Oregon
Theodore R. Kulongoski, Governor

Department of Land Conservation and Development
635 Capitol Street, Suite 150
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(503) 373-0050
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www.lcd.state.or.us

NOTICE OF ADOPTED AMENDMENT

7/30/2009

TO: Subscribers to Notice of Adopted Plan or Land Use Regulation Amendments

FROM: Plan Amendment Program Specialist

SUBJECT: City of Milton-Freewater Plan Amendment
DLCD File Number 003-09

The Department of Land Conservation and Development (DLCD) received the attached notice of adoption. A Copy of the adopted plan amendment is available for review at the DLCD office in Salem and the local government office.

Appeal Procedures*

DLCD ACKNOWLEDGMENT or DEADLINE TO APPEAL: Tuesday, August 11, 2009

This amendment was submitted to DLCD for review prior to adoption. Pursuant to ORS 197.830(2)(b) only persons who participated in the local government proceedings leading to adoption of the amendment are eligible to appeal this decision to the Land Use Board of Appeals (LUBA).

If you wish to appeal, you must file a notice of intent to appeal with the Land Use Board of Appeals (LUBA) no later than 21 days from the date the decision was mailed to you by the local government. If you have questions, check with the local government to determine the appeal deadline. Copies of the notice of intent to appeal must be served upon the local government and others who received written notice of the final decision from the local government. The notice of intent to appeal must be served and filed in the form and manner prescribed by LUBA, (OAR Chapter 661, Division 10). Please call LUBA at 503-373-1265, if you have questions about appeal procedures.

*NOTE: THE APPEAL DEADLINE IS BASED UPON THE DATE THE DECISION WAS MAILED BY LOCAL GOVERNMENT. A DECISION MAY HAVE BEEN MAILED TO YOU ON A DIFFERENT DATE THAT IT WAS MAILED TO DLCD. AS A RESULT, YOUR APPEAL DEADLINE MAY BE EARLIER THAN THE ABOVE DATE SPECIFIED.

Cc: Gina Hartzheim, City of Milton-Freewater
Gloria Gardiner, DLCD Urban Planning Specialist
Grant Young, DLCD Regional Representative
Thomas Hogue, DLCD Regional Representative
Angela Lazarean, DLCD Urban Planner

<paa> YA

FORM 2

D L C D NOTICE OF ADOPTION

This form **must be mailed** to DLCD **within 5 working days after the final decision** per ORS 197.610, OAR Chapter 660 - Division 18

(See reverse side for submittal requirements)

DEPT OF
JUL 23 2009
LAND CONSERVATION AND DEVELOPMENT

Jurisdiction: Milton-Freewater Local File No.: _____ (If no number, use none)

Date of Adoption: July 13, 2009 (Must be filled in) Date Mailed: July 21, 2009 (Date mailed or sent to DLCD)

Date the Notice of Proposed Amendment was mailed to DLCD: April 17, 2009

- ✓ Comprehensive Plan Text Amendment
- ___ Comprehensive Plan Map Amendment
- ___ Land Use Regulation Amendment
- ___ Zoning Map Amendment
- ___ New Land Use Regulation
- ___ Other: _____ (Please Specify Type of Action)

Summarize the adopted amendment. Do not use technical terms. Do not write "See Attached."

Amend Comprehensive Plan updating elements, goals & policies

Describe how the adopted amendment differs from the proposed amendment. If it is the same, write "Same." If you did not give notice for the proposed amendment, write "N/A."

Same.

Plan Map Changed from: N/A to _____

Zone Map Changed from: N/A to _____

Location: _____ Acres Involved: _____

Specify Density: Previous: _____ New: _____

Applicable Statewide Planning Goals: 9

Was an Exception Adopted? Yes: ___ No: ✓

DLCD File No.: 003-09 (17527) [15633]

Did the Department of Land Conservation and Development **receive** a notice of Proposed Amendment **FORTY FIVE (45) days prior to the first evidentiary hearing**. Yes: ✓ No: ____

If no, do the Statewide Planning Goals apply. Yes: ___ No: ____

If no, did The Emergency Circumstances Require immediate adoption. Yes: ___ No: ____

Affected State or Federal Agencies, Local Governments or Special Districts: _____

Local Contact: Gina Hartzheim Area Code + Phone Number: 541-938-8234

Address: P.O. Box 6 City: Milton-Freewater

Zip Code+4: 97862 Email Address: gina.hartzheim@milton-freewater-or.gov

ADOPTION SUBMITTAL REQUIREMENTS

This form **must be mailed** to DLCD **within 5 working days after the final decision** per ORS 197.610, OAR Chapter 660 - Division 18.

1. Send this Form and **TWO (2) Copies** of the Adopted Amendment to:

ATTENTION: PLAN AMENDMENT SPECIALIST
DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT
635 CAPITOL STREET NE, SUITE 150
SALEM, OREGON 97301-2540

2. Submit **TWO (2) copies** the adopted material, if copies are bounded please submit **TWO (2) complete copies** of documents and maps.

3. Please Note: Adopted materials must be sent to DLCD not later than **FIVE (5) working days** following the date of the final decision on the amendment.

4. Submittal of this Notice of Adoption must include the text of the amendment plus adopted findings and supplementary information.

5. The deadline to appeal will not be extended if you submit this notice of adoption within five working days of the final decision. Appeals to LUBA may be filed within **TWENTY-ONE (21) days** of the date, the "Notice of Adoption" is sent to DLCD.

6. In addition to sending the "Notice of Adoption" to DLCD, you must notify persons who participated in the local hearing and requested notice of the final decision.

7. **Need More Copies?** You can copy this form on to 8-1/2x11 green paper only ; or call the DLCD Office at (503) 373-0050; or Fax your request to:(503) 378-5518; or Email your request to Mara.Ulloa@state.or.us - ATTENTION: PLAN AMENDMENT SPECIALIST.

ORDINANCE NO. 954

AN ORDINANCE AMENDING GOAL 9 OF THE
MILTON-FREEWATER COMPREHENSIVE PLAN

WHEREAS, The Milton-Freewater Planning Commission held a public hearing on a proposed amendment to Goal 9 of the Comprehensive Plan on June 11, 2009, and the Planning Commission voted unanimously to recommend to the City Council that the Comprehensive Plan be amended, and

WHEREAS, a public hearing was held before the City Council on June 22, 2009 on the proposed amendment,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MILTON-FREEWATER ORDAINS AS FOLLOWS:

1. The City of Milton-Freewater Comprehensive Plan is hereby amended by the replacement of Chapter Goal 9, "Economy" with the attached Exhibit "A", "Economic Element" which shall be incorporated herein, in its entirety.

Passed by the Council and approved by the Mayor this 13th day of July, 2009.

s/Lewis Key
Lewis Key, Mayor

JOHNSON
GARDNER

ECONOMIC ELEMENT
COMPREHENSIVE PLAN

Prepared For:
CITY OF MILTON-FREEWATER, OREGON

June 2009

319 SW WASHINGTON STREET, SUITE 1020 PORTLAND, OR 97204 503/295-7832 503/295-1107 (FAX)

EXHIBIT A

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Introduction

The purpose of the "Economic Element" of the Milton-Freewater Comprehensive Plan is to determine the City's economic goals, policies and land needs concerning commercial and industrial development within City limits and the Urban Growth Boundary.

This element is intended to satisfy the requirements of the Oregon Administrative Rules, Chapter 660, Division 9. The State Planning Goal 9 EOA methodology guidelines call for a four-step approach to economic development planning and resulting quantification of employment (industrial, retail, office, institutional, etc.) land need for urban growth boundary planning purposes. These four steps largely guide this resulting analysis of City of Milton-Freewater's need for urbanized land. The required Goal 9 analytical steps that roughly comprise the outline of this document are:

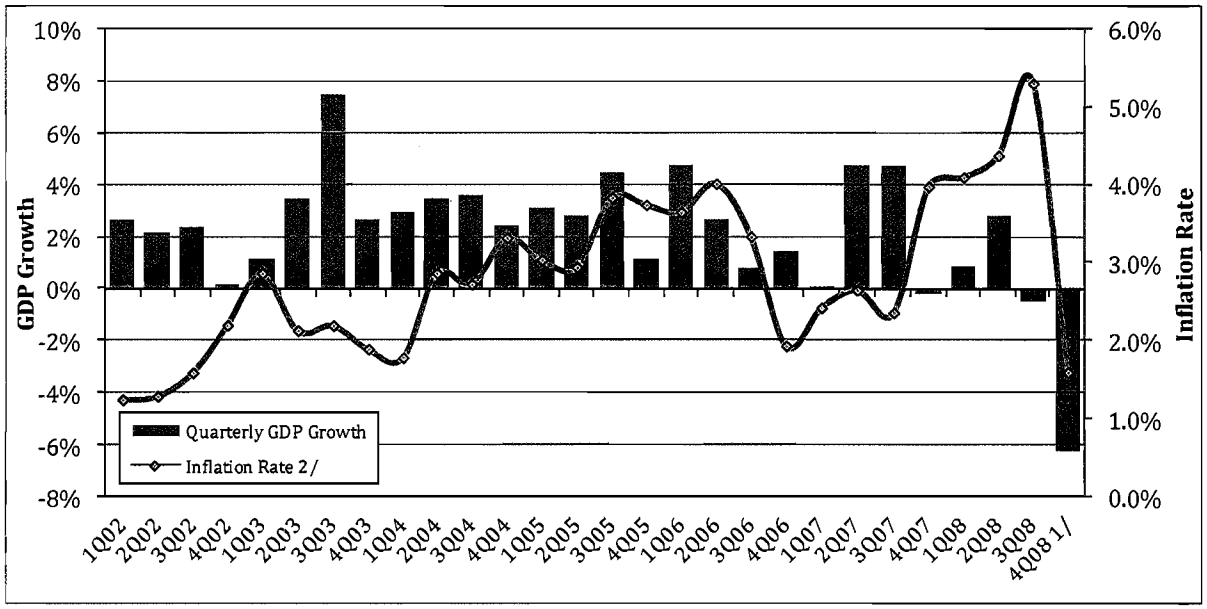
1. *Economic Trends Analysis:* Identification of national, state, regional and local economic trends that have shaped recent economic performance as well as likely 20-year economic activity that will determine employment land need over the duration of the study period.
2. *Industry & Job Growth Forecasts:* Detailed forecasts of job growth by industry within Milton-Freewater over the planning period that will in turn drive demand, if any, for different employment land categories.
3. *Land Need Forecasts:* Job growth forecasts translated into land demand forecasts based on industry and space type usage and floor area ratio (FAR) patterns anticipated into the future.
4. *Land/Parcel Need Quality:* A detailed treatment of employment land need in terms of specific parcel types, sizes, quantities and other qualities appropriate to economic growth anticipated by the jurisdiction.

Sections I-III provides an Economic Opportunities Analysis that includes: an analysis of significant national, state, and local trends and an analysis of Milton-Freewater's competitive position and target industries. Section IV provides a forecast of employment followed by the demand for employment lands in Sections V-VII. Finally, Section VIII of the Economic Element, outlines the City's economic goals and policies that will guide the City through the twenty-year planning period (2008-2028).

I NATIONAL TRENDS

The National economy is officially in a recession after showing signs of recovery during the first half of 2008. All sectors of the economy are showing signs of decline. Real Gross Domestic Product (GDP) growth declined by 6.2% in the fourth quarter and is expected to meet or exceed that decline in the first quarter 2009. Contributing to the decline, national employment has been falling since the beginning of 2008 while the unemployment rate inched up to 8.1% in February. Conversely, inflation has begun declining after reaching 5.6% in July—its highest level since 1991. Inflation dropped to -0.38% in March.

FIGURE 1: REAL GROSS DOMESTIC PRODUCT AND INFLATION: 2002-2008

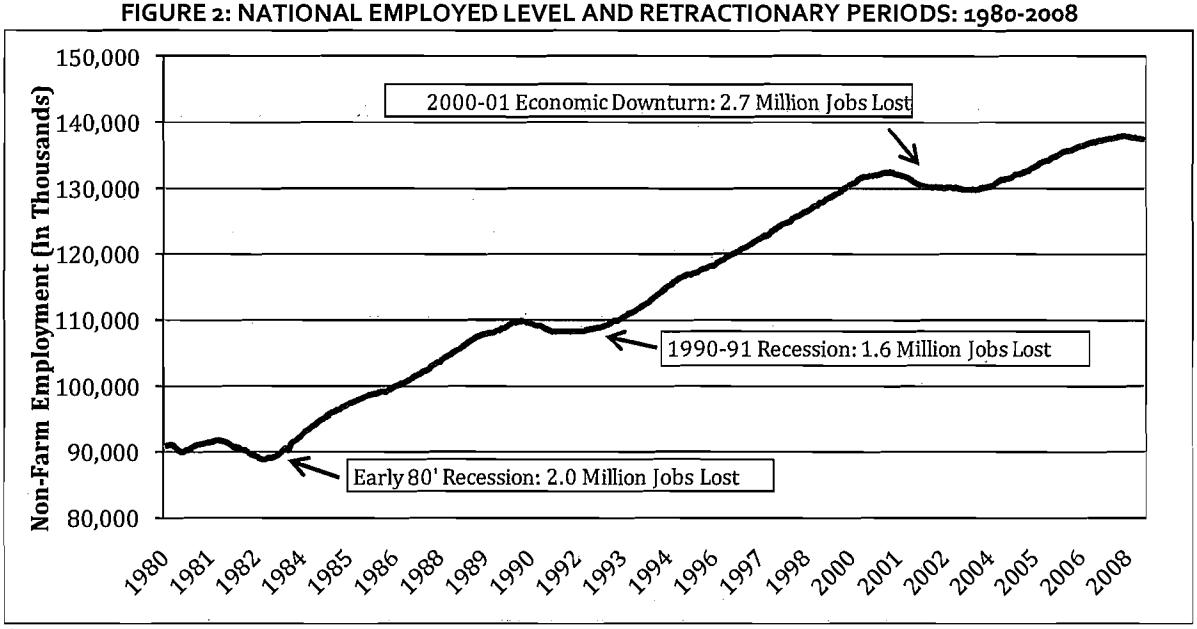


SOURCE: U.S. Bureau of Economic Analysis (BEA) and the Bureau of Labor Statistics (BLS)
1/ Advanced Estimate
2/ Calculated as a quarterly average from monthly reported data

Uncertainty is heightened in the national economy as a result of the breakdown in financial markets. Exactly how great the impact of the current financial market problems remains to be seen. Aside from the financial crisis, the primary drivers of the current slowdown are declines in construction, real estate and rental and leasing, and mining. Finance and insurance, which showed decline in 2007 for the first time since 1992, is responsible for more than 50 percent of the slowdown. While the private services-producing sector showed overall decline in 2007, growth in the sector continues to surpass overall GDP growth. Six of the seven growth industries in 2007 were in the sector with the information industry group being the fastest growing responsible for almost 20 percent of real GDP growth.

