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July 23, 2010

Jessica Nunley, AICP
Assistant Planner
City of Newberg
414 E First Street
Newberg, OR 97132

RE: File No. UGB-09-001 (Industrial Urban Growth Boundary Amendment).

Dear Jessica:

Thank you for the opportunity to comment on the proposed amendment to add approximately 260 acres to Newberg's Urban Growth Boundary. Our understanding is that a portion of this amendment includes industrial lands. Below you will find our comments as they relate to the relevance of large lot industrial to Newberg's economic development strategy, the economic benefit of industrial lands and large lot industrial development and the appropriateness of Newberg's proposal of adding to its zoned capacity of industrial land.

Large lot industrial sites are an important part of Oregon Business Development's economic development strategy for the state and is considered an excellent way to enable the creation, retention, expansion and attraction of businesses that provide living-wage jobs for Oregonians. The Certified Industrial Site program is the Agency's primary tool to certify and market "ready sites" of more than 20 developable acres for industrial development.

There have been 65 sites certified in Oregon since 2002 and there has been development on more than 50 per cent of those properties. The program's success with bringing large parcels to market is demonstrated in business development on certified sites since 2009. Table 1 is a summary of the largest employers that chose to locate on certified sites. This activity took place despite the fact that the economy was experiencing one of the most severe recessions in history.

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Table 1: Employment Activity on Certified Sites (2009-2010)

Company (Community)	Activity on Certified Site	Job Impact
Facebook (Prineville)	2010 New Facility Announcement	200 Construction/35 Permanent
Home Depot (Salem)	2010 New Facility Announcement	175 Jobs
Sanyo (Salem)	2009 Opening	200 Jobs by 2010
Solaicx (Portland)	2010 Expansion	60 Jobs
Ferrotec (Fairview)	2010 New Facility Announcement	30 Jobs
Genentech (Hillsboro)	2010 Fully Operational	300 Jobs
Crown Works Dental (Sutherlin)	2009 Facility Opens	125 Jobs

So why is lot size often a critical component of a company's site selection decision? Below are some technical and market requirements that contribute to the lot-sizes demanded by industrial uses:

1) On average, industrial sites are only 40% to 60% developable. While the footprint for a large facility might only be five or ten acres, requirements for setbacks, access, parking, and environmental mitigation and avoidance (i.e. wetlands) usually require more room than the facility itself.

2) Industries want buffering around their site for a number of very good reasons (security, storage, noise). This has been the case for a number of our largest technology and green-industry related recruitments.

3) Many industries, particularly true in the fast growing clean-energy arena, require land for expansion for their long-term business plan. While expansion space is not always taken advantage of, it is an essential part of the site selection strategy due tof the cost of future expansion.

5) Large parcels are also a good way to build a cluster of industries around a high profile anchor business, which proves the value of the location to other businesses that are less willing to trail-blaze or be first into a region. The anchor businesses often pull suppliers to the region, further enhancing their economic benefit.

6) Efficiencies can be obtained by clustering industrial users into large master-planned business parks. Land use efficiencies can be achieved when businesses are allowed to develop their facilities as needed, while also having the assurance that there will be nearby parcels available for future expansion. Energy, water, waste, and material flows can be streamlined in a park setting where multiple businesses can take advantage of common infrastructure investments and, in some cases, take advantage of each other's energy and waste streams.

Much of the recent demand for large lot industrial comes from rapidly growing industries that are building production and research capabilities to establish global scale. Further demand comes from industry looking for regional production or logistics reasons. While warehousing is not necessarliy an important job creator, it is an important component of our economy that keeps our international ports expanding and strengthens Oregon's export markets for industrial and agricultural products.

Wordwide, there currently is strong interest and development in renewable energy and related technologies. The table below is a list of companies that have made announcements since the beginning of 2009. While none of these firms landed in Oregon, we were considered by many of the firms.

