹¹⁸ Portland Business Alliance. (2017). Automation and the Future of Work. <https://portlandalliance.com/assets/pdfs/2017-VOJ-Automation-summary.pdf>

¹¹⁹ McKinsey & Company. (2017). A Future that Works: Automation, Employment, and Productivity.

¹²⁰ Average annual wages are for “Total, all industries,” which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2018. Retrieved from: <https://www.qualityinfo.org>; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

¹²¹ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 39.

¹²² *Ibid*, page 39.

In 2017 small businesses (those with 100 or fewer employees) accounted for 95% of all businesses and 66% of all private-sector employment in Oregon. Said differently, most businesses in Oregon are small (in fact, 78% of all businesses have fewer than 10 employees), but the largest share of Oregon’s employers work for large businesses (those with more than 100 employees).¹²³ The average annualized payroll per employee for small businesses was \$39,099 in 2017, which is considerably less than that for large businesses (\$56,466) and the statewide average for all businesses (\$49,548).¹²⁴

Younger workers are important for the continued growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 - 1999) are self-employed, with approximately half to two-thirds interested in becoming an entrepreneur. According to the Kauffman Indicators of Entrepreneurship, in 2018, about 79% of startups nationwide were still active after one year. On average, startups nationwide created approximately 5.2 jobs in their first year (when normalized by population).¹²⁵ It is typically the case that startups are important for job creation on a longer time horizon, well beyond their first year, as “fewer than half of all startups in America are still in business after five years.”¹²⁶

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon’s economy as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. According to the Kauffman Index, Oregon ranked 25th in the country in 2018 for its startup activity, a measurement comprised of four statistics: rate of new entrepreneurs, opportunity share of new entrepreneurs, startup density, and start up early survival rate.¹²⁷ This ranking is lower than its 2017 rank of 13. Oregon’s rate of new entrepreneurs (the percent of adults that became an entrepreneur in a given month) was in steady decline post-recession, but since 2013, has gradually recovered until 2018 where it dropped to 0.27. This rate is below 2017’s rate of 0.32% and well below Oregon’s pre-recession peak of 0.43% in 2000.

Moreover, in 2018, the Oregon Office of Economic Analysis reports new business applications in Oregon are increasing. They do, however, simultaneously note startup businesses “are a smaller share of all firms than in the past.”¹²⁸ Though this

¹²³ U.S Census Bureau, 2017 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S and States. <https://www.census.gov/data/tables/2017/econ/susb/2017-susb-annual.html>.

¹²⁴ *Ibid.*

¹²⁵ Kauffman Foundation. *Kauffman Indicators of Entrepreneurship*. Indicators: Startup Early Job Creation and Startup Early Survival Rate. Information retrieved on December 19, 2019. <https://indicators.kauffman.org/data-table>

¹²⁶ Nish Acharya. “Small Business Are Having A Bigger Impact on Job Creation Than Large Corporations.” *Forbes*, May 5, 2019. <https://www.forbes.com/sites/nishacharya/2019/05/05/who-is-creating-jobs-in-america/#5c74c156597d>

¹²⁷ Kauffman Foundation. The Kauffman Index, Oregon. <https://indicators.kauffman.org/data-table>

¹²⁸ Lehner, Josh. (August 2018). “Start-Ups, R&D, and Productivity.” Salem, OR: Oregon Office of Economic Analysis. Retrieved from: <https://oregoneconomicanalysis.com/2018/08/27/start-ups-rd-and-productivity/>.

measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section and the report, Newberg is compared to Yamhill County and the State of Oregon. These comparisons are to provide context for changes in Newberg’s socioeconomic characteristics.

Availability of Labor

The availability of trained workers in Newberg will impact development of its economy over the planning period. A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in Newberg over the next 20 years include its growth in its overall population, growth in the senior population, and commuting trends.

Population Change

Population growth in Oregon tends to follow economic cycles. Oregon’s population grew from 2.8 million people in 1990 to 4.2 million people in 2019, an increase of about 1,394,000 people or 1.4% each year. In the most recent decade (i.e., 2010 to 2019), the state’s average annual growth rate fell slightly from 1.4% to 1.1%.

Between 1990 and 2019, Newberg’s population increased by 10,959 residents at an average annual rate of 2.1%, exceeding both Yamhill County and Oregon’s growth rates during the same time period (1.7% and 1.4%, respectively).

Exhibit 36. Population Growth, Newberg, Yamhill County, and Oregon, 1990 – 2018

| Geography | 1990 | 2000 | 2010 | 2019 | Change, 1990 - 2019 | | |
|----------------|-----------|-----------|-----------|-----------|---------------------|---------|------|
| | | | | | Number | Percent | AAGR |
| Newberg | 13,086 | 18,064 | 22,068 | 24,045 | 10,959 | 84% | 2.1% |
| Yamhill County | 65,551 | 84,992 | 99,193 | 108,060 | 42,509 | 65% | 1.7% |
| Oregon | 2,842,321 | 3,421,399 | 3,831,074 | 4,236,400 | 1,394,079 | 49% | 1.4% |

Source: U.S. Census Bureau, 1990, 2000, and 2010. Portland State University Population Estimates, 2019.

Age Distribution

By 2060, the population of people 65 years and older in the United States is projected to nearly double from 52 million in 2018 to 95 million.¹²⁹ The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.¹³⁰

Exhibit 37 through Exhibit 40 show the following trends:

- Newberg’s population is aging slower than the populations in Yamhill County and the State overall per their respective median ages. During the 2014-2018 period, 18% of Newberg residents were 60 years and older compared to 32% of residents between the ages of 20 and 39 (Exhibit 39). This suggests that Newberg is attracting more people in their early adult lives.
- Yamhill County’s population is expected to continue aging, with people 60 years and older increasing from 25% of the population in 2020 to 28% in 2045. This is consistent with statewide trends. Yamhill County may continue to attract those in their late adult years (i.e., 70 years and older) over the planning period. While the share of retirees in these respective areas may increase over the next 20 years, the share of people nearing retirement (i.e., 55 to 69 years old) or in their early adult lives (i.e., 20 to 39 years old) is likely to decrease.

Newberg’s median age has increased by about 3.6 years since 2000, a change slightly smaller than Yamhill County’s change of 4 years, but larger than Oregon’s change of 2.9.