Within the private goods-producing sector, the agriculture industry was the only group showing growth in 2007 although the long term projection for the industry is negative. Most of the slowdown in the goods-producing sector is due to the decline in the construction. Figure 2 shows periods of economic retraction since 1980. It also indicates the peak at the beginning of 2007 and the start of the slowdown.

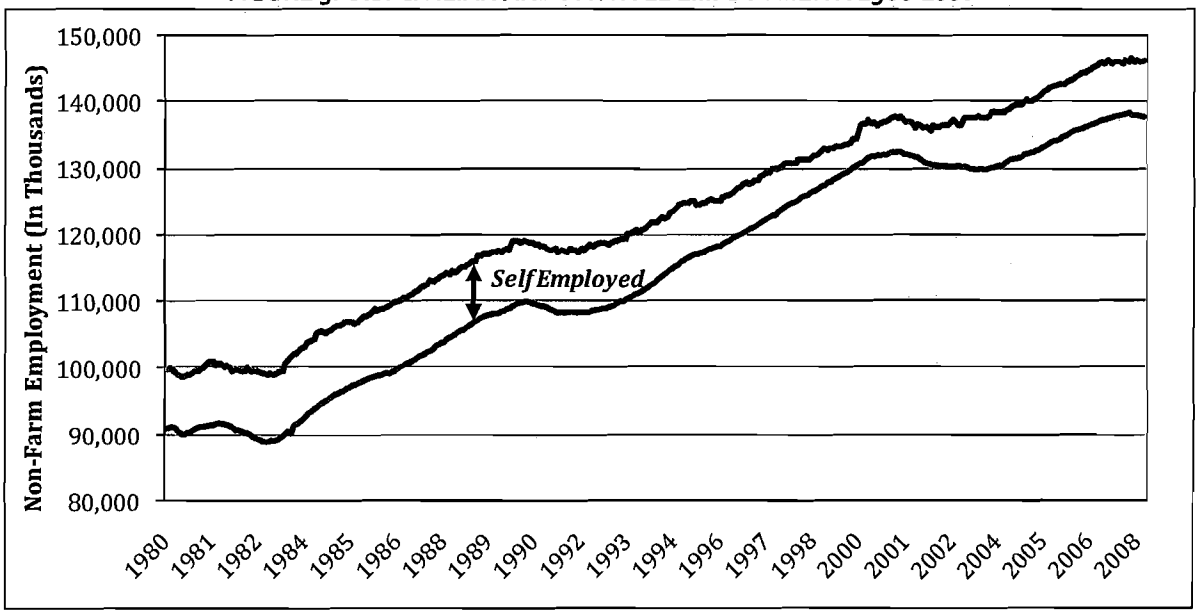
FIGURE 2: NATIONAL EMPLOYED LEVEL AND RETRACTIONARY PERIODS: 1980-2008



SOURCE: U.S. Bureau of Labor Statistics

During periods of economic expansion, the independent and self-employed can be expected to grow at a faster rate than payroll jobs. This is largely the result of entrepreneurial activity and derived from employment losses during the previous economic downturn. As the economy stabilizes, we find payroll jobs expanding at an accelerated rate relative to civilian employment as start-ups/independent operators sell out or ventures eventually fail. As Figure 3 indicates, the nation tends to average an 8 to 10 million job differential between payroll and civilian employment. With agricultural employment declining by 7% annually according to the U.S. Department of Agriculture, the self-employed will account for a greater majority of the difference over time.

FIGURE 3: U.S. CIVILIAN AND PAYROLL EMPLOYMENT: 1980-2008



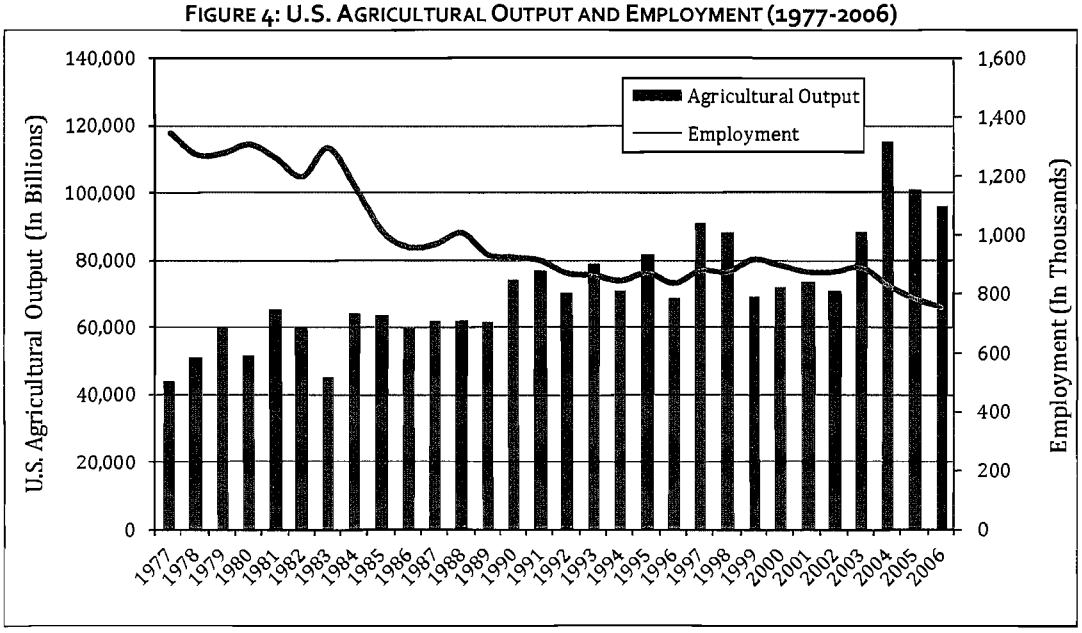
SOURCE: U.S. Bureau of Labor Statistics

LONG-TERM INDUSTRY SPECIFIC TRENDS

In the early 1980s the economy was heavily weighted toward goods producing industries, which comprised more than 30% of national employment. However since then, the composition of the United States economy has undergone a dynamic transformation. The factors driving this shift include higher levels of educational attainment, technological advances, increased construction activity, and contractual labor arrangements, such as outsourcing. [1] Since 1980, service-oriented industries have experienced a 22.1% increase in their share of the national economy. Currently, private service industries—as defined by broad NAICS industry groups 42 (Wholesale Trade), 44-45 (Retail Trade), 51 (Information), 52-53 (Financial Activities), 54-56 (Professional & Business Services), 61-62 (Education & Health Services), 71-72 (Leisure & Hospitality Services), & 81 (Other Services), comprise 68% of national payroll employment. Roughly half the industries in the Nation have displayed minor reductions in their share of national employment with only the Manufacturing sector showing significant decline—21.2% in 1980 to only 9.9% today. The Nation's growth industries have included Education & Health (+6.0%), Professional & Business Services (+4.8%), and Leisure & Hospitality (+2.5%).

The U.S. Agricultural sector has been growing steadily at about 4.8% annually over the last 35 years. However, its share of national GDP has been declining, which is consistent with the overall decline within the goods-producing sector. Similarly, employment within the sector has also been declining at about 0.06% annually since the 1970s.

FIGURE 4: U.S. AGRICULTURAL OUTPUT AND EMPLOYMENT (1977-2006)



SOURCE: US Bureau of Economic Analysis (BEA) and JOHNSON GARDNER

Growth in output in the agricultural sector is attributed to farm sector productivity growth which has increased 1.65% while inputs have declined by 0.32%. Notably, Oregon ranks number one in productivity growth since 1960. It has improved its productivity ranking from 45 in 1960 to 15 in 2004. Moreover, net farm income has increased by about 5% annually since the 1970s. It is expected to remain strong through the next ten years, driven in large part by corn-based ethanol demand. Wheat production, in particular, is expected to grow by just over 1% during the next decade. Demand for wheat is projected to drive prices during the next few years until wheat prices stabilize relative to corn prices. Fruit production has increased 3.5% annually since 1980. Its

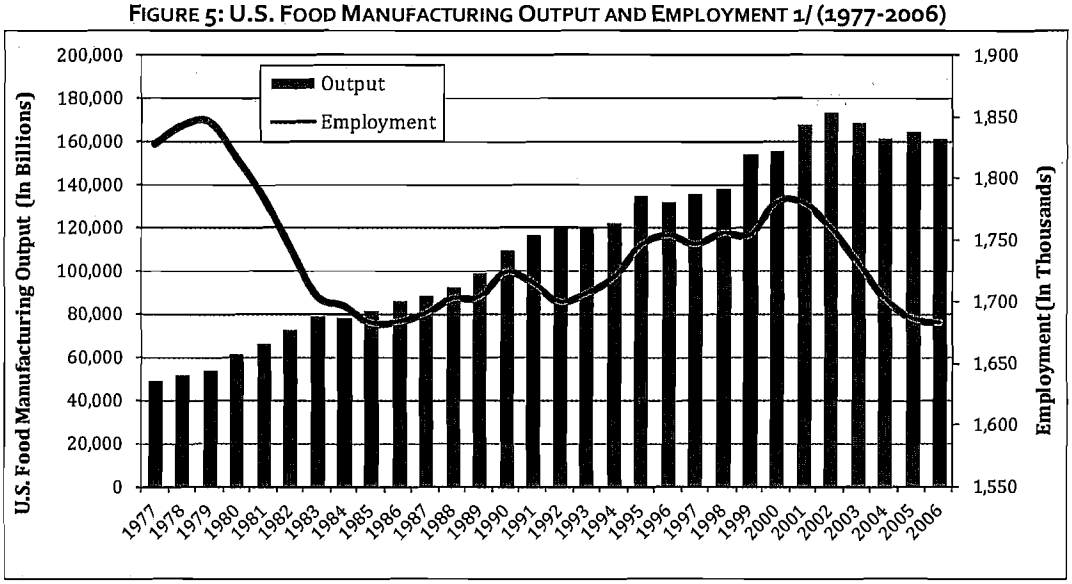
[1] Simmering, Marcia J. Encyclopedia of Management, 2006; Garner, C. Alan. "Offshoring in the Service Sector: Economic Impact and Policy Issues." *Economic Review—Federal Reserve Bank of Kansas City* 89, no. 3 (2004); Goodman, Bill, and Reid Steadman. "*Services: Business Demand Rivals Consumer Demand in Driving Job Growth.*" Monthly Labor Review, April 2002.

outlook is more favorable than that of wheat as U.S. horticulture production is expected to grow by 3% annually during the next ten years.

Food and beverage manufacturing output has been increasing at an annual average rate of 4% since the 1970s. Despite overall healthy growth, many subsectors have struggled to confront challenges presented by overseas competition and changing consumer tastes. In order to confront these challenges, technological innovation focused primarily on increasing productivity and efficiency has contributed to increase competitiveness for U.S. industries.

On the other hand, employment has been declining in the sector, mainly due to productivity gains. Employment in the sector has declined by 0.28% annually since 1977. In addition, the employment outlook is sluggish with only 5,100 jobs expected to be added by 2016—a 0.34% increase. Moreover, employment in fruit and vegetable preserving sector are estimated to decline by nearly 22,000 (-12.34%) by 2016.

FIGURE 5: U.S. FOOD MANUFACTURING OUTPUT AND EMPLOYMENT 1/ (1977-2006)



SOURCE: US Bureau of Economic Analysis (BEA) and JOHNSON GARDNER
1/ Includes Food, Beverage and Tobacco Product Manufacturing

NATIONAL OUTLOOK

Sweeping reforms are likely in coming years as the Federal government implements a sizable industry bailout plan slated to cost taxpayers in the range of $500 to $750 billion. It is unclear when the U.S. economy will come out of the current recession, but experts estimate a turn in the tide by the latter part of 2009 with clear signs of recovery evident by 2010.

As expected, the impact of the bailout plan has yet to be fully realized. During the last quarter of the year, unemployment increased while consumer spending decreased by the largest percentage seen in years. The housing market continued to decline as foreclosures increased. Federal government plans to assist homeowners are ongoing and will have unclear impacts on the housing market—both presently and in the future. Although financial market fall-out has seemed to stabilize, credit markets have nevertheless tightened further, contributing in part to the decline in business capital investment. On the industrial front, production output has declined as demand has dropped substantially. Exports have also declined, with agriculture and industrial products, two of the largest export markets, experiencing the steepest drop. In the near term, as long as the economic forecast is uncertain, the economy will continue to experience pull back by industry and financial markets.