Large Clean Tech Facility Announcements (2009-2010)

Company	Acres	Location	Industry
Tokuyama*	494	Malaysia	Solar
Tesla/Toyota	380	California	Electric Cars
Xtreme Power/Clairvoyant Energy	320	Michigan	Solar
Vestas*	300	Colorado	Wind
US REG - A Power	150	Nevada	Wind
REC*	150	Singapore	Solar
Tindall	144	Kansas	Wind
Green2V	124	New Mexico	Solar
LG Chem Ltd.	120	Michigan	Battery
Autoport/AC Propulsion	102	Delaware	Electric Vehicles
Siemens	100	Kansas	Wind
Undisclosed**	100	Oregon/Nation	Battery
Energy Composites Corps	94	Wisconsin	Wind
Tesla	90	California	Electric Cars
Mitsubishi Heavy Industries*	90	Arkansas	Wind
Schott Solar*	80	New Mexico	Solar
Enerdel	75	Indiana	Batteries
BMW	60	Washington	Electric Car Supplier
Nissan Leaf Battery	67	Tennessee	Battery
Energy Composites Corporation	54	Wisconsin	Wind
Proterra*	50	South Carolina	Electric Buses
Confluence	50	Tennessee	Solar
Bosch Solar	50	Germany	Solar

* Considered Oregon/**Source: OBD (2010)

Source: News Reports & Business Oregon

The substantial economic impact of traded sector industrial is well documented. Most industrial companies are considered to be traded sector industries that bring wealth into a community through sales outside Oregon. While many locally based service-sector businesses are an essential part of a region's business mix and quality of life, they are not as effective in creating new living wage jobs . Table 3 is a list of some of the annual economic impacts of industrial lands that is based on operating payrolls and a multiplier that takes into affect spending by the company and its employees in the region. These

impacts are substantial and dwarf the job and income productivity of alternative productive land uses (i.e. agriculture, forestry). For example, an analysis of the economic impact of total farms sales plus a multiplier resulted in a per-acre impact of $3,757 per acre[i]. Using the same methodology, the per-acre economic impact in Yamhill county totals $3,376 per acre[ii]. On a per acre basis, these impacts are hundreds of times smaller than the impacts of the documented industrial uses below.

A letter from 1000 Friends of Oregon in reference to Newberg's Urban Growth Boundary Amendment states that the proposed expansion "will harm the local economy by undercutting the land base that supports this leading industry (farm and ranching)." The basis of this assertion is an impressive $1.5 billion in gross farm and ranch sales in Yamhill, Marion, Washington, and Clackamas County[iii]. While this is a large number, it is approximately equivalent to what a single manufacturer, Intel, is paying in salaries (a mere fraction of gross sales) in nearby Washington County[iv].

Table 3: Economic Impact of Employment Land

Industry/Sector	Acres	Economic Impact Per Acre	Basis of Impact	Notes on Methodology	Source
Lowe's Distribution	205	$207,500	Payroll + Multiplier	Potential Impact of Large distribution Center in Lebanon	Business Oregon
Solar Cluster	179	$1,400,000	Payroll + Multiplier	Potential impact of three firms in Portland, Hillsboro, and Salem	Business Oregon
Genentech	75	$400,800	Payroll + Multiplier	Potential Impact Study Contracted for Incentives	Business Oregon
Title 4 Lands Hillsboro	3,388	$616,000	Payroll No Multiplier	Industrial Lands in Hillsboro based on Employment Data	Business Oregon

Newberg's South Industrial Area's Master Plan is relatively modest and completely appropriate for its current size and proximity to the Portland Metropolitan Area. The mixture of sites ranging from five to 28 acres in a 125-acre master planned park is completely appropriate and should result in numerous economic and land use efficiencies and a positive return on investment for the community.

Newberg's location on Highway 99 and its' access to the large Washington County labor force would make it attractive to some of the 50-plus acre industrial users mentioned in this letter. Newberg's chosen emphasis on a mixture of smaller sites will only further its marketability, as there is considerably more deal flow in their selected parcel-size range. Finally, the mix of allowed uses, including heavy and light manufacturing, industrial service, vehicle repair, self-service storage, waste related, wholesale trade, wineries, breweries, and distilleries should further compliment the economic assets of the community.

Our final comment is that land use in Oregon does not have to be an either-or proposition. Oregon's strong land use controls that require urban growth boundaries and comprehensive planning are essential to protecting open space and our agricultural heritage. Thoughtful planning could also make room in communities for the industries of today and tomorrow that pay family-wages and provide the tax base we need to afford first-rate public sector services that will protect our environment, educate our workforce, and help the most in-need.

Sincerely,

Michael J. Williams
Industrial Lands Specialist

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[i] http://www.oregon.gov/ODA/do_reports_land.shtml
[ii] Source: Market Value of Farm Sales divided by total acreage times a multiplier of 2.2.
http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/County_Profiles/Oregon/cp41071.pdf
[iii] May 25, 2010; RE: Docket PA-01-10 (Newberg Urban Growth Boundary Amendment)
[iv] http://www.intel.com/community/oregon/econimpact.htm