Exhibit 37. Median Age, Newberg, Yamhill County, and Oregon, 2000 to 2014-2018

Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2014-2018 5-year Estimates, Table B01002.

| | | | |
|----------------|------------------------|-------------------------------|-----------------------|
| 2000 | 30.1 Newberg | 34.1 Yamhill County | 36.3 Oregon |
| 2014-18 | 33.7 Newberg | 38.1 Yamhill County | 39.2 Oregon |

This increase suggests Newberg is attracting more workers in their later adult lives.

¹²⁹ Mather, M., Scommegna, P., & Kilduff, L. (2019). Fact Sheet: Aging in the United States.

<https://www.prb.org/aging-unitedstates-fact-sheet/>

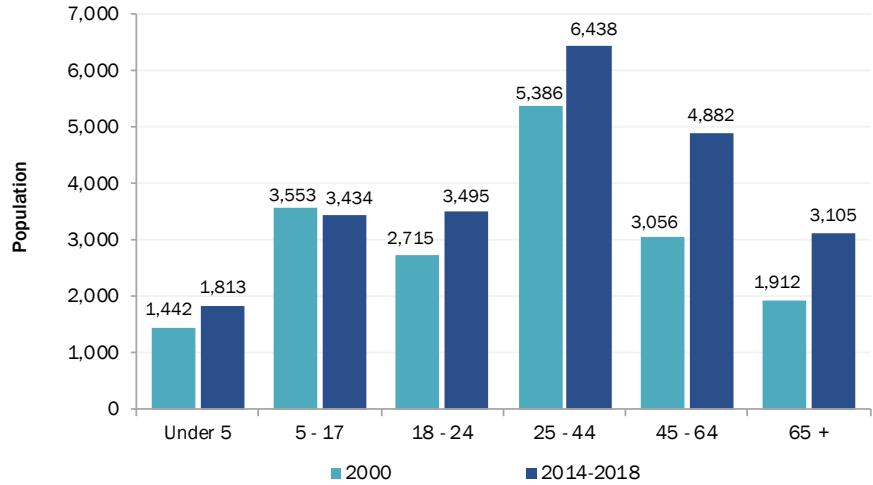
¹³⁰ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, The 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, July 13, 2017. The Budget and Economic Outlook: Fiscal Years 2018 to 2028, April 2018.

Over 2000 to 2014-2018, Newberg's largest population increases were for those aged 45-64 and 65 years and older.

This is consistent with statewide trends.

Exhibit 38. Newberg Population Change by Age Group, 2000 to 2014-2018

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey 2014-2018 5-year Estimates, Table B01001.



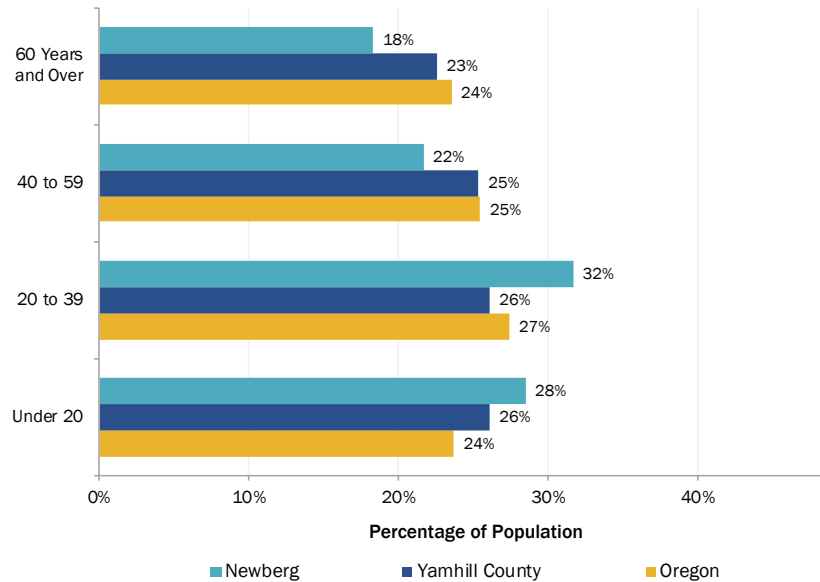
During the 2014-2018 period, 18% of Newberg residents were over 60 years of age.

The proportion of Newberg's older residents was lower than that of both the state and Yamhill County.

Conversely, the proportion of Newberg residents 39 years of age and younger was larger relative to Yamhill County and Oregon.

Exhibit 39. Population Distribution by Age, Newberg, Yamhill County, and Oregon, 2014-2018

Source: U.S. Census Bureau, American Community Survey, 2014-2018 5-year Estimates, Table B01001.

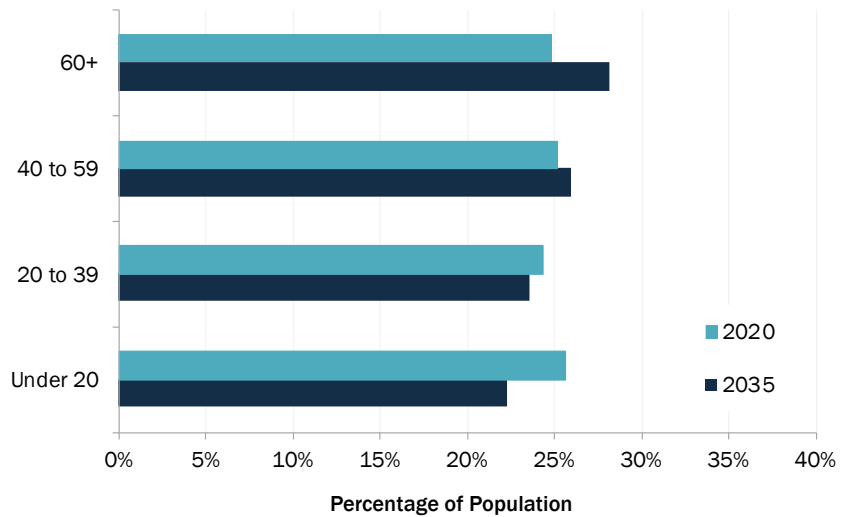


By 2045, Yamhill County will have a larger share of residents 60 years and older than it does today.

The share of residents 60 years and older will account for 28% of Yamhill County's population, compared to 25% in 2020.

Exhibit 40. Population Growth by Age Group, Yamhill County, 2020 – 2045

Source: Portland State University, College of Urban & Public Affairs: Population Research Center, Population Forecast, 2020.



