CITY OF MEDFORD
PLANNING DEPARTMENT

STAFF REPORT

Date: November 18, 2008

To: Medford City Council

Reviewed By: Suzanne Myers, A. I. C. P., Principal Planner

By: Kathy Helmer, Planner IV

Subject: Update of the Economic Element (CP-08-077)
City of Medford, applicant

BACKGROUND

Proposal

Consideration of a Class 'A' Major Legislative *Comprehensive Plan* Amendment proposal to replace the current Economic Element, adopted by Ordinance 2006 - 228, with an updated Economic Element (Exhibit A), and incorporating the Economic Opportunities Analysis (Exhibit B) as the Appendix to the updated Economic Element. The updated Economic Element includes the following:

(1) An updated Economic History section;
(2) A revised Review of National, State and Local Trends;
(3) A revised Employment Forecast, based on the most recent coordinated population forecast;
(4) Revised Employment Land Needs and Site Requirements sections;
(5) An assessment of the suitability of the existing land supply for projected employment needs; and
(6) Revised Conclusions, Goals, Policies and Implementation Strategies.

The Economic Element of the *Medford Comprehensive Plan* was last revised and adopted in October 2006. The current update is based on an Economic Opportunities Analysis commissioned by the City and conducted by Johnson Gardner LLC and CSA Planning, Ltd. The Economic Opportunities Analysis provides a comprehensive look at Medford's economic development potential over the planning period of 2008 – 2028. The analysis documents national, regional and local trends and forecasts regional growth and employment opportunities. Through a series of calculations, the study projects employment land needs and the types of sites required by commercial and industrial uses. It compares the total demand for land with the existing supply of buildable land and then assesses how well those available lands match the needs of targeted commercial and industrial uses. The analysis forecasts deficits in employment lands

over the planning period. It suggests ways to meet some needs by changing map designations within the existing Urban Growth Boundary, but emphasizes that additional lands will be needed over the planning period. The last section of the Economic Element presents revised Conclusions, Goals, Policies and Implementation Strategies which will guide the City's policy and decision-making related to economic development over the next twenty years.

This amendment places new data, analyses, conclusions, policies and implementation strategies in the Economic Element of the *Comprehensive Plan,* including:

- The revised Economic Element assumes a long-term Average Annual Growth Rate of 2.0%,which translates into a 20-year overall target of an additional 35,404 new jobs.

- The analysis comparing lands available within the existing Urban Growth Boundary to projected land needs over the 20-year period indicates that additional land is required.

- Once the total number of existing vacant employment lands and redevelopable employment lands are subtracted from the 20-year need, and the acreage related to potential map designation changes is also subtracted from that need, the total number of additional gross acres needed is 653**.**

- This updated economic Element elaborates on the site characteristics required by diverse types of commercial and industrial development.

- There are fewer differences between the range of on-site activities currently found on commercial and industrial designations. There are also fewer differences among Heavy Industrial and General Industrial uses. This points to a need to re-evaluate current land use designations.

- New Policies have been added; one relates to identifying the potential for renewable and sustainable energy-related industries.

- New Implementation Strategies have been added; one identifies a detailed strategy for ensuring a competitive short-term land supply.

The Economic Opportunities Analysis (EOA) is an extensive study presenting all related calculations, tables, and background information used to arrive at conclusions. The Economic Element summarizes that background work and highlights study outcomes and conclusions. This amendment proposes to adopt the updated Economic Element into the *Comprehensive Plan* with the Economic Opportunities Analysis as an Appendix to the Element.

Applicable Criteria

For Class 'A' Major Legislative *Comprehensive Plan* Amendments, approval criteria are found in:

- *Medford Land Development Code Section 10.182, Application Form* (Exhibit C).
- *Medford Comprehensive Plan.* Plan Review and Amendments (Exhibit D)

FINDINGS

The Proposed Findings of Fact and Conclusions of Law, dated October 13, 2008 (Exhibit E), are, by this reference, incorporated as a part of this report. A discussion of the proposal relative to the approval criteria listed above is included in the Proposed Findings. The Proposed Findings conclude that this amendment satisfies all applicable criteria.