Over the next decade, the composition of employment in the national economy is expected to continue to

transition towards more service-oriented jobs. Moving forward, service sector growth will be more demographically driven domestically than the previous decade. For example, Health Service jobs are expected to lead all industries over the next decade, largely driven by the aging national population. In addition to consumer goods, growth in Financial Activities and Leisure & Hospitality are also projected to grow significantly as the result of aging Baby Boomers.

NATIONAL SUMMARY

Over the last quarter century, the United States economy has transitioned from a goods producing to a service oriented system. Moving forward, service employment growth is expected to continue, with notable strength in Health Services and Professional & Business Services. Identifying industry growth sectors is important as employment in one industry can be affected by changing practices in another. For example, increased use of contractors and consultants has led to greater employment in the management, scientific, and technical consulting services industry—but to reduced employment in the many industries that previously hired management and technical analysts as employees. This trend is expected to continue into the next decade.

II REGIONAL & LOCAL TRENDS

DEMOGRAPHICS

The City of Milton-Freewater is the third largest demographic within Umatilla County following the City of Pendleton, the county seat and the City of Hermiston. Umatilla County, with a population of 72,245, comprises over 50% of the region's population.[2] A quarter of Umatilla County's population is located in unincorporated areas. Nearly half the population is located in the cities of Pendleton and Hermiston. Since the 2000 census, the City of Milton-Freewater's share of county population has remained steady at about 9%.

Population growth in Umatilla County and the City of Milton-Freewater has been stagnant since 2001 with the County averaging about 0.27% growth and the City averaging about 0.17% growth, adding 85 persons since the 2000 census. Most of Umatilla County's twelve incorporated cities are growing at rates of less than one percent with a few exceptions including the City of Hermiston (+2.44%, 2,820 persons) and the City of Umatilla (+3.32%, 1,465 persons). Regional growth has been slightly higher at 0.54% with Morrow County driving growth at 1.49%, higher than Oregon's overall average of 1.23%. Population growth in Walla Walla County and the City of Walla Walla has also been slightly higher at 0.76% and 0.69%, respectively.

In 2007, regional population was distributed 48.5% among a younger population aged less than 35. While this younger distribution is greater than the State average of 46.7%, it is representative of all counties within the region. Union and Walla Walla counties have a greater share of persons aged 65 and older (15% vs. 11.7% regionally).

Since 2002 the region has been shedding population from groups aged less than 19 and 25 to 44, while gaining persons aged 45 and older with persons aged 55 to 64 being the fastest growing segment. The loss of early and mid-career individuals may indicate a difficulty finding family-wage employment in the area. Additionally, as the current composition is predominately driven by individuals under 19 years of age (28%), an emphasis on educational opportunities, entry-level employment and training resources is needed. Failure to provide opportunities locally for a younger demographic base typically results in a "brain drain" condition, where a region's best and brightest seek advancement opportunities elsewhere.

An area's level of educational attainment is often used as a proxy for the skill level of the population base. From an Economic Development perspective, Umatilla County is at a slight disadvantage regionally, with a smaller distribution of higher educated persons—16% compared to 19% regionally. However, this overall county disadvantage may not impact the City of Milton-Freewater due to its close proximity to the City of Walla Walla where 25% of the population holds a Bachelor's degree or higher. The educational trend in Umatilla County

[2] The "region" in this analysis, is defined collectively as Umatilla, Morrow, Union and Walla Walla Counties

between 2000 and 2006 indicates a decrease from 22.2% to 18.4% in the high school drop-out rate but also a 0.7% decrease in the share of residents 25 and older with at least a Bachelor's degree.

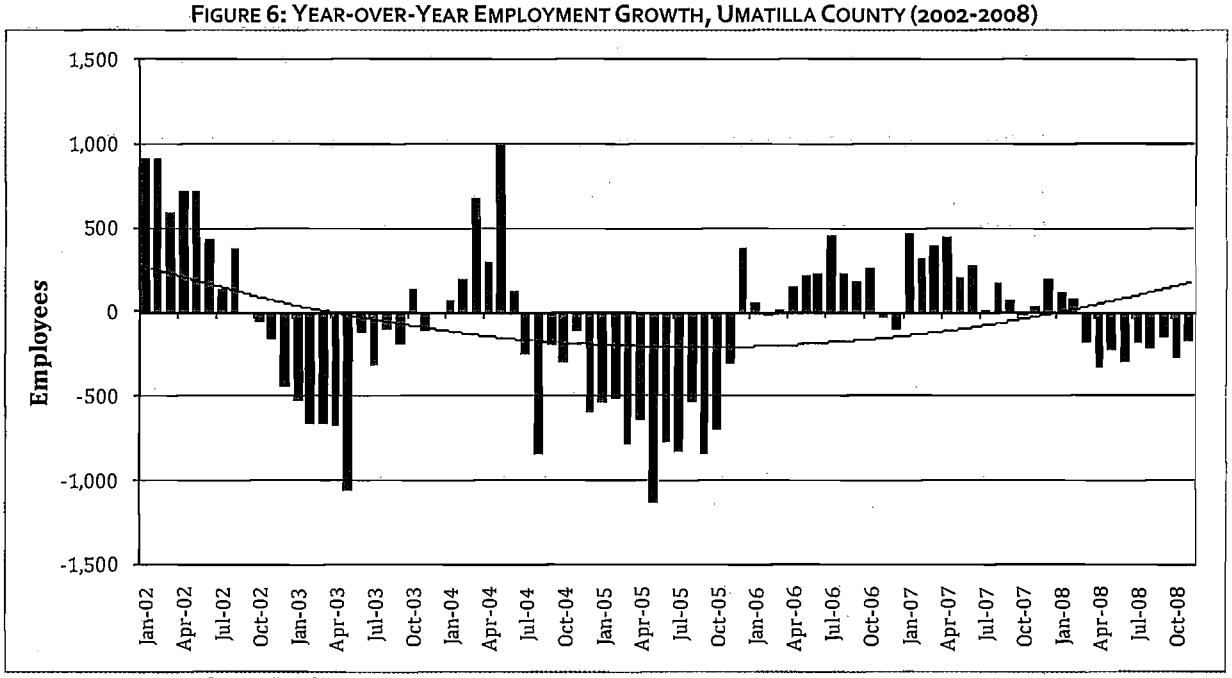
EMPLOYMENT

Umatilla County's rate of participation of residents in the labor force has remained steady at about 63% between 2000 and 2006. The City of Milton-Freewater had a participation rate of 62% in 2000, which is expected to have remained steady—consistent with the lack of population and employment growth in the region.

Unemployment in the region has generally remained higher than the broader State economy. In other words, regional volatility—as measured by unemployment is significantly higher than at the State level. Unemployment in Umatilla County has tended to be seasonal—it peaks every year in January and reaches its lowest level in September and October. Overall, unemployment has been decreasing since early 2003 both regionally and at the county level and has converged to state level unemployment during the last two years.

Over the past five years, average annual regional employment growth has been 0.51%, with Umatilla County posting 0.27% job growth, the slowest in the region. Since January of 2002, Umatilla County has gained 391 jobs with 38 growth months and 39 contraction months. Walla Walla County has experienced the strongest employment growth in the region; growing at 0.82% while adding 1,007 jobs.

FIGURE 6: YEAR-OVER-YEAR EMPLOYMENT GROWTH, UMATILLA COUNTY (2002-2008)

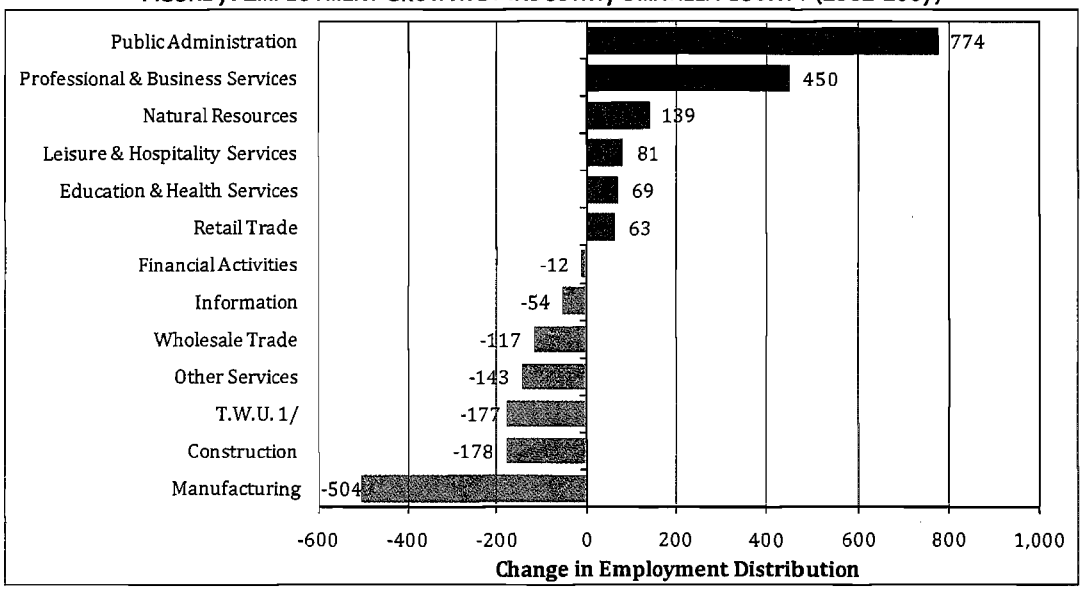


SOURCE: Oregon Employment Department

Employment growth in the region diverges from overall State growth which experienced a 9.23% increase in all sectors between 2002 and 2007 with only two sectors showing little or no growth (Information -0.14% and Natural Resources 0%). Figure 7 indicates that over the past five years, seven sectors in Umatilla County have declined as measured by employment. Manufacturing has experienced steep decline in Umatilla County and Walla Walla County (-667 jobs) over the past five years, but has experienced relative growth in other parts of the Region (Morrow County +110 jobs and Union County +170 jobs). Similarly, construction has declined in Umatilla County but remained strong in Walla Walla County (+275 jobs), Morrow County (+50 jobs) and Union County (+170 jobs). Professional and Business Services is a growing sector in Umatilla County and Walla Walla County (+497 jobs). Likewise, Education and Health Services is a growing sector in the region, although

Umatilla County is seeing less of that. Walla Walla County added 233 jobs between 2002 and 2007 and Morrow and Union Counties added 130 jobs.

FIGURE 7: EMPLOYMENT GROWTH BY INDUSTRY, UMATILLA COUNTY (2002-2007)



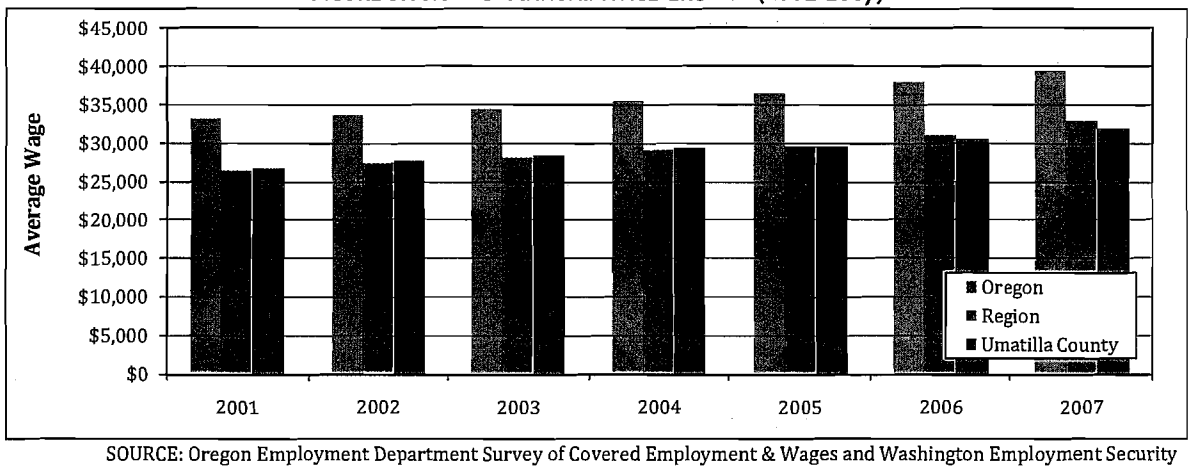
SOURCE: OREGON EMPLOYMENT DEPARTMENT
1/ Transportation, Warehousing, & Utilities

The largest sectors of the Umatilla County economy roughly mirror sector rankings within a few percentage points at the regional level; however diverge somewhat from State levels. The largest sector in the region and county is Public Administration. While the State economy has a 16.7% share of Public Administration, Umatilla County has a share of 25.5%. All sectors of government are growing in the county, but State government activity is outpacing federal and local government with a 20.5% increase since 2001 (federal +10.9% and local +12.0%). The Manufacturing sector is the second largest employer in the County with an 11.8% share. Natural Resources supports a small share of the State economy (0.5%) but is a relatively important sector for the County making up an 8.6% share. This sector is also important for Walla Walla County, comprising an 11.4% share of their economy. The share of employment in the Professional and Business Services sector and the Education and Health Services sector is less at the county level than at the overall State level. The State share of Professional and Business Services is 11.4%, while Umatilla County's share is 7.6%. Walla Walla County holds a relatively small share in this sector at 3.3%. Likewise, the State share of Education and Health Services is 12.2%, while Umatilla County's share is 9.3%. Conversely, this is the second largest sector in Walla Walla County's economy, holding a 17.1% share.