Race and Ethnicity

Newberg, like Oregon overall, is becoming more racially and ethnically diverse. Both the Hispanic and Latino and populations of people of color increased in Newberg between 2000 and 2014-2018. The Hispanic and Latino population increased from 11% to 14%, while the non-White population increased from 10% to 12%. Similar to the city, Yamhill County's population of people of color increased slightly from 11% to 12% and the Hispanic and Latino population grew from 11% to 16% during the same time period. Newberg is more ethnically diverse than the State, so providing culturally specific services to Spanish-speaking community members can help improve their participation in the workforce and economy.

The population of people of color is defined as the share of the population that identifies as another race other than "White alone" according to Census definitions. The small population in Newberg results in small sample sizes, and thus the margin of error is considerable for the estimate of these populations.

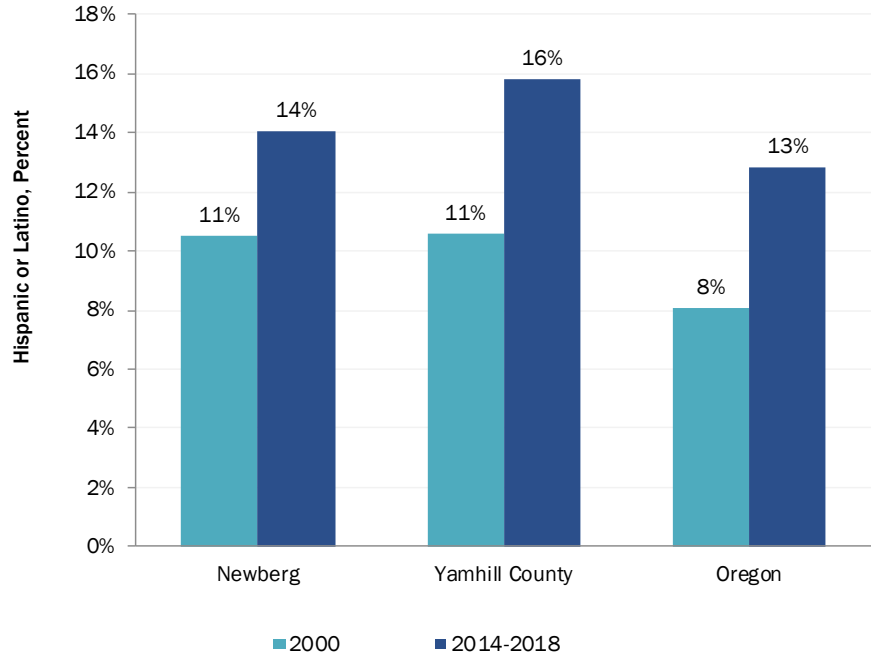
Exhibit 41 and Exhibit 42 show the change in the share of Hispanic and Latino and populations of people of color in Newberg, compared to Yamhill County and Oregon, between 2000 and 2014-2018. The group with the largest share of the population of people of color in 2014-2018 included those that identify as "some other race alone," representing 6% Newberg's total population.¹³¹

¹³¹ "Some other race alone" also includes individuals who identify as American Indian or Alaska Native or Native Hawaiian and other Pacific Islander.

Newberg’s Hispanic / Latino population increased between 2000 and 2014-2018 from 11% to 14%.

Newberg is more ethnically diverse than the state but less so than Yamhill County.

Exhibit 41. Hispanic or Latino Population as a Percent of the Total Population, Newberg, Yamhill County, and Oregon, 2000, 2014-2018
 Source: U.S. Census Bureau, 2000 Decennial Census, Table P008; 2014-2018 American Community Survey, 2014-2018 5-year Estimates, Table B03002.

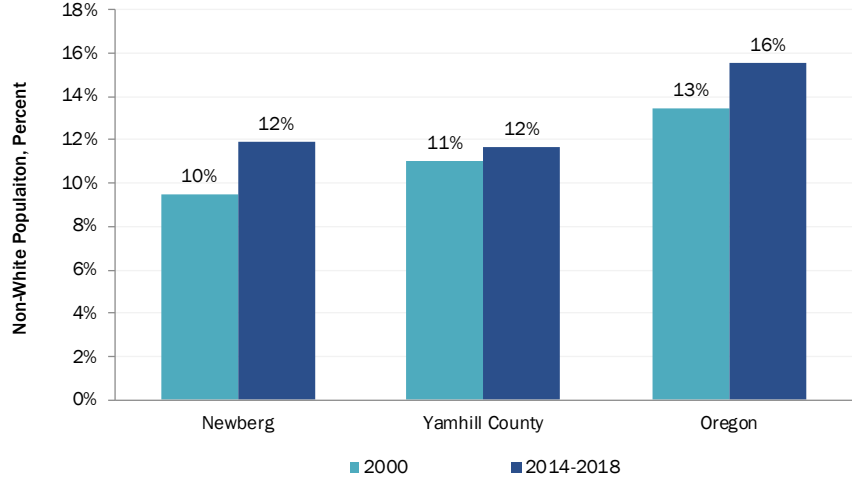


The population of people of color in Newberg increased between 2000 and 2014-2018.

Newberg and Yamhill County are less racially diverse than the state. In 2014-2018, the share of the population of people of color in both Newberg and Yamhill County was 12% compared to 16% statewide.

During this same time period, the group with the largest share of the population of people of color was “some other race alone,” representing 6% of Newberg’s residents.

Exhibit 42. Population of People of Color as a Percent of the Total Population, Newberg, Yamhill County, and Oregon, 2000, 2014-2018
 Source: U.S. Census Bureau, 2000 Decennial Census Table P007; 2014-2018 American Community Survey, 2014-2018 5-year Estimates, Table B02001.



Income

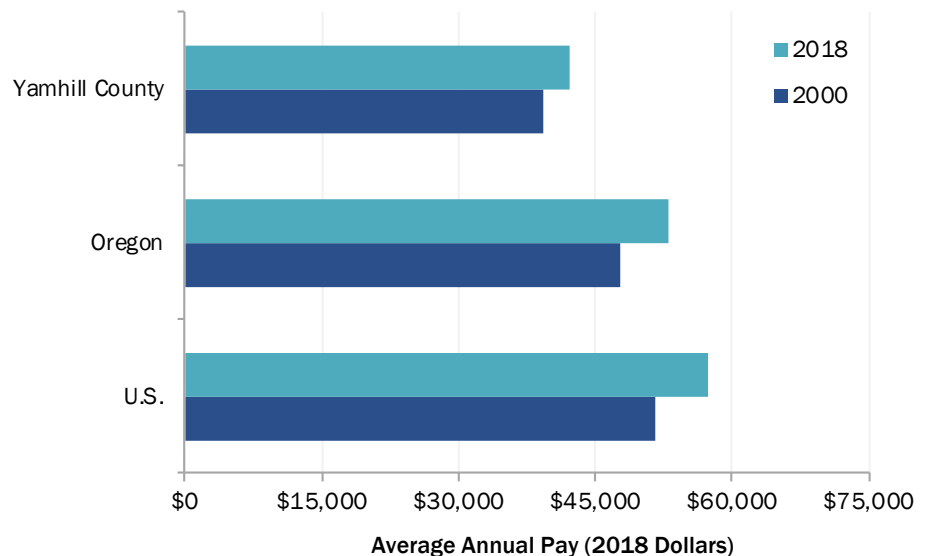
Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. Newberg’s median household income (\$56,599) was below the County median (\$59,484). In 2018, average wages at private businesses in Newberg (\$43,480) was higher than the County average (\$42,302).