COMMENTS RECEIVED

Exhibit F contains all comments received. Among the four sets of comments, the most extensive were from Angelo Planning Group on behalf of the Southern Oregon Builders, a locally owned business which develops industrial buildings. Among other more technical concerns, Angelo suggested that the Economic Element was inconsistent with the Hovee Study and the ECONorthwest study done for the Regional Problem Solving (RPS) process. In response, the Economic Element projections regarding a future employment industry mix with a heavier share of service and retail industries follow the Hovee Goal 9 "*Employment Land Supplement*" projections which were incorporated into the Comprehensive Plan in 2006. With respect to the ECONorthwest study, that was a study of the *regional* employment mix. There are significant differences between Medford's employment industry mix and the regional mix; applying one "across-the-board" to the other is not appropriate. Another concern raised by Angelo was that the planned mix of employment by industry would adversely diminish opportunities for higher paying manufacturing jobs. In response, the City is still required and is planning to supply adequate industrial lands to meet projected demand. Re-designating surplus commercial land will have no adverse affect on the amount of higher paying manufacturing jobs, because the land so designated is not projected to be consumed by industrial employers during the planning horizon. Additionally, at a study session on land needs, City Council directed the consultants to assume large area needs for industrial sites, given their different development patterns and land banking practices. In conclusion, staff holds that the Angelo group raised concerns that are answered with a thorough knowledge of the methodology and outcomes.

In July, 2008, the Oregon Department of Land Conservation and Development commented that the Economic Element was one of the best to date and worthy of being shared with others as a model. The letter encouraged more specificity in Implementation Strategies.

The Oregon Department of Transportation did not comment on the Economic Element *per se;* it recommended that the City update its *Transportation System Plan* at the appropriate time, in relation to other pertinent updates of the *Comprehensive Plan.*

Some technical comments were received from Alwin Turiel, a private, interested party. Ms. Turiel was concerned that the Economic Opportunities Analysis had not properly addressed smaller parcels in its methodology. In response, the one-half acre rule is a product of the Oregon Administrative Rules definition of 'Vacant' lands for employment land which treats one-half acre or smaller parcels as non-vacant. For sites less than one-half acre, the methodology may effect total land requirements and site needs to some degree, but this is the way the OAR prescribes it be done. As to lands one-half to one (1) acre, the analysis does not exclude these lands in the provided total acreage summaries and aggregate land needs calculations. However, the amount of qualitative analysis put into the site supply analysis is limited. Essentially, sites that are one-half to one (1) acre are either going to be small offices, small retail, or small industrial sites because they are too small for anything else. Going through each of the hundreds of parcels and trying to predict which is going to be which would be very subjective and labor intensive without a lot of meaning. Ms. Turiel's observation does point up a potential policy issue that detailed qualitative analysis for a specific neighborhood or district plan for parcels one-half to one (1) acre may be meaningful and helpful and the Council may wish to direct supporting policy language along these lines.

On October 23, 2008, a second set of comments were received from the Angelo Planning Group (Exhibit F) which provided insight into a particular type of industrial development ("Spec/Flex") and focused on the characteristics of the Fjarli industrial park and its suitability for inclusion within the Urban Growth Boundary. CSA Planning, Ltd., the City's consultant on this Economic Element update project, responded to the ideas in the two Angelo letters, as per the memorandum in Exhibit G.

In conclusion, staff holds that no significant changes should be made to the Economic Element based on the comments received.

RECOMMENDED ACTION

The Medford Planning Commission, at their meeting of October 23, 2008, voted to forward a favorable recommendation to City Council for CP-08-077, as per the Staff Report dated October 15, 2008, including Exhibits A through F. Before that vote, a Commissioner expressed his concern that an adequate case had not been made for City Council selecting the high economic growth option.

EXHIBITS

Exhibit A	Economic Element
Exhibit B	*"Economic Opportunities Analysis. City of Medford, Oregon. September 2008."*
Exhibit C	*Medford Land Development Code*, Section 10.182, Application Form.
Exhibit D	*Medford Comprehensive Plan* – Plan Review and Amendments.

Exhibit E	Proposed Findings of Fact and Conclusions of Law, dated October 13, 2008.
Exhibit F	Comments Received
Exhibit G	Response to Angelo Planning Group comments

Note: *The current Economic Element, the proposed Economic Element Update, and the Economic Opportunities Analysis can be accessed on the Planning Department page of the City of Medford website www.ci.medford.or.us .*

PLANNING COMMISSION AGENDA: October 23, 2008

CITY COUNCIL AGENDA: December 4, 2008