WAGES

Umatilla County's average wage levels by sector are significantly below wage levels statewide. Across all industries, Umatilla County wages averaged $31,937, 19.3% below the Oregon average of $39,566. Since 2001, wage levels in Umatilla County have averaged 3.0% annual growth, keeping pace with the 3.0% annual average growth at the State level. However, at a regional level Umatilla is falling behind. Morrow County posted the largest annual growth since 2001 at 4.9%, followed by Walla Walla County at 4.0% and Union County at 3.2%.

FIGURE 8: AVERAGE ANNUAL WAGE GROWTH (2001-2007)

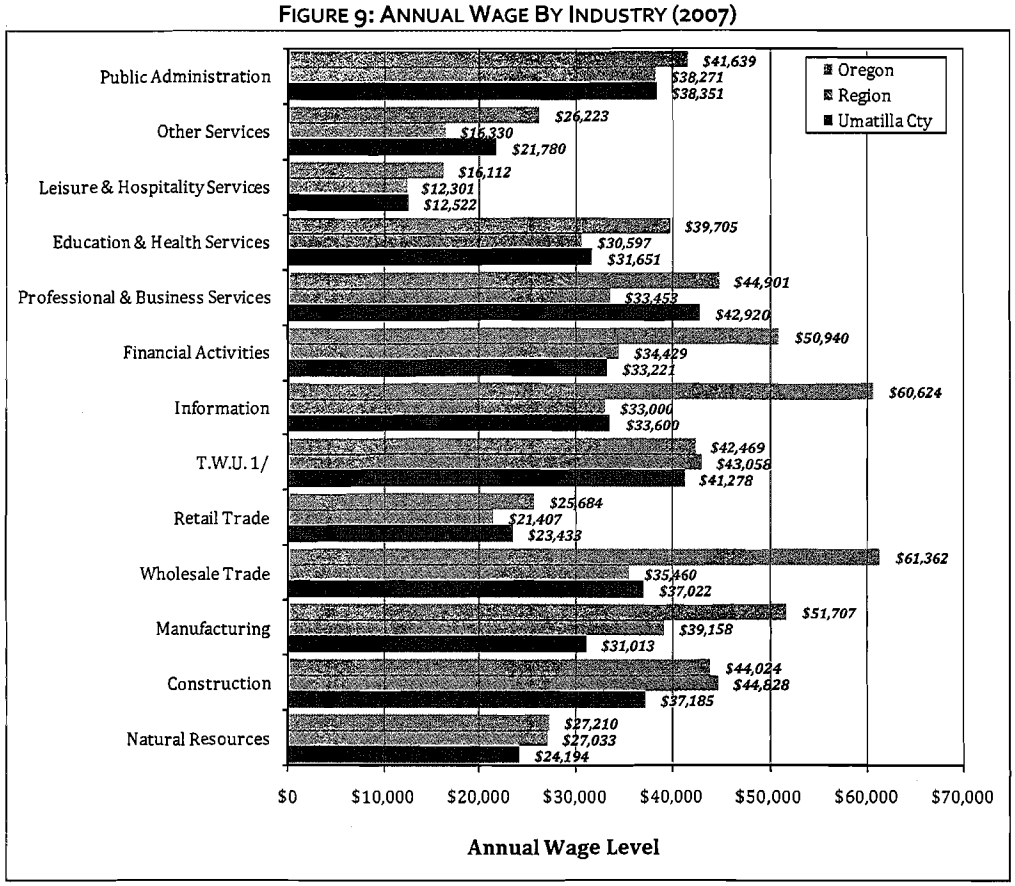


SOURCE: Oregon Employment Department Survey of Covered Employment & Wages and Washington Employment Security Department

In Umatilla County, the highest paid industry sector is Professional & Business Services ($42,920), followed closely by Transportation, Warehousing & Utilities ($41,278) and Public Administration ($38,351). The lowest paid industries are Leisure & Hospitality ($12,522) and Other Services ($21,780).

Looking at wage levels by sector across the region, Umatilla County enjoys some advantages. Umatilla has the highest paying wages in the fast growing Professional & Business Services sector—35% higher than Walla Walla County, 11% higher than Morrow County and 42% higher than Union County. Wages in Other Services, Retail Trade, Wholesale Trade, Educational and Health Services, Leisure & Hospitality and Information are also higher than the regional average. Conversely, in Natural Resources, Construction and Manufacturing, Umatilla County wages are 79-89% of the regional average.

FIGURE 9: ANNUAL WAGE BY INDUSTRY (2007)



SOURCE: Oregon Employment Department Survey of Covered Employment & Wages and Washington Employment Security Department
1/ Transportation, Warehousing, & Utilities

OTHER FACTORS FOR ECONOMIC DEVELOPMENT POTENTIAL

In addition to demographic and economic trends, other factors provide insight into the City's economic development potential. These factors, together with their challenges and opportunities, are discussed briefly below:

Amenity Values - In land use planning parlance, amenity values are encompassed in the concept of livability. The term livability is rarely, if ever, used in economic terms. Because amenity values are inherently qualitative and subjective in nature, they can be challenging to effectively characterize in quantitative economic terms. Nevertheless, amenity values are characterized in the field of Economics and Economic Geography because amenity values have real economic consequences. For example, Jackson Wyoming is located in a remote area and has few of the typical economic assets required for a vibrant economy. It does, however, have high amenity values that translate into a vibrant economy (Teton County has a median household income of $59,568 compared to $45,362 in Umatilla County).[3] Similarly, Milton-Freewater and the Walla Walla Valley have a number of amenity values that create potential for economic opportunities, *including but not limited to*:

- ◊ Blue Mountains
- ◊ Umatilla and Wallowa Whitman National Forests
- ◊ Multiple Excellent Fishing and Hunting Areas
- ◊ Snake, Walla Walla and Columbia Rivers Boating and River Activities

[3] U.S. Census Bureau, 2006 American Community Survey.

- ◊ Spout Springs and Ski Bluewood Ski Areas
- ◊ Several Fine Golf Courses
- ◊ Farms, Orchards and Vineyards
- ◊ Beautiful Rolling Hills and Valley Scenery
- ◊ Pleasant Climate
- ◊ Walla Walla Farmer's Market
- ◊ Muddy Frogwater Festival, Logs to Frogs, Chamber Oktoberfest, Christmas Magic light parade, Walla Walla Sweet Onion Festival and Balloon Stampede
- ◊ Arts and Entertainment – Frazier House Museum, Fort Walla Walla Museum, Musical and Theatrical Productions at Local Colleges, Walla Walla Symphony Orchestra, Art Galleries

Production Inputs (Non-Labor) – Umatilla County has the highest number of harvested acres in the State. Grains make up the bulk of those acres followed by field and vegetable crops and tree fruit and nuts. These raw agricultural products support a large portion of Milton-Freewater's economy and continue to be a valuable component of production for Milton-Freewater industries. Presently, frozen produce manufacturing, wineries and tortilla manufacturing represent the value-added agricultural production industries operating in the City. Another important production input for Milton-Freewater is the availability of City-provided utilities which are relatively inexpensive as compared to the rest of the nation.

Economic Development Support Organizations - The City of Milton-Freewater benefits from the services of various economic development support agencies and organizations at the Federal, State, regional and local level. At the federal level, the area is served by the USDA Rural Development which supports public infrastructure and services as well as provides funding for area businesses. In addition, State agencies such as the Oregon Department of Land Conservation & Development (DLCD), the Economic & Community Development Department (OECDD) and the Governor's Economic Development Revitalization Team (ERT) provide direct economic development support through means such as grants, strategic regional land and transportation planning and personnel dedicated to leveraging regional assets. Also at the state level, the Oregon State University Extension Service operates in the City of Milton-Freewater with the purpose of providing knowledge and education services related to Milton-Freewater's agricultural economy. The Extension office offers information and training related to crop production, with support specific to the crops produced in the Walla Walla Valley and assistance with controlling damaging diseases caused by quarantine pests. In addition, the Extension offers support for growing organics, groundwater education, windbreaks and pesticide applicators.

A number of regional and local organizations operate in Milton-Freewater. The Community Development Partnership is a community run organization that promotes sustainable economic and community development through activities designed to enhance tourism and small business viability. The Partnership has used its funding for upgrading storefronts and general community cleanup. The Milton-Freewater Chamber of Commerce sponsors classes at Blue Mountain Community College, provides a professional business directory for the area and provides business advocacy services.

Milton-Freewater is part of the Port of Umatilla taxing district. The Port of Umatilla is responsible for facilitating economic development and diversity in conjunction with the goals and planning of the City. As such, the Port of Umatilla provides leadership for the overall vitality of the region's economic and community development as well as support in fostering job creation by business recruitment and expansion efforts, maintaining available industrial sites and buildings and maintaining transportation linkages. Secondly, due to Milton-Freewater's proximity and linkage to Walla Walla, Milton-Freewater's economy benefits from informal reliance on the economic development efforts of the Port of Walla Walla.

Greater Eastern Oregon Development Corporation (GEODC) is a private non-profit corporation formed in 1982 to support business creation, retention and expansion in the region. This is accomplished by administering funds to businesses, developing economic development strategy, and assisting local governments to develop human resources and physical infrastructure to support development goals.

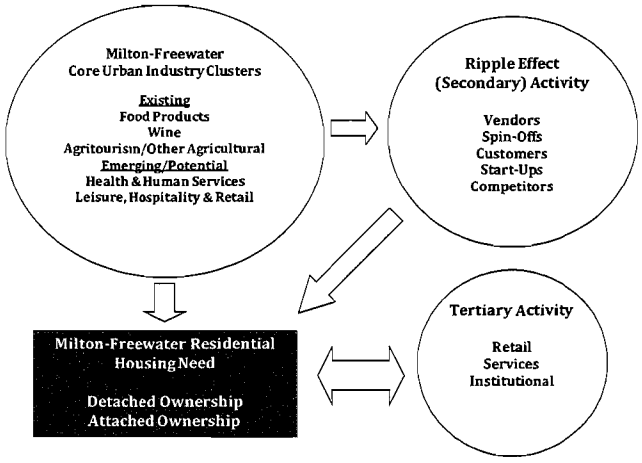
GEODC is largely funded through federal government programs such as the U.S. Department of Commerce, Economic Development Administration Revolving Loan Fund and the U.S. Department of Agriculture, Rural Development Intermediary Relending Program. The main office is located in Pendleton and is staffed by a director and small staff.

Educational and Technical Training Programs - Several institutions located in Walla Walla and Milton-Freewater provide educational and skills training. Walla Walla has two four-year universities, Whitman College and Walla Walla University as well as two-year community college, Walla Walla Community College and Milton-Freewater has Blue Mountain Community College, an active vocational institution based in Pendleton with locations throughout northeast Oregon. Blue Mountain Community College offers an Oregon Transfer Associates degree and Associates degrees in administrative assistant and education assisting. In addition, it offers a wide range of industry specific training and job skills workshops intended to target needs specific to the community. Please see the Technical Appendix for a complete listing of the education degree programs offered in the area.

III COMPETITIVE POSITION AND TARGET INDUSTRY OPPORTUNITIES

Sound economies are best organized around a healthy set of industry clusters—similar and related businesses and industries that are mutually supportive, regionally competitive, attract capital investment, and encourage entrepreneurship. In his pioneering book "The Competitive Advantage of Nations", Harvard Professor Michael Porter defines clusters as "geographic concentrations of inter-connected companies and institutions working in a common industry". As an economic development strategy, specific clusters are targeted, and emerge, when a particular geography holds an innate competitive advantage in that industry—whether it is natural resources, human capital, political policies or geography. For example, Oregon's oldest industries—namely forestry and agriculture, emerged from physical and environmental attributes such as its climate, trees, soils, and access to shipping and distribution networks. In turn, these industries spawned interrelated clusters that include Food Processing & Manufacturing, Wood Product Manufacturing, Wholesaling & Distribution, Machinery Manufacturing, and host of other industries.

With shared ideas, concepts, and competition, knowledge spill-over within clusters encourages secondary effects—innovation, the creation of start-ups and spin-off industries, and opportunities for suppliers, manufacturers, and customers. In turn, effects from job creation wages support tertiary effects such as retail, services, construction, and institutional industries.



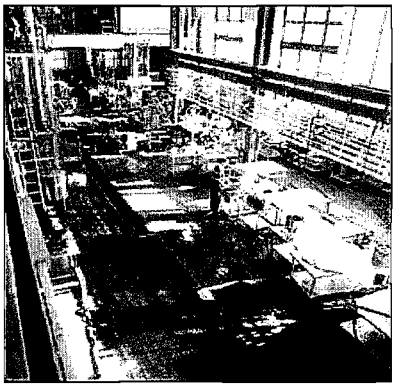
In light of the baseline economic analysis above, Johnson Gardner reviewed Oregon Employment Department ES-202 employment data for the Milton-Freewater UGB to determine industries and industry clusters in which

the local economy is both regionally competitive and/or has growth potential. We have identified three industry clusters with an existing competitive presence in Milton-Freewater and three potentially emerging clusters. Indentified targeted industries are evaluated in greater detail below, with broad industry sector profiles available in the technical appendix.

EXISTING CLUSTERS

FOOD PRODUCTS

Canned and frozen food manufacturing has traditionally held an important place in the Milton-Freewater economy. The area's vast natural resources give it a competitive advantage for preserving fruit and vegetable products. However, the sector has been seeing sustained decline during the last ten years. Canned vegetable manufacturing disappeared from the Milton-Freewater economy with the closure of the Seneca Foods. While frozen food manufacturing still exists, it too has been slowly declining over the last 10 years.



Existing Presence	Regionally Competitive	Growth Trend
Moderate	Moderate-High	Mixed ⟷

Milton-Freewater's outlook for the sector is mixed. The City's existing industry experience, infrastructure, proximity to a wide range of raw materials and inexpensive utilities are certainly assets for future development. For example, moderate retooling of prior canning plants would allow a manufacturer to be operational within a relatively short lead time. On the other hand, the industry is highly competitive and still somewhat volatile. Further, national employment in fruit and vegetable preserving is expected to decline over the next ten years which may restrict recruiting opportunities.