Between 2000 and 2018, Yamhill County’s average wages increased as did average wages across the State and the nation. When adjusted for inflation, average annual wages grew by 8% in Yamhill County and 11% in both Oregon and across the nation.

From 2000 to 2018, average annual wages rose in Yamhill County, Oregon, and the nation.

In 2018, average annual wages were \$42,302 in Yamhill County, \$53,053 in Oregon, and \$57,266 across the nation.

Exhibit 43. Average Annual Wage, Covered Employment, Yamhill County, Oregon, and the U.S., 2000 to 2018, Inflation-adjusted 2018 Dollars
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages; State of Oregon Employment Department, Employment and Wages by Industry (QCEW).



Over the 2014-2018 period, the median household income in Newberg was 5% below Yamhill County’s and Oregon’s median household income.

Exhibit 44. Median Household Income (MHI),¹³² 2014-2018
Source: U.S. Census Bureau, American Community Survey 2014-2018 5-year Estimates, Table B19013.

| | | |
|----------------------------|-----------------------------------|---------------------------|
| \$56,599 Newberg | \$59,484 Yamhill County | \$59,393 Oregon |
|----------------------------|-----------------------------------|---------------------------|

¹³² The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they are related or not.

Newberg median family income during the 2014-2018 period, similar to median household income, was below the median family income of both Yamhill County and Oregon by 8% and 11%, respectively.

Exhibit 45. Median Family Income,¹³³ 2014-2018

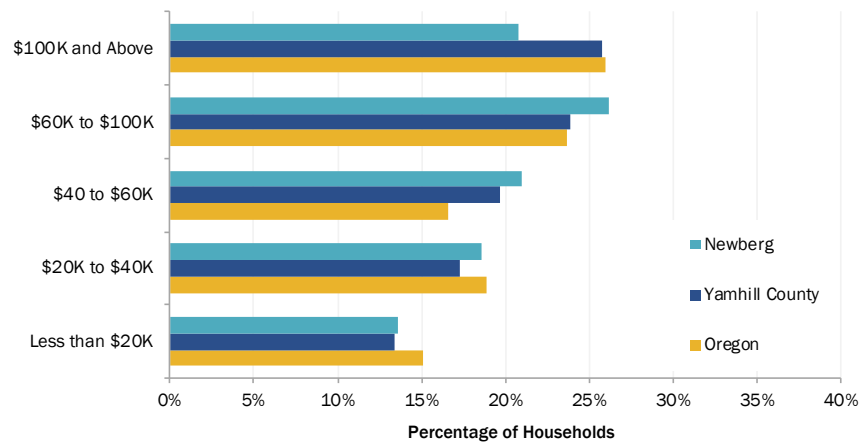
Source: U.S. Census Bureau, American Community Survey 2012-2016 5-year Estimates, Table B19113.

| | | |
|----------------------------|-----------------------------------|---------------------------|
| \$65,557 Newberg | \$70,813 Yamhill County | \$72,823 Oregon |
|----------------------------|-----------------------------------|---------------------------|

During the 2014-2018 period, 32% of Newberg households earned less than \$40,000 annually, compared to 31% of Yamhill County households and 34% of Oregon households.

Exhibit 46. Household Income by Income Group, Newberg, Yamhill County, and Oregon, 2014-2018, Inflation-adjusted 2018 Dollars

Source: U.S. Census Bureau, American Community Survey 2014-2018 5-year Estimates, Table B19001.



Over the same period, 21% of Newberg households earned between \$40,000 and \$59,999, a proportion larger than both Yamhill County residents (20%) and residents statewide (17%).

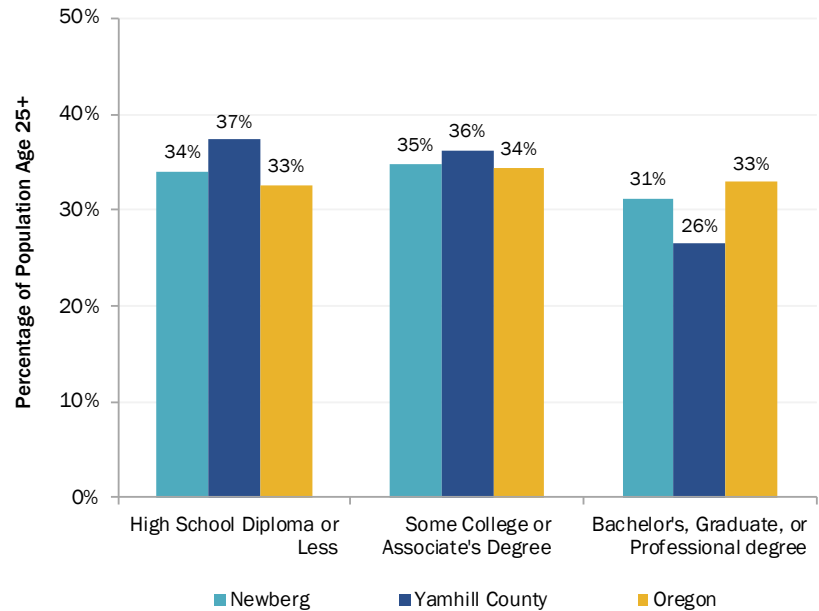
¹³³ The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

Newberg's residents are consistent with residents statewide regarding their completion of some college or attainment of an associate degree. The proportion of Newberg residents who have a bachelor's degree or a professional degree falls slightly below the State but is higher relative to Yamhill County.

Exhibit 47. Educational Attainment for the Population 25 Years and Over, Newberg, Yamhill County, and Oregon, 2014-2018
Source: U.S. Census Bureau, American Community Survey 2014-2018 5-year Estimates, Table B15003.



Labor Force Participation and Unemployment

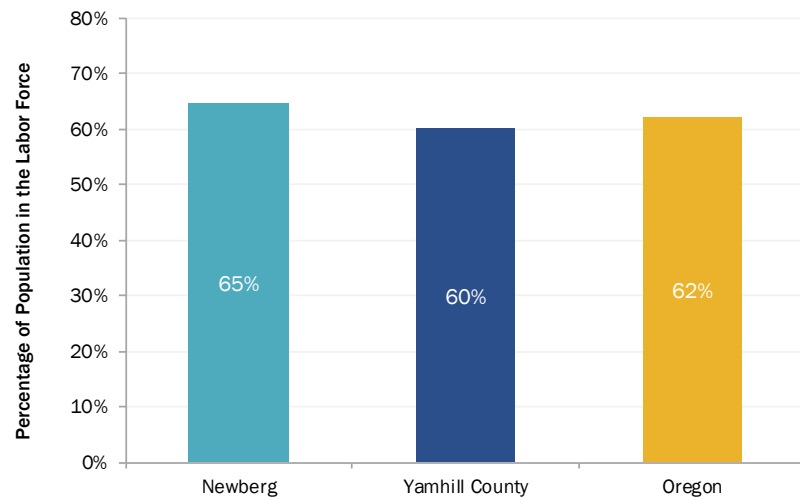
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2014-2018 American Community Survey, Yamhill County had 49,802 people in its labor force during that period and Newberg had 11,987 people in its labor force.

In 2019, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (29% of employers' difficulties), unfavorable working conditions (23%), a lack of qualified candidates (16%), a lack of soft skills (8%), a lack of work experience (7%), and low wages (7%).¹³⁴ These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

Newberg has a higher labor force participation rate relative to both Yamhill County and Oregon.

Exhibit 48. Labor Force Participation Rate, Newberg, Yamhill County, and Oregon, 2014-2018

Source: U.S. Census Bureau, American Community Survey 2012-2016 5-year Estimates, Table B23001.



¹³⁴ Oregon's Current Workforce Gaps: Hiring Challenges for Unfilled Job Vacancies, May 2019. Employer-Provided Reasons for Difficulty Filling Vacancies in Oregon, 2018. p. 20.

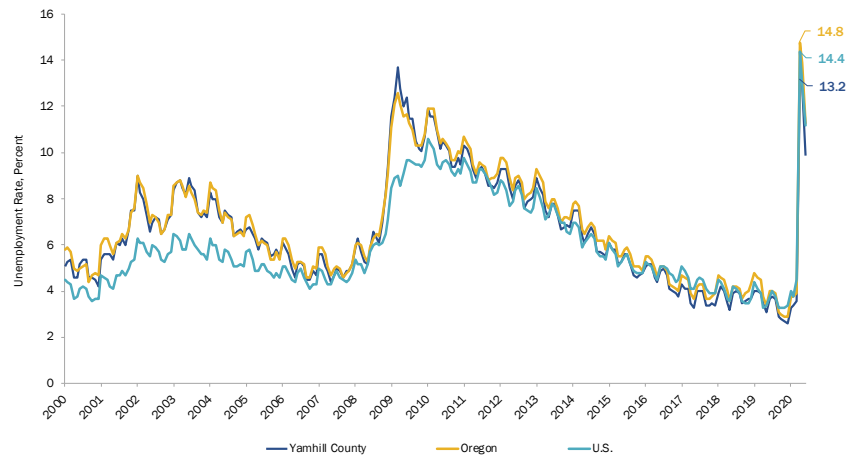
<https://www.qualityinfo.org/documents/10182/13336/Oregon%27s+Current+Workforce+Gaps>.

The unemployment rates in Yamhill County, Oregon, and the nation have declined since the Great Recession. However, since the pandemic, unemployment rates for the month of April 2020 exceeded the peak rate experienced during the Great Recession.

In April 2020, the unemployment rate for Yamhill County (13.2%) was lower than Oregon (14.8%) and the nation (14.4%).

Exhibit 49. Unemployment Rate, Yamhill County, Oregon, and the U.S., 2000 – April 2020

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in Newberg's economy because employers in the area are able to access workers from people living in cities across Yamhill County and from the broader Portland and Willamette Valley regions.

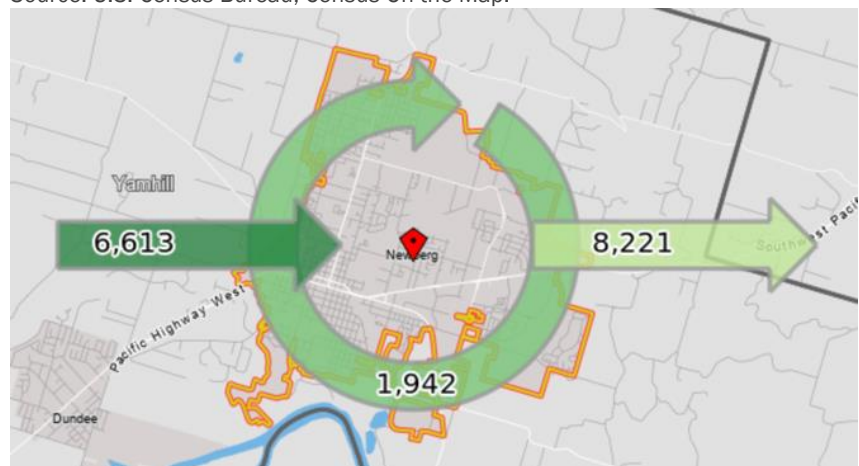
Exhibit 50 shows that 9% of people who live in Newberg commute to Portland while 19% remain in Newberg. Collectively, 24% of Newberg residents commute to Tigard, Beaverton, Tualatin, and Hillsboro (i.e., 6% to each location). The remaining workers commute from other cities located across the Region.

Newberg is part of an interconnected regional economy.

Fewer people both live and work in Newberg than commute into or out of the city for work. This commuting pattern is similar to Yamhill County in that more people commute to areas outside of the county for work than live and work within the county.

Exhibit 50. Commuting Flows, Newberg, 2017

Source: U.S. Census Bureau, Census On the Map.



About 23% of all people who work in Newberg also live in Newberg.

Exhibit 51. Places Where Newberg Workers Lived,¹³⁵ 2017

Source: U.S. Census Bureau, Census On the Map.