Conversely, the food manufacturing industry has many sectors which are experiencing high levels of growth. In many instances traditional food manufacturing, such as that which exists in Milton-Freewater, is supporting the emergence niche markets. The top growing niche markets are organics, health foods, specialty and ethnic foods, age awareness and controlled portions.[4] Considering other classes of food products will be an important objective in creating a diverse and sustainable local sector.

Food manufacturing support industries, which enhance local industry viability, are also experiencing growth nationally. For example, food processing equipment companies are facing increased demand by U.S. food manufacturers for more efficient processes. This is the result of concern over rising energy prices, foreign competition and constantly changing consumer demand. Similarly, packaging is exhibiting growth as manufacturers continue to use it as a marketing tool. Finally, as food manufacturing continues to develop in Milton-Freewater, the demand for warehousing space will necessarily increase. Warehousing may also experience growth as a result of RailEx, which is still expanding service to the area.

[4] Feder, David. "The 6 top trends in food processing." Food Processing Magazine. 2006.

WINE

The Walla Walla Valley reputation for producing quality wines is growing but most of the development and notoriety has been confined to the Washington side of the border. However, Milton-Freewater is positioned to capture a portion of the growing market share. First, approximately 60% of wine grapes are grown on the Oregon side of the border. Secondly, private investment has already identified potential: Seven Hills Properties is in process of developing 40 acre parcels to be used for vineyards and boutique wineries on the hills south of Milton-Freewater.

Existing Presence	Regionally Competitive	Growth Trend
Low	High	Increasing ↑

In addition to the traditional winery model, there is opportunity to pursue other winery models as well. First is the cooperative winery model, in which independent winemakers share space and equipment within the same facility. Second is the custom crush model, in which one operation produces wine for multiple wineries. Both models are experiencing growth; however anecdotal evidence suggests that custom crush is more profitable for winemakers. Moreover, it is estimated that approximately half of Oregon brands are made in custom crush facilities.

Prosser, Washington

Prosser's wine industry model has been widely praised and is relevant due to two successful clusters of wineries. The first is Vintner's Village, formerly known as the North Prosser Business Park. It is a conglomeration of thirteen vintners within a 32-acre area towards the north end of Prosser. The park is designed as a walkable "village" with a lighted pathway extending throughout the park. Seven of the wineries are housed within the "Winemaker's Loft", a cooperative winemaking facility. These boutique wineries share the facility's winemaking space but maintain independent tasting rooms. An additional six traditional wineries operate throughout the park. The Port of Benton developed the land in 2000 as a light industrial park, extending roads, city water and sewer service. Construction on the first winery began in 2006 and most major construction is now complete with the exception of one last lot. The Port recently entered into a purchase agreement to purchase an additional 18 acres to the south, including a structure planned to house a bed and breakfast.

The second cluster located in Prosser is the Prosser Wine and Food Park, a smaller scale cluster in the east part of town. The Park is anchored by Hogue Cellars and several small boutique wineries.

Carlton Winemakers' Studio

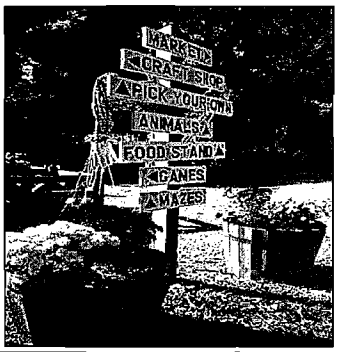
The Carlton Winemakers' Studio, located in Yamhill County, is a cooperative winemaking facility wherein eight independent, bonded, licensed wineries operate under the same roof. The Studio operates as an alternating proprietor (versus a custom crush). The independent wineries pay rent, based on the tonnage of fruit brought into the facility, which includes the sharing of equipment, the use of utilities unlimited access, and the storage of wine. The wineries, in turn, are responsible for equipment cleaning and sterilization, purchasing their own barrels as well as any winemaking chemicals or equipment specific to the winemaker's process. The Studio, in turn, maintains equipment and studio staff, which are available to winemakers for a fee. The on-site tasting room is also shared. In the past, the Studio used a rotation system for showcasing winemakers' wine, however recently changed the system to allow all wines to be available at all times.
A benefit of this type of model is the heightened potential for knowledge spillover, allowing relative novice winemakers to work side by side with those experienced

in the industry. This can lead to increased efficiency as waste of time and materials is decreased. In addition, the region as a whole benefits as winemakers increase skills at a faster rate thereby fostering an increased rate of growth as the quality of the wine intensifies.

One other important aspect of the Carlton Winemakers' Studio is the configuration of the facility. Because the building was designed by a winemaker, the flow of the wine making process has been streamlined to allow maximum efficiency—important when multiple winemakers are sharing space and time.

AGRITOURISM

Milton-Freewater's rich agricultural tradition and resources make agritourism and recreation based on agriculture a natural extension of the Milton-Freewater economy. Additionally, agritourism can support related wine industry, agricultural support activities and equestrian development objectives and vice-versa. For example, horseback wine tours, an activity with growing demand, is characterized as agritourism and supports wine and equestrian industries. Agritourism presents area farmers with an opportunity to supplement their income that isn't necessarily tied to the production cycles of their farm activities. In other words, it can remove seasonally based income fluctuation or weather, prices and government payment variations. In addition, a successful agritourism industry can increase diversity in the local economy, draw visitors year round and create vivacity in the local economy.



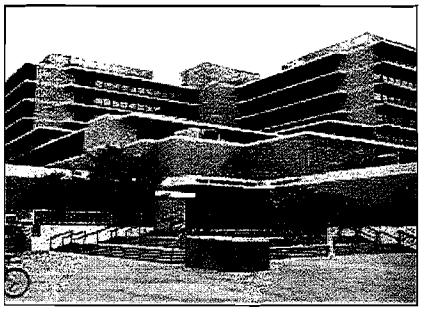
Existing Presence	Regionally Competitive	Growth Trend
Low	High	Increasing

Agritourism is a well-established industry in European countries where an estimated one-third of all farm operations offer agritourism activities. It has been growing in the U.S.; however most of the industry's growth has been in the South, which accounts for more than half of the U.S. farms receiving income from recreational activities. According to the Department of Agriculture (USDA), 2002 Census of Agriculture, Oregon has 350 farms receiving income of approximately $3 million from offering recreational activities. Likewise, Umatilla County has 17 farms offering recreational activities generating income of approximately $75,000. The trend driving agritourism is the growing shift of population towards urban areas. A positive correlation exists between people's removal from rural and agricultural lifestyles and the demand for agritourism.

A recent USDA study on agritourism found five key characteristics of the successful agritourism operation.[5] First, the study finds that agritourism activities are most successful when operated by farms with high net worth. However, the study also found that counties, in which there was wide community support for agritourism activities, were able to provide the financial support the farms otherwise lacked. For instance, the study finds that slow growing counties tend to earn more income from recreation because more effort is made by local communities to support the industry. Secondly, agritourism flourishes when farms are located near population densities. For example, Milton-Freewater may draw on population from Walla Walla and Pendleton, but would also have the benefit of wine industry tourism. Third, agritourism activities should be located within an average driving distance of 80 miles round trip. Fourth, agritourism which is located farther from metropolitan areas is more successful than agritourism located closer to urban influences. Lastly, the counties natural amenities score, which is calculated by the USDA, is positively related to the success of its agritourism industry. The natural amenities scale considers a county's topography, water resources, temperature, mean hours of sunlight, and urban influence to calculate the natural amenity score on a scale of one to seven. Umatilla County has a natural amenity score of four, which is comparable to all counties in the region with the exception of Wallowa County which has a score of five.

[5] Brown, Dennis M. and Richard J. Reeder. "Farm-Based Recreation: A Statistical Profile". US Department of Agriculture, Economic Research Services, Economic Research Report Number 53, December, 2007.

HEALTH & HUMAN SERVICES



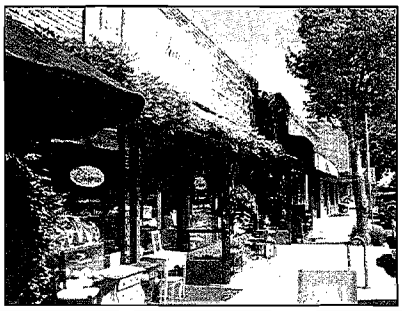
Existing Presence	Regionally Competitive	Growth Trend
Moderate	Moderate-High	Increasing ↑

The heath care industry in Milton-Freewater is one with growth potential from an already competitive base. Health care is comprised of Ambulatory Health Services, Nursing & Residential Care Facilities and Social Assistance. Like many other sectors of Milton-Freewater's economy, it benefits from proximity to Walla Walla and in this case, Pendleton.

Milton-Freewater's employment in health services such as offices of physicians and specialists grew by 25% between 2002 and 2006. Likewise, employment in social assistance such as child day care services and homes for the elderly grew by over 18% during the same period.

In light of an existing growth in the health and human services, Milton-Freewater has the potential to nurture its health care industry by drawing on the growth in Walla Walla and Pendleton. In particular, the opportunity to recruit clinics that feed area hospitals presents Milton-Freewater with an enormous opportunity to engage further activity in the sector.

LEISURE & HOSPITALITY/RETAIL



Existing Presence	Regionally Competitive	Growth Trend
Moderate	Moderate-High	Increasing ↑

Leisure & Hospitality and Retail are included as a cluster for a couple reasons. First both sectors face similar challenges and secondly, both will develop with growth in the wine and/or agritourism industries.

Employment in the Leisure & Hospitality sector grew by 6% between 2002 and 2006. Most of the growth was in Amusement and Recreation Industries and Accommodation. As wine and tourism continue to emerge, Milton-Freewater's potential for growth in this sector will be apparent.

Similarly, demand for Retail will also grow with additional tourist activity. On the other hand, demand for Retail is dependent on other factors as well. For example, Milton-Freewater is just south of much greater population densities in College Place and Walla Walla. From a sales tax perspective, this presents a distinct competitive advantage that has not been fully exploited. For example, a retail gap analysis produced by Johnson Gardner using data from Claritas Inc., a national leader in third party data, found that Milton-Freewater is posting a nearly $9 million retail surplus so far in 2008. The surplus is driven by Furniture Stores, Building Material and Garden Equipment Stores and Food and Beverage Stores and is indicative of the fact that many local employees live outside of Milton-Freewater and the draw from the Washington side of the border. On the other hand, demand gaps are shown in motor vehicle and parts dealers, electronics and appliance stores, clothing and accessories stores, sporting goods, hobby, book and music stores and general merchandise stores. In other words, Milton-Freewater residents must travel elsewhere to meet their retail needs.

IV TWENTY-YEAR EMPLOYMENT FORECAST

INTRODUCTION

This analysis updates the employment forecasts within the City of Milton-Freewater's Urban Growth Boundary. The employment forecasts were generated through 2028. The primary source of data on current employment patterns was derived from the State of Oregon Employment Department's ES-202 reports.

CREATING A BASE YEAR ESTIMATE

CONVERSION TO TOTAL EMPLOYMENT

For the year 2006, ES-202 reports estimate employment in Milton-Freewater to total 2,243 employees. However, our source ES-202 data reports "covered employment" only—employer firms that tracked through unemployment insurance. Because this data omits a significant portion of the workforce that are not covered (i.e. sole-proprietors, self-employed, commission workers) we must revise our estimates to reflect true employment. Estimates from the Bureau of Economic Analysis (BEA) indicate that in 2006 covered employment accounted for approximately 74.8% of total employment in Umatilla County, with individual estimates reported by broad sector. Assuming that Milton-Freewater roughly tracks the countywide trend, we estimate the *total* employed level in 2006 to be in the area 2,996 employees.

FIGURE 10: CONVERSION OF COVERED EMPLOYMENT TO TOTAL EMPLOYMENT (2006)

NAICS	Milton-Freewater UGB Covered Employment 1/	Covered Share of Total Employment 2/	Estimated Milton-Freewater UGB Total Employment
Natural Resources	329	100.0%	329
Construction	23	60.6%	38
Manufacturing	115	100.0%	115
Wholesale Trade	69	91.7%	75
Retail Trade	282	77.8%	363
T.W.U. 1/	18	72.6%	25
Information	9	81.1%	11
Financial Activities	95	46.2%	205
Professional & Business Services	345	72.9%	473
Education & Health Services	551	68.9%	800
Leisure & Hospitality	215	86.1%	250
Other Services	79	39.3%	200
Public Administration	114	100.0%	114
TOTAL	***2,243***	***74.8%***	***2,996***

1/ From the Oregon Employment Department ES-202 data

2/ Data from the Bureau of Economic Analysis for 2006, the most recent year complete data is available. Assumptions displays the percent of total wage and salary (covered) employment to total nonfarm employment in Umatilla County.

SOURCE: Oregon State Employment Department, U.S. Bureau of Economic Analysis, and JOHNSON GARDNER

CONVERSION TO TOTAL EMPLOYMENT

The second step to creating our base year estimate is updating our 2006 total employment estimate to the current period. This process involves the evaluation of countywide economic trends between 2006 and 2008 in addition to current knowledge about the local economic activity in Milton-Freewater. Outlined in Figure 11, we assume that between 2006 and 2008 the Milton-Freewater economy averaged about 1.2% annual growth to 3,072 total employees. The overall growth rate of 1.2% is based on Bureau of Labor Statistics (BLS) industry employment data for Umatilla County between 2006 and 2007 which was then adjusted based on knowledge of local industry-specific employment trends. This estimate will be utilized as the basis of our long-term employment forecast.

FIGURE 11: UPDATING 2006 TOTAL EMPLOYMENT TO THE CURRENT PERIOD (2008)

NAICS	2006 Total Employment	Short Term Annual Growth Assumption 1/	2008 Total Employment Estimate
Natural Resources	329	5.2%	364
Construction	38	-2.7%	36
Manufacturing	115	-6.8%	100
Wholesale Trade	75	-2.2%	71
Retail Trade	363	3.2%	386
T.W.U.	25	-2.1%	24
Information	11	-7.5%	9
Financial Activities	205	-2.2%	197
Professional & Business	473	2.9%	501
Education & Health	800	0.3%	804
Leisure & Hospitality	250	2.7%	264
Other Services	200	0.0%	200
Public Administration	114	1.0%	116
TOTAL	***2,996***	***1.2%***	***3,072***

1/ Based on 2006 to 2007 realized growth trend in the Current Employment Statistics (CES), BLS. Growth rate was revised for the 2007-2008 growth year to reflect anticipated slowing in the national and regional economy.

ANTICIPATED REGIONAL GROWTH

FIGURE 12 outlines the State of Oregon's most recent employment growth forecast for Region 12 which includes Umatilla and Morrow Counties. The State's outlined growth rates were used as baseline estimates to forecast the rate of employment growth by industry in this analysis.

- *Over the forecast period (2006–2016), the region's employment growth is projected to average 1.0% across all industries.*
- *The Leisure & Hospitality (2.0% AAGR) and Education & Health (1.9% AAGR) sectors are expected to display accelerated growth at the regional level during the period. Only modest rates of growth area expected in the Transportation, Warehousing and Utilities (0.5% AAGR), Information (0.3% AAGR) and Public Administration (0.6% AAGR) sectors while the Professional & Business Services sector is expected to decline (-0.7% AAGR).*

FIGURE 12: ANTICIPATED REGIONAL GROWTH, REGION 12

NAICS	Region 12 Employment 2006	Region 12 Employment 2016	Avg. Annual Growth Rate
Natural Resources	100	110	1.0%
Construction	1,050	1,200	1.3%
Manufacturing	4,480	5,170	1.4%
Wholesale Trade	880	960	0.9%
Retail Trade	3,280	3,710	1.2%
T.W.U.	2,970	3,130	0.5%
Information	300	310	0.3%
Financial Activities	1,010	1,130	1.1%
Professional & Business	2,390	2,230	-0.7%
Education & Health	2,830	3,410	1.9%
Leisure & Hospitality	2,390	2,910	2.0%
Other Services	700	790	1.2%
Public Administration	8,560	9,090	0.6%
TOTAL	***30,940***	***34,150***	***1.0%***

SOURCE: Oregon Employment Department

PRELIMINARY EMPLOYMENT FORECAST

FIGURE 13 presents a forecast of total employment within Milton-Freewater between 2008 and 2028. The baseline forecast utilizes the State of Oregon's projected growth rates by sector (Figure 12) and applies these rates of growth to the estimated current employment distribution within the Milton-Freewater economy (Figure 11). In addition, the baseline forecast includes an adjustment to the Retail Trade and Professional & Business Services sectors. Retail Trade was accelerated by 0.05% over the twenty year period and Professional & Business Services was accelerated by 0.8%. Retail Trade was accelerated based on City objectives to pursue both increased Retail Trade, Wine and Agritourism activity. Professional & Business Services was accelerated based on local conditions and objectives which do not justify the negative growth rate imposed on the region by the State growth rate forecast for the sector (Figure 12).[6] Two additional forecasts are also generated, referred to as the high and low growth scenarios. The high growth forecast assumes a growth rate of 120% over the baseline growth rate for each sector and the low growth forecast assumes a growth rate 75% under the baseline growth rate for each sector. The high growth forecast includes an adjustment, similar to those included in the baseline forecast, to several sectors which will be impacted by the City's industry target goals. These industries include Construction, Manufacturing, Retail Trade, Professional & Business Services, Education & Health Services, and Leisure & Hospitality. It should be noted that employment forecasts are speculative, particularly over a twenty year horizon.

As shown, the baseline employment forecast anticipates an increase of 871 jobs, reflecting an average annual growth rate of 1.3%. The high growth scenario projects an increase of 1,181 jobs (1.6% AAGR), while the low growth scenario projects 696 new jobs (1.0% AAGR). Education & Health Services, Leisure & Hospitality and Retail Trade are expected to account for about 69% of net new growth over the forecast period. Other strong growth sectors are Construction, Manufacturing, Financial Activities and Other Services accounting for an additional 17%.

FIGURE 13: PRELIMINARY EMPLOYMENT FORECAST SCENARIOS, MILTON-FREEWATER UGB

Baseline Forecast	Base Year	Employment Forecast				2008-2028 Growth	
NAICS	2008	2013	2018	2023	2028	Jobs	AAGR
Natural Resources	364	381	400	420	440	76	1.0%
Construction	36	38	41	44	47	11	1.3%
Manufacturing	100	108	116	124	133	33	1.4%
Wholesale Trade	71	75	78	81	85	14	0.9%
Retail Trade	386	412	439	468	499	113	1.3%
T.W.U.	24	24	25	26	26	3	0.5%
Information	9	9	10	10	10	1	0.3%
Financial Activities	197	208	220	233	246	49	1.1%
Professional & Business	501	503	506	509	512	11	0.1%
Education & Health	804	883	969	1,064	1,168	363	1.9%
Leisure & Hospitality	264	291	321	354	391	127	2.0%
Other Services	200	212	226	240	255	55	1.2%
Public Administration	116	120	123	127	131	15	0.6%
TOTAL	***3,072***	***3,265***	***3,473***	***3,699***	***3,943***	***871***	***1.3%***
High Forecast	**Base Year**	**Employment Forecast**				**2008-2028 Growth**	
NAICS	2008	2013	2018	2023	2028	Jobs	AAGR
TOTAL	***3,072***	***3,326***	***3,606***	***3,913***	***4,252***	***1,181***	***1.6%***
Low Forecast	**Base Year**	**Employment Forecast**				**2008-2028 Growth**	
NAICS	2008	2013	2018	2023	2028	Jobs	AAGR
TOTAL	***3,072***	***3,225***	***3,392***	***3,572***	***3,768***	***696***	***1.0%***

1/ High Growth Forecast assumes Milton-Freewater's rate of growth is 120% of the baseline projection.

2/ Low Growth Forecast assumes Milton-Freewater's rate of growth is 75% of the baseline projection.

6 The adjustment to the Retail Trade sector added 5 jobs to the baseline forecast but will have a greater impact on the High growth scenario. The adjustment to the Professional & Business Services sector added 76 to the baseline forecast. The baseline growth rate for this sector (0.1%) is highly conservative given the past growth rate in the sector.

V TWENTY-YEAR EMPLOYMENT LAND NEEDS ANALYSIS

INTRODUCTION

This section summarizes the projected need for commercial and industrial land associated with the employment projections through 2028. Results are followed by a description of the methodology employed by JOHNSON GARDNER to project the need for commercial and industrial space, and subsequently, commercial and industrial land.

Determining the City's required site types involves qualitative and quantitative analysis. The qualitative analysis describes the site characteristics expected to be demanded by firms during the planning period. There are three components to the quantitative analysis. The first describes the types of firms likely to locate in Milton-Freewater during the planning period. This component was completed through the Target Industry Opportunities Analysis. The second component involves projections of employment. These employment projections have been summarized in the previous section. The third component combines these employment projections with the qualitative component of the Site Requirements analysis to project the commercial and industrial land need and the demanded numbers of sites.

SUMMARY OF COMMERCIAL AND INDUSTRIAL LAND NEED FINDINGS

The results summarized in Figure 14 highlight projections of net new demand within the Milton-Freewater UGB for commercial and industrial land between 2008 and 2028. Detailed findings by use type and growth scenario are included in the technical appendix. Over the next twenty years, net new demand for commercial and industrial land is expected to range from 27 to 58 net buildable acres, contingent upon Milton-Freewater's realized growth pattern through 2028. The baseline "Medium Growth Scenario" indicates that Milton-Freewater can expect aggregate commercial and industrial land need in the vicinity of 37 acres through 2028; additional acreage may be necessary to accommodate particular numbers and types of sites expected to be demanded.

FIGURE 14: PROJECTED AGGREGATE NEED FOR COMMERCIAL AND INDUSTRIAL LAND IN THE MILTON-FREEWATER UGB (NET BUILDABLE ACRES) (2008-2028)

Use Type	Need For Land (Acres) By Scenario: Medium Growth	High Growth	Low Growth
OFFICE COMMERCIAL	**7.3**	**10.0**	**4.7**
INDUSTRIAL	**7.3**	**9.1**	**6.1**
RETAIL COMMERCIAL	**10.2**	**23.4**	**8.2**
CITY RESIDENTS	7.9	17.1	6.8
REGION/TOURISTS 1/	2.2	6.3	1.4
OVERNIGHT LODGING	***2.3***	***4.6***	***0.4***
SPECIALIZED USES 2/	***9.6***	***11.0***	***7.9***
TOTAL	***36.5***	***58.1***	***27.2***

1/ Based on current ratios between locally supported and total sales, CE Survey from the BLS and Census of Retail Trade.

2/ Hospitals, Clinics, etc. for employment not otherwise categorized.

SOURCE: Johnson Gardner LLC

These projections reflect ***net*** developable land, required only for building and impervious surface space requirements. Roads, right-of-ways, parks and public facilities, among other things necessary to serve

projected land development, are not included. While the methodology is not based on a set density per acre assumption, the output reflects the following average jobs per net acre by broad land employment development categories.

AVERAGE JOBS/NET ACRE	
OFFICE COMMERCIAL	37.9
INDUSTRIAL	11.8
RETAIL COMMERCIAL	22.6
OVERNIGHT LODGING	2.3
SPECIALIZED USES	20.0

In addition to projecting aggregate commercial and industrial needs, LCDC's Goal 9 rule also requires the City of Milton-Freewater to project the demanded number of sites by type. This has been done according to the ration of existing acreages and a typical site size and is provided below.

FIGURE 15: PROJECTED ACRES AND NUMBER OF REQUIRED SITES BY TYPE

Demand by Development Pattern			Planning Horizon					
			Number of Sites			Acres		
		Typical Acreage	Medium	High	Low	Medium	High	Low
Office	Large	8.26	0.0	0.0	0.0	0.2	0.3	0.1
	Medium	2.60	1.3	1.7	0.8	3.3	4.5	2.1
	Small	0.41	9.2	12.7	6.0	3.8	5.2	2.5
Industrial	Large	10.16	0.0	0.0	0.0	0.0	0.0	0.0
	Medium	5.80	0.0	0.0	0.5	0.2	0.3	3.0
	Small	0.61	11.5	14.4	9.6	7.0	8.8	5.9
Commercial Retail	Large	15.00	0.1	0.3	0.1	2.2	5.1	1.8
	Medium	2.74	1.8	4.0	1.4	4.8	11.0	3.8
	Small	0.48	6.6	15.2	5.3	3.2	7.3	2.5

Lastly, the demand for actual sites, the need for public rights of way and infrastructure must be estimated in order to project the total amount of lands that would be required in the event the Urban Growth Boundary were expanded to provide land for needed employment sites. The DLCD Goal 9 guidebook recommends 25% for City's that would largely be extending infrastructure into new areas to serve new development. Figure 16 projects the total land demand for Milton-Freewater.

FIGURE 16: PROJECTED AGGREGATE NEED FOR COMMERCIAL AND INDUSTRIAL LAND IN THE MILTON-FREEWATER UGB (GROSS BUILDABLE ACRES) (2008-2028)

Use Type	Need For Land (Acres) By Scenario: Medium Growth	High Growth	Low Growth
OFFICE COMMERCIAL	**9.1**	**12.5**	**5.9**
INDUSTRIAL	**9.1**	**11.4**	**7.6**
RETAIL COMMERCIAL	**12.7**	**29.3**	**10.2**
CITY RESIDENTS	9.9	21.4	8.5
REGION/TOURISTS 1/	2.8	7.9	1.7
OVERNIGHT LODGING	**2.9**	**5.7**	**0.5**
SPECIALIZED USES 2/	**11.9**	**13.7**	**9.9**
TOTAL	***45.7***	***72.6***	***34.1***

1/ Based on current ratios between locally supported and total sales, CE Survey from the BLS and Census of Retail Trade.

2/ Hospitals, Clinics, etc. for employment not otherwise categorized.

INDUSTRIAL AND OFFICE LAND NEED METHODOLOGY

Demand for industrial and office commercial land is a direct function of employment growth in industrial sectors that occupy this type of space. As a result, our projections of industrial and office demand are based on forecasted employment growth by industrial sector within Milton-Freewater. Methodology for forecasting need for industrial and office commercial land follow a standard, multi-step process, summarized below. The detailed calculations underlying the findings in this section are contained in the Technical Reference to this document (pgs. 3-18).