¹³⁵ In 2017, 8,555 people worked at businesses in Newberg, with 23% (1,942) of people employed and working in Newberg.

About 19% of residents who live in Newberg also work in Newberg.

Nine percent of Newberg residents commute to Portland for work.

Exhibit 52. Places Where Newberg Residents Were Employed,¹³⁶ 2017

Source: U.S. Census Bureau, Census On the Map.

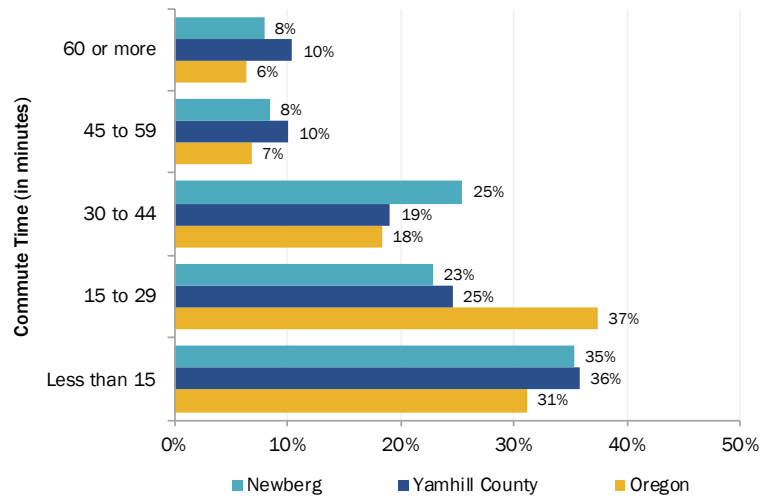


During the 2014-2018 period, about 35% of Newberg residents had a commute of less than 15 minutes, compared to 36% of Yamhill County’s residents and 31% of Oregon residents.

The majority of Newberg residents (65%) have a commute time over 15 minutes. This is consistent with Yamhill County, where 64% of County residents have a commute time of this length.

Exhibit 53. Commute Time by Place of Residence, Newberg, Yamhill County, and Oregon, 2014-2018

Source: U.S. Census Bureau, American Community Survey 2014-2018 5-year Estimates, Table B08303.



¹³⁶ In 2018, 11,987 residents in Newberg worked, with 16% of Newberg residents (1,942) both living and employed in Newberg in 2017.

Tourism in Willamette Valley and Yamhill County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International’s 2017 Regional Visitor Report for the Willamette Valley region, which is comprised of Benton, Clackamas (South), Lane (East), Linn, Marion, Polk, and Yamhill Counties.¹³⁷ Broadly, travelers to the Willamette Valley accounted for:¹³⁸

- 5.5 million overnight trips in 2017, or 16% of all Oregon overnight travel that year.
- The primary market area for travelers over 2016 and 2017 were Oregon, Washington, and California: 48% of Willamette Valley visitors came from Oregon, 19% came from California, and 14% came from Washington.
- About 75% of visitors stayed 2 or fewer nights over 2016 and 2017 in the Willamette Valley, 20% stayed 3-6 nights, and 5% stayed 7 or more nights. The average nights spent in the Willamette Valley region was 2.3.
- The average per person expenditures on overnight trips in 2017 ranged from \$13 on transportation at destination to \$41 per night on lodging.
- About 75% of visits to the Willamette Valley region over 2016 and 2017 were via personally owned automobiles, 18% were by rental car, and 13% were via an online taxi service (e.g., Lyft or Uber).
- Over 2016 and 2017, visitors tended to be middle-aged adults, with the average age being about 48.7. The majority of overnight visitors were 65 and older (23%) followed by those between the ages of 55 and 64 (19%) and individuals between the ages of 35 and 44 (19%). About 56% of visitors graduated college or completed a post-graduate education. Additionally, 44% of visitor earned less than \$50,000 in household income, 37% earned between \$50,000 and \$99,999, and 19% earned more than \$100,000. The average household income for the Willamette Valley Region visitors was about \$64,560.

Yamhill County’s direct travel spending increased 49% from 2000 to 2018.

The Willamette Valley region’s direct travel spending increased by 139% over the same period.

Exhibit 54. Direct Travel Spending (\$ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2018, and Dean Runyan Associates, Oregon Travel Impacts, 1992-2018p.

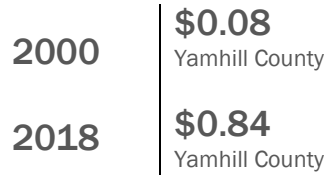
| | | |
|------|--------------------------|----------------|
| 2000 | \$1,019.9 | \$56.7 |
| | Willamette Valley Region | Yamhill County |
| 2018 | \$1,984.4 | \$135.7 |
| | Willamette Valley Region | Yamhill County |

¹³⁷ Travel Oregon. “Oregon 2017 Regional Visitor Report Willamette Valley Region,” Longwoods International, October 2018. Retrieved from: <https://industry.traveloregon.com/resources/research/willamette-valley-oregon-overnight-travel-study-2017-longwoods-international/>.

¹³⁸ Longwoods International issues caution in interpreting these tourism estimates in Central Oregon as the sample size for this region is low.

Yamhill County's lodging tax receipts increased 967% over 2000 to 2018.

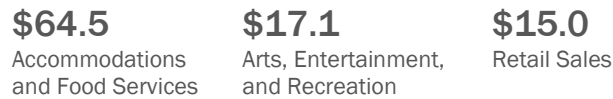
Exhibit 55. Lodging Tax Receipts (\$ millions), 2000 and 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1991-2017.



Yamhill County's largest visitor spending for purchased commodities is accommodation and food services.

Exhibit 56. Largest Visitor Spending Categories (\$ millions), Yamhill County, 2018

Source: Dean Runyan Associates, Oregon Travel Impacts.



Yamhill County's largest employment generated by travel spending is in the accommodations and food services industry.

Exhibit 57. Largest Industry Employment Generated by Travel Spending (thousands), Yamhill County, 2018

Source: Dean Runyan Associates, Oregon Travel Impacts.



The number of overnight visitors to Yamhill County has increased from 1,683,000 in 2016 to 1,773,000 in 2018, an increase of 90,000 overnight stays or 5.3%.

Appendix B. Buildable Lands Inventory

The buildable lands inventory is intended to identify commercial and industrial lands that are available for development for employment uses within the Newberg UGB. The inventory is sometimes characterized as *supply* of land to accommodate anticipated employment growth. Population and employment growth drive *demand* for land. The amount of land needed depends on the type of development and other factors.