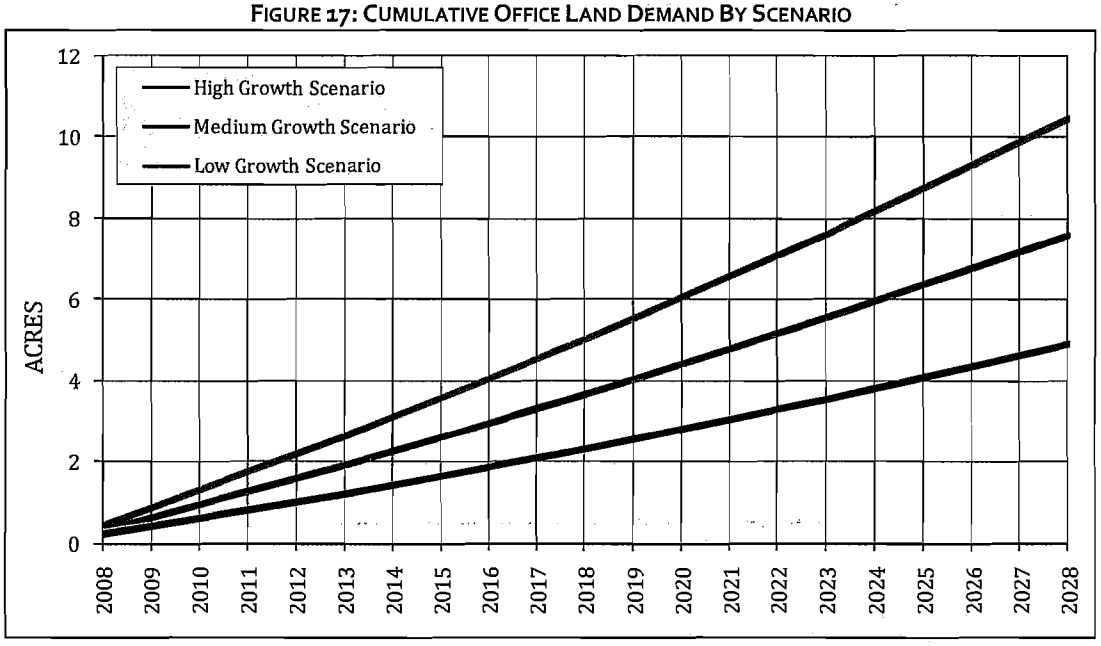
DEMAND FOR OFFICE BUILDING SPACE

Sector employment growth for each of the three economic scenarios is converted into growth in office employment based on typical percentages of jobs, or capture factors, by sector that will be located in office development rather than industrial development. Employment density ratios, the average space in square feet necessary per office job, were utilized to calculate total office space demand given projected employment growth. Ratios and densities utilized are from the Urban Land Institute.

DEMAND FOR OFFICE COMMERCIAL LAND

Demand for office land is a conversion of demand for space by an office floor area ratio (FAR). FAR is defined as the gross leasable building area divided by the buildable land area used. For example, a 5,000 square foot office building on a 10,000 square foot site would be an example of a 0.50 FAR. For projections under each of the three Milton-Freewater economic scenarios, JOHNSON GARDNER assumed a relatively conservative 0.30 FAR. While surface parked office space can be produced at an FAR up to 0.50, the historic pattern in Milton-Freewater has included more single storey structures at a substantially lower ratio.

FIGURE 17: CUMULATIVE OFFICE LAND DEMAND BY SCENARIO



DEMAND FOR INDUSTRIAL BUILDING SPACE

Milton-Freewater's industry employment growth for each of the three economic scenarios is converted into growth in industrial employment based on typical percentages of employment by sector that will be located in industrial space. Employment is then further stratified by type of space, including warehouse/distribution, general industrial and high-tech/flex space. Finally, employment density ratios, calculated as average square feet of space necessary per industrial job, were utilized to calculate total space demand by industrial space type given projected employment growth. These ratios and densities are based on industry standards.

DEMAND FOR INDUSTRIAL LAND

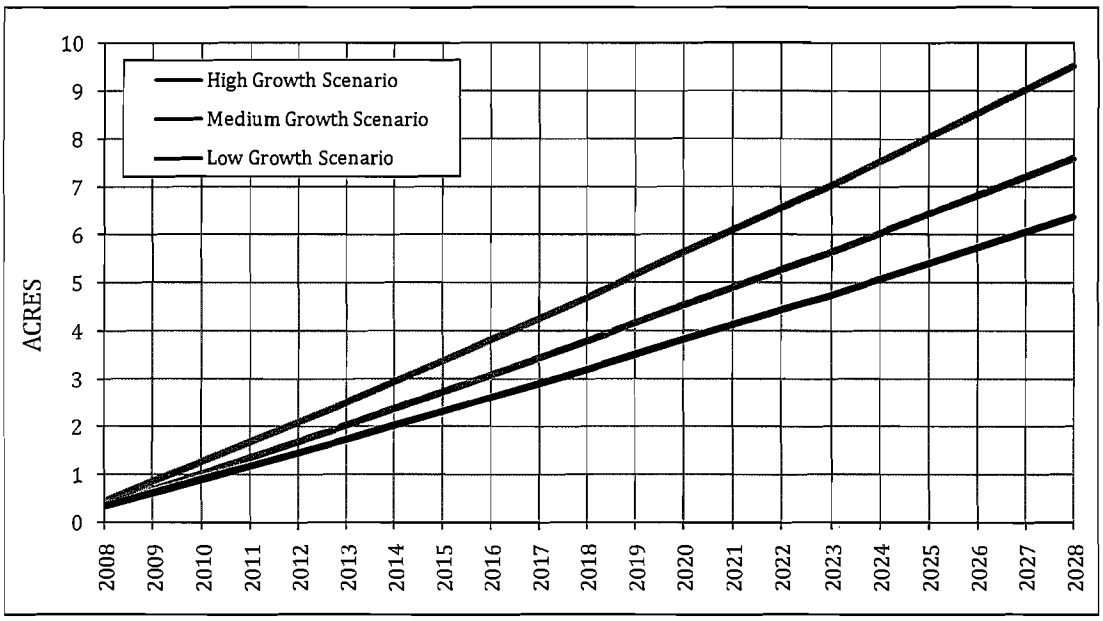
Demand for industrial land is a conversion of demand for space by floor area ratios (FARs) by industrial development type and the addition of non-industrial use demand for industrial land typical of business park space. Projections utilize the following FARs:

- *Warehouse/Distribution:* 0.31
- *General Industrial:* 0.30; and
- *High-Tech/Flex:* 0.26.

Second, a 20% non-industrial use demand for land was assumed for industrial land projections.[7]

[7] Non industrial uses in industrial districts include office space as well as support retail.

FIGURE 18: CUMULATIVE INDUSTRIAL LAND DEMAND BY SCENARIO



RETAIL COMMERCIAL LAND METHODOLOGY

Unlike industrial and office commercial land need, retail land need is a direct function of households moving into Milton-Freewater, typical spending patterns by those households and visitor/tourist spending. Methodology for forecasting retail commercial land need is summarized below.

HOUSEHOLD GROWTH PROJECTIONS

For modeling growth in retail commercial land need driven by residential growth, JOHNSON GARDNER utilized the City's population growth rate projections in Umatilla County's coordinated population forecast. Medium, high and low growth scenarios, and resulting household growth projections through 2028, were estimated as follows:

- *Medium Growth Scenario: Assumes population growth rate of 1.30% annually.*
- *High Growth Scenario: Assumes population growth rate of 1.56% annually.*
- *Low Growth Scenario: Assumes population growth rate of 1.04% annually.*

ESTIMATE MILTON-FREEWATER'S PER-HOUSEHOLD RETAIL SPENDING

JOHNSON GARDNER estimated per-household annual spending by retail category utilizing data derived from the US Bureau of Labor Statistics Consumer Expenditure Survey. Categories are as detailed in the following table by the North American Industry Classification System (NAICS).

FIGURE 19: AVERAGE HOUSEHOLD EXPENDITURES ON RETAIL GOODS, MILTON-FREEWATER UGB

NAICS	Category	Per Household Expenditures 1/
441	Motor Vehicles and Parts Dealers	$6,206
442	Furniture and Home Furnishings Stores	$675
443	Electronics and Appliance Stores	$683
444	Building Materials and Garden Equipment	$3,098
445	Food and Beverage Stores	$4,217
446	Health and Personal Care Stores	$1,525
448	Clothing and Clothing Accessories Stores	$1,281
451	Sporting Goods, Hobby, Book and Music Stores	$563
452	General Merchandise Stores	$3,732
453	Miscellaneous Store Retailers	$741
722	Foodservices and Drinking Places	$2,804
	Totals/Weighted Averages	***$25,527***

ESTIMATE FUTURE MILTON-FREEWATER'S RESIDENT-DRIVEN RETAIL SALES

Future retail sales originating within Milton-Freewater were simply calculated as the product of future household counts under the medium, high, and low growth scenarios through 2028 and annual average retail sales by category.

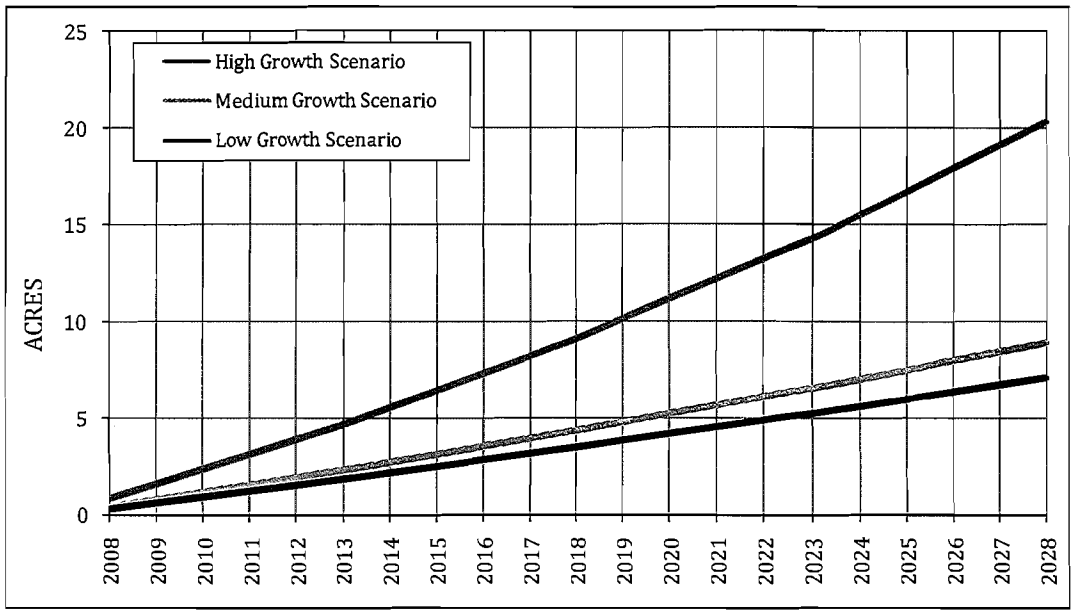
DEMAND FOR RETAIL COMMERCIAL SPACE

Future retail sales are converted into need for developed retail space by calculating the product of future Milton-Freewater retail sales by category to a category-specific Sales Support Factor. The Sales Support Factor is the national average retail sales per square foot of space for each category of retail. Sales support factors are from the Urban Land Institute publication *Dollars & Cents.*

DEMAND FOR RETAIL COMMERCIAL LAND

Demand estimates for developed retail space at different time points was then converted into demand for retail commercial land by applying the industry-standard retail Floor Area Ratio (FAR) of 0.25. The FAR assumes standard suburban retail space requiring one parking space per 1,000 square feet of retail floor area.

FIGURE 20: CUMULATIVE RETAIL LAND DEMAND BY SCENARIO



REGION/VISITOR SPENDING PROJECTIONS

Milton-Freewater's estimated retail sales exceed resident expenditures by a ten percent margin overall, reflecting five retail categories in which the City has a relatively substantial retail share. Milton-Freewater's retail surplus in these five categories also reflects Milton-Freewater's location across the border from the Washington sales tax. The remaining categories reflect sectors in which the City has the opportunity to capture resident expenditures as well as exploit the sales tax factor. It was assumed within our analysis that this ratio would remain constant, and that regional/visitor spending would grow at an equivalent rate to locally-originating retail sales.

Figure 21: Retail Opportunity Gap for Milton-Freewater

	Resident Expenditures 1/	Retail Sales 2/	Retail Opportunity
Total Retail Sales	**$80,943,689**	**$89,710,873**	**($8,767,184)**
Motor Vehicle and Parts Dealers	$16,276,901	$11,914,817	$4,362,084
Furniture and Home Furnishings Stores	$1,771,009	$6,254,106	($4,483,097)
Electronics and Appliance Stores	$1,790,094	$366,145	$1,423,949
Building Material, Garden Equip Stores	$8,125,746	$20,540,492	($12,414,746)
Food and Beverage Stores	$11,060,330	$17,658,486	($6,598,156)
Health and Personal Care Stores	$3,999,979	$6,976,203	($2,976,224)
Gasoline Stations	$9,223,328	$9,435,790	($212,462)
Clothing and Clothing Accessories Stores	$3,359,619	$804,856	$2,554,763
Sporting Goods, Hobby, Book, Music Stores	$1,477,287	$368,307	$1,108,980
General Merchandise Stores	$9,788,106	$7,850,579	$1,937,527
Miscellaneous Store Retailers	$1,942,677	$1,449,064	$493,613
Non-Store Retailers	$4,773,689	$327,605	$4,446,084
Foodservice and Drinking Places	$7,354,924	$5,764,423	$1,590,501

Source: Claritas, Inc.

1/ Data from the Consumer Expenditure Survey which reflects expenditures made by Milton-

2/ Data from the Census of Retail Trade which reflects retail sales made within the City of Milton-Freewater.

UNANTICIPATED ECONOMIC DEVELOPMENT ISSUES

Employment land need forecasts in the above analysis assume a natural or organic rate of expansion for the Milton-Freewater economy based on existing industries and trends. In addition to natural growth, however, it is important for the City to have additional land capacity to accommodate economic developments that are presently impossible to anticipate. These specifically include:

- Abnormally high rates of growth in existing or spin-off industry;
- "Home Run" business attraction, such as a sizeable new national retailer;
- Contingency for countering potential economic displacement;
- Ample supply to meet City planning and economic development goals.