This appendix presents results of the commercial and industrial buildable lands inventory for the Newberg UGB. The results are based on analyses of Yamhill County and State of Oregon GIS data by ECONorthwest and reviewed by City staff. The remainder of this appendix summarizes key findings of the buildable lands inventory.

Methods and Definitions

The BLI for Newberg includes all land that allows commercial and industrial uses within the UGB. From a practical perspective, land was included in the BLI if it met all of the following criteria: 1) it is inside the Newberg UGB, 2) it is inside a tax lot (as defined by Yamhill County), and 3) if its current zoning/comprehensive plan designation allows employment uses. Note that tax lots do not generally include road or railroad rights-of-way or water. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Inventory Steps

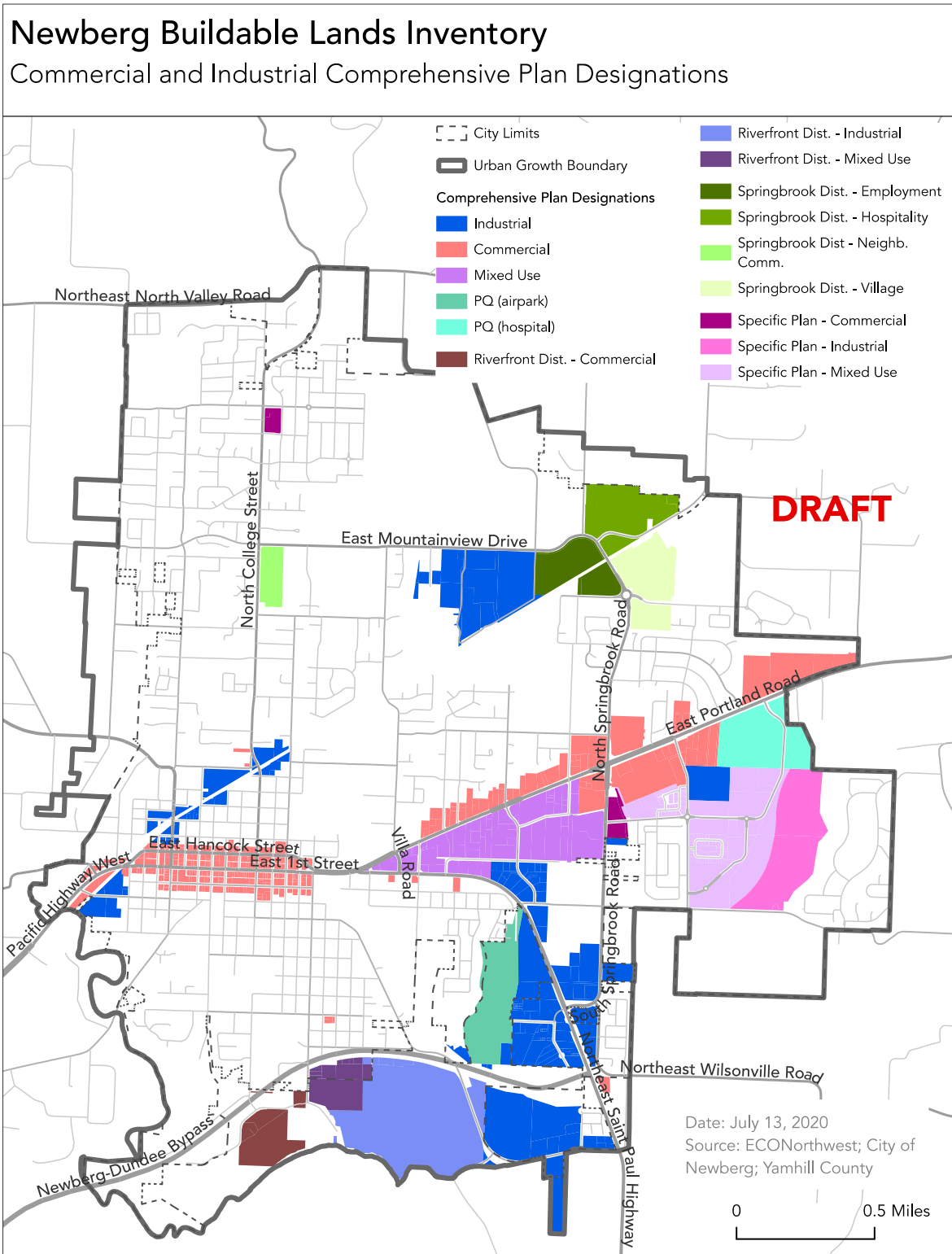
The steps in the BLI are:

1. Generate UGB “land base”
2. Classify lands by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate UGB “land base”

The commercial and industrial inventory will use all of the tax lots in the Newberg UGB with the appropriate plan designations. Specific designations that were used include:

- Commercial
 - COM - Commercial
 - SD/V - Springbrook District – Village
 - SD/NC - Springbrook District - Neighborhood Commercial
 - SD/H - Springbrook District – Hospitality
 - COM/RD - Commercial Riverfront
 - COM/SP - Specific Plan
- Industrial
 - IND – Industrial
 - IND/RD - Industrial Riverfront
 - IND/SP - Specific Plan
 - SD/E - Springbrook District - Employment
- Mixed Use
 - MIX – Mixed Use
 - MIX/SP – Specific Plan
- PQ areas with employment uses



Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with an employment plan designation (based on definition above) into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Potential infill land
- Undevelopable land
- Public or exempt land

ECONorthwest identified buildable land and classified development status using a rule-based methodology. The rules are described below in Exhibit 59.

Exhibit 59. Rules for Development Status Classification

| Development Status | Definition | Statutory Authority |
|-----------------------|---|--|
| Vacant Land | <p>A tax lot:</p> <p>(a) Not currently containing permanent buildings or improvements; or</p> <p>(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements</p> <p>For the purpose of criteria (a) above, lands with improvement values of \$0 and without mobile homes (as identified by Yamhill Assessment property class codes) were considered vacant.</p> | <p>OAR 660-009-005(14)</p> <p>We included all tax lots in the land base in the inventory—a more inclusive approach than required by law. Tax lots smaller than the thresholds were evaluated based on existing improvements.</p> |
| Potential Infill Land | <p>Potential infill tax lots are those between one and five acres occupied by a use that could still be further developed based on the zoning. This determination was based on a visual assessment and City staff verification.</p> | <p>Based on definition of “developed land” in OAR 660-009-005(1).</p> |
| Undevelopable Land | <p>Vacant tax lots less than 3,000 square feet in size are considered undevelopable.</p> | <p>No statutory definition</p> |
| Public or Exempt Land | <p>Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. Public lands and exempt land were identified using</p> | <p>No statutory definition</p> |

| | | |
|----------------|--|--------------------|
| | the Yamhill County Assessment property class codes. This category only includes public lands that are located in commercial or industrial plan designations. | |
| Developed Land | OAR 660-009-005(1) defines developed land as “Non-vacant land that is likely to be redeveloped during the planning period.” Lands not classified as vacant, potential infill, undevelopable, or public or exempt are considered developed. Redevelopment potential is considered separately from the assignment of development status in Chapter 4. | OAR 660-009-005(1) |

Step 3: Identify constraints

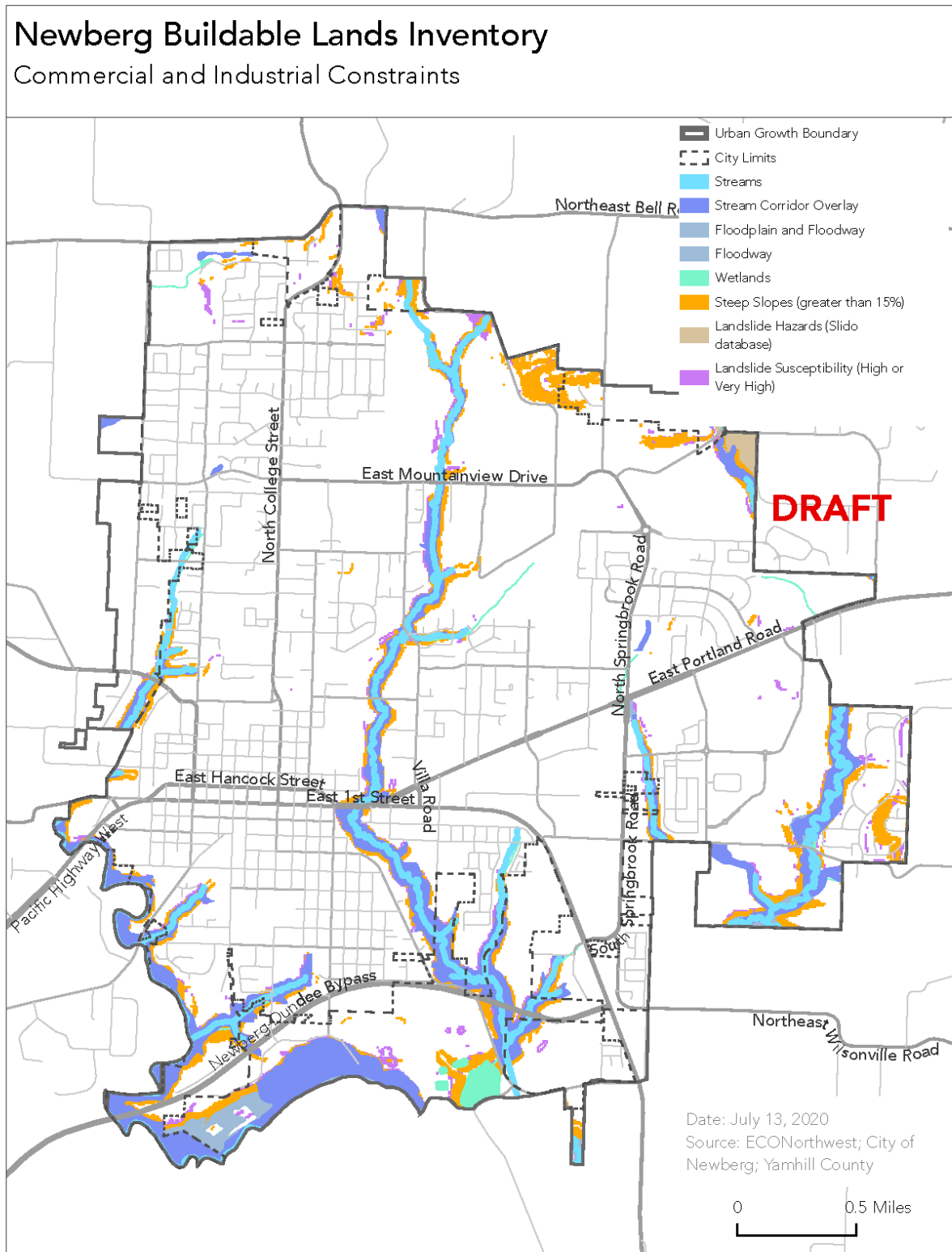
As shown in Exhibit 60 (and in the map in Exhibit 61), the BLI included development constraints consistent with guidance in OAR 660-008-0005(2).

Exhibit 60. Constraints Included in the BLI

| Constraint | Statutory Authority | Threshold |
|--|---------------------|---|
| Goal 5 Natural Resource Constraints | | |
| Regulated Wetlands | OAR 660-009-0005(2) | Within National Wetlands Inventory |
| Stream Corridors | OAR 660-009-0005(2) | Lands within Newberg’s Stream Corridor Overlay |
| Natural Hazard Constraints | | |
| Floodways | OAR 660-009-0005(2) | Lands within FEMA FIRM identified floodway |
| 100 Year Floodplain | OAR 660-009-0005(2) | Lands within FEMA FIRM 100-year floodplain |
| Steep Slopes | OAR 660-009-0005(2) | Slopes greater than 15% |
| Landslide Hazards | OAR 660-009-0005(2) | Areas within DOGAMI’s Slido Database; Areas with high or very high landslide susceptibility (according to DOGAMI) |

These areas were evaluated as prohibitive constraints (unbuildable). All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or potential infill.

Exhibit 61. Commercial and Industrial Constraints Included in the BLI



Step 4: Verify inventory results

ECONorthwest used a multi-step verification process. The first verification step involved a “visual assessment” of land classifications using GIS and recent aerial photos. The visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the visual assessment methodology. The second round of verification involved City staff verifying the visual assessment output. ECONorthwest amended the BLI based on City staff review and a discussion of staff’s comments. The final verification is reviewed by stakeholders, most especially TAC and CAC members.

Step 5: Tabulate and map results

The results of the commercial BLI are presented in tabular and map format in the remainder of this appendix. This includes a zoning/comprehensive plan map, the land base by classification, vacant and potential infill lands by plan designation, and vacant and potential infill lands by plan designation with constraints showing.