Milton-Freewater's location and public infrastructure investment will largely shape the identity and form of potential "home run" developments. These features include:

- City-owned utilities;
- Proximity to Walla Walla and the Washington border;
- Proximity to agricultural base.

Finally, industrial parcels of versatile size and reasonable development cost have grown more scarce in the Willamette Valley near Interstate 5, particularly in the Portland metro area. The decision by Walmart to locate its distribution center in Hermiston, for example, was driven in part by the issue of industrial land availability with excellent transportation access and reasonable cost.

It is, therefore, reasonable to expect that a combination of all factors mentioned will make Milton-Freewater an attractive location for an unprecedented industry or firm to seek a location in the area. It is, therefore, recommended that the City of Milton-Freewater consider an industrial and commercial land reserve for contingent development. Figure 22 indicates adjusted Gross Land Need through 2028 based on the need for land reserves.

Figure 22: Projected Aggregate Need For Commercial And Industrial Land In Milton-Freewater Adjusted to Prepare for Unanticipated Employment Growth (Gross Buildable Acres) (2008-2028)

Use Type	Need For Land (Acres) By Scenario: Medium Growth	High Growth	Low Growth
OFFICE COMMERCIAL	**19.7**	**34.2**	**5.8**
INDUSTRIAL	**28.8**	**51.5**	**11.1**
RETAIL COMMERCIAL	**28.7**	**54.1**	**10.2**
CITY RESIDENTS	22.4	39.5	8.5
REGION/TOURISTS 1/	6.3	14.6	1.7
OVERNIGHT LODGING	**2.9**	**5.7**	**0.5**
SPECIALIZED USES 2/	**11.9**	**13.7**	**9.8**
TOTAL	***92.0***	***159.3***	***37.5***

1/ Based on current ratios between locally supported and total sales, CE Survey from the BLS and Census of Retail Trade.

2/ Hospitals, Clinics, etc. for employment not otherwise categorized.

SOURCE: Johnson Gardner LLC

VI REQUIRED SITE TYPE DESCRIPTIONS

The qualitative component of the site requirements analysis identifies factors such as site sizes (acreage), loading, parking, storage, public facilities, utilities, ownership patterns, surrounding development patterns, proximity to labor, proximity to customers, access to transportation infrastructure, and other site amenities unique to the specific industry. The subsequent tables identify archetypal site requirements according to four major land use categories: Office, Commercial Retail, Industrial and Campus/Institutional.

A detailed matrix of site requirements was produced and organized under the four major employment development patterns: Office, Commercial Retail, Industrial and Campus/Institutional. The detailed matrix is included later in this section. The following table provides a general summary of the site types comprising demand.

	Building Size/SF	Typical Acreage Ranges
OFFICE		
Large	60,000-500,000+	3.5-20
Medium	12,000-70,000	0.5-3.0
Small	400-13,000	0.12-3.0
INDUSTRIAL		
Large	90,000-750,000+	20-200+
Medium	25,000-100,000	4.0-25
Small	500-30,000	0.5-5.0
COMMERCIAL		
Large	45,000-500,000+	7.0-100
Medium	12,000-50,000	3.5-15
Small	0.5	0.5-5

The level of specificity provided in the required site types will inform land demand and supply analyses and land use designation category development. These general development pattern categories are not intended to be exhaustive, but rather are intended to capture the typical patterns observed in the market today and expected for the future. However, by identifying and planning for typical patterns, the widest range of development patterns have been considered in an effort to analyze demand from these many perspectives. Other than the Downtown pattern, which is unique in many ways, none of the other patterns are intended to have a necessary geography or area associated with them—although some areas of the City will contain more of some archetypes and less of others—reflecting locational characteristics, historical development patterns, existing land use regulations, and market forces.

The detailed description of site requirements in the Technical Reference (pgs. 19-24) does not include extensive discussions of environmental constraints. This is because employment land development patterns are generally less sensitive to environmental constraints than residential development patterns. Generally, the described acreages assume sites that are largely free from environmental constraints such as slopes, wetlands, and floodplains.

VII PROJECTED NUMBER OF SITES DEMANDED

The final step in establishing the City's land demand projections is to arrive at the number of sites expected to be demanded according to the above described development pattern types during the planning horizon. The first three steps developed included:

1. *Identify Target Industry Opportunities*
2. *Employment Projections and Aggregate Land Demand by Type*
3. *Site Requirement Site Types Descriptions*

Thus, the final step in the process of estimating the demanded number of sites by type combines the information in steps 2 and 3 to project the number of employment sites by type. Step 2 is a qualitative description of the types of sites that could potentially be demanded, based upon the City's target industry opportunities in Step 1. A Geographic Information Systems (GIS) was used to categorize employment lands according to the categories in the Site Requirement Type Descriptions. Because the site requirement descriptions are qualitative in nature, this is a laborious process and is subjective. The various factors utilized in categorizing lands include a review of aerial photography, assessor's data, the City's BLI information and local knowledge about the employment land base.

Because there are subjective components to this analysis, it is important to understand the assumptions utilized in the analysis. The principal assumptions relate to methodology for identifying and categorizing medium and large sites and these include the following:

- The vast proportion of the employment land base, from the standpoint of total acreage, is consumed by sites larger than half an acre. Some of these are held for speculation and will be divided further, but the vast majority of these parcels are developed and used by going concerns.

- It is much easier to divide employment land into small parcels to meet the needs of smaller users than it is to aggregate small parcels in fractured ownerships to meet the needs of a larger user.

- The third assumption is derived from the above two and is also one of analysis practicality. There are approximately 170 employment planned properties in Milton-Freewater's UGB and almost 73 percent of them are less than half an acre. Categorizing each of these carefully would be extremely laborious and not very meaningful. For this reason, the most careful categorization is reserved for parcels larger than a half acre. The analysis does not generally concern itself with parcels less than .5 acres; this is fully consistent with the parameters laid forth in OAR 660-009 that do not require inventorying of vacant lands less than .5 acres.

- Also important in this categorization process is the consideration of ownerships. As it was discussed above, parcels smaller than .5 acres are generally uncategorized. However, other factors in the analysis consider smaller parcels that have been incorporated into larger sites. These are unlikely to be captured at 100 percent, but careful review of aerial photos and database analysis can capture many of these important acreages that are properly categorized as large and medium sites.

The GIS database provides an estimate of the existing acreage of developed large and medium office, large and medium commercial retail, and large and medium industrial sites in the UGB. The maps in the Technical Reference (pgs. 25-26) depict the inventoried lands by land use category.

Figure 23 provides a detailed assessment of Milton-Freewater employment land demand through 2028 in terms of number of sites demanded by site size, with a comparison to developable employment land supply by site quality within the existing Milton-Freewater urban growth boundary. Results are expressed for all three employment growth scenarios.

FIGURE 23: RECONCILIATION OF MILTON-FREEWATER EMPLOYMENT LAND SITE DEMAND & SUPPLY (2028)

Land Demand Reconciliation - Site Need Count

Number of Sites by Development Pattern		Demand Projections				Planning Horizon			
							Balance		
		Typical Acreage	Medium	High	Low	Vacant Supply	Medium	High	Low
Office	Large	8.26	1.0	2.1	0.0	5	4.0	2.9	5.0
	Medium	2.60	0.7	1.0	0.5	4	3.3	3.0	3.5
	Small	0.41	13.0	18.5	8.3	4	-9.0	-14.5	-4.3
	SubTotal		***14.8***	***21.6***	***8.8***	***13***	***-2***	***-9***	***4***
Industrial	Large	10.16	1.0	2.0	0.0	0	-1.0	-2.0	0.0
	Medium	5.80	1.0	2.1	0.5	3	2.0	0.9	2.5
	Small	0.61	11.5	15.0	9.6	9	-2.5	-6.0	-0.6
	SubTotal		***13.5***	***19.0***	***10.1***	***12***	***-1***	***-7***	***2***
Commercial Retail	Large	15.00	1.0	1.7	0.1	4	3.0	2.3	3.9
	Medium	2.74	1.8	4.0	1.4	2	0.2	-2.0	0.6
	Small	0.48	6.6	15.2	5.3	7	0.4	-8.2	1.7
	SubTotal		***9.3***	***20.9***	***6.8***	***13***	***4***	***-8***	***6***

Note: Figures may not sum due to rounding.
SOURCE: City of Milton-Freewater, Umatilla County and Johnson Gardner

OFFICE EMPLOYMENT SITE DEMAND FINDINGS

- *Sites Demanded:* Milton-Freewater economic growth is estimated to drive demand for as few as nine office commercial sites to as many as 22. The majority of sites for office commercial can be expected in the "Small" category, with typical parcel size at 0.4 acres.
- *Site Supply:* The City of Milton-Freewater currently has a total of 13 sites suitable for office commercial development, dispersed across the three site sizes.
- *Sites Needed Reconciliation:* Given documented site demand and existing inventory, Milton-Freewater will require anywhere from two new office commercial sites (Medium Scenario) to nine new sites (High Growth Scenario) to meet economic opportunities identified in this analysis.
- *Sites Needed Concentration:* Site need is greatly concentrated in the "Small" parcel category, generally 0.75 acres or less. The need for "Small" parcels can be expected to range from four sites (Low Growth Scenario) to 15 sites (High Growth Scenario). Under all three growth scenarios, "Large" and "Medium" site sizes can be expected to be oversupplied, allowing for the opportunity to divide larger parcel sizes to meet the demand for small parcels over the planning period.

INDUSTRIAL EMPLOYMENT SITE DEMAND FINDINGS

- *Sites Demanded:* Milton-Freewater economic growth is expected to generate demand for a minimum of 10 industrial sites to as many as 19 over the planning period. The great majority of sites demanded will be four acres or fewer in size.
- *Site Supply:* The City of Milton-Freewater currently has 12 sites suitable for industrial development within its UGB, greatly concentrated in parcels sized four acres or less. Milton-Freewater currently has no uncommitted, developable industrial sites within its UGB for large, 10 acres or greater site size demand.
- *Sites Needed Reconciliation:* Given documented site demand and existing inventory, Milton-Freewater will require anywhere from one additional industrial sites (Medium Scenario) to seven additional sites (High Growth Scenario) to meet economic opportunities identified in this analysis.

- *Sites Needed Concentration:* Under all three growth scenarios, Milton-Freewater requires the addition of industrial land suitable for small and large site size categories. The City will require the addition of land for one "Large" site in the Medium Growth Scenario and two "Large" sites in the High Growth Scenario. In addition, the city will require anywhere from 0.6 "Small" sites (Low Growth Scenario) to 6 "Small" sites (High Growth Scenario).

RETAIL COMMERCIAL EMPLOYMENT SITE DEMAND FINDINGS

- *Sites Demanded:* Milton-Freewater population growth, resulting from economic growth opportunity, is expected to create demand for a minimum of seven commercial sites to as many as 21 over the planning period. The majority of sites demanded will be two acres or fewer in size ("Small").
- *Site Supply:* The City of Milton-Freewater currently has 13 sites suitable for retail development within its UGB, generally concentrated in parcels sized two acres or less.
- *Sites Needed Reconciliation:* Given documented site demand and existing inventory, Milton-Freewater will require eight retail commercial sites suitable for small and medium retail sizes over the planning period under the high growth scenario.

PROJECTED GROSS ACREAGE NEED BY SITE QUALITY

Given employment land site demand and need documented in the previous section, resulting estimates of gross demand and need for employment land by site category is possible. Figure 25 provides detailed assessment of Milton-Freewater employment land demand and reconciled need (gross acres) by site quality through 2028. Results are expressed for all three employment growth scenarios and directly correlate to employment site demand details provided in Figure 24.

FIGURE 25: RECONCILIATION OF MILTON-FREEWATER EMPLOYMENT LAND ACREAGE DEMAND & SUPPLY (2028)

Land Demand Reconciliation - Gross Acreage Need

Vacant Acres Reconciliation (Total)						Planning Horizon			
		Demand Projections					Balance		
		Typical Acreage	Medium	High	Low	Vacant Supply	Medium	High	Low
Office	Large	8.26	10.6	21.3	0.0	204	193	183	204
	Medium	2.60	2.4	3.4	1.5	8	5	4	6
	Small	0.41	6.7	9.5	4.3	2	-5	-8	-2
	SubTotal		***19.7***	***34.2***	***5.8***	***214***	***194***	***179***	***208***
Industrial	Large	10.16	12.5	25.0	0.0	0	-13	-25	0
	Medium	5.80	7.5	15.0	3.8	16	8	1	12
	Small	0.61	8.8	11.5	7.3	14	5	2	7
	SubTotal		***28.8***	***51.5***	***11.1***	***30***	***1***	***-22***	***19***
Commercial Retail	Large	15.00	18.8	31.3	2.2	50	31	19	48
	Medium	2.74	6.0	13.8	4.8	8	2	-6	3
	Small	0.48	4.0	9.1	3.2	7	3	-2	4
	SubTotal		***28.7***	***54.1***	***10.2***	***65***	***36***	***11***	***55***
Other	Over Night Lodging	Not Estimated	2.9	5.7	0.5	Not Estimated	-2.9	-5.7	-0.5
	Special Uses	Not Estimated	11.9	13.7	9.8	Not Estimated	-11.9	-13.7	-9.8
	Grand Totals		**92.0**	**159.3**	**37.5**	**308**	**216.3**	**149.0**	**270.8**

OFFICE COMMERCIAL LAND ACREAGE DEMAND FINDINGS

- *Land Demanded:* Milton-Freewater economic growth can be expected to drive six acres of gross land demand under the Low growth scenario to as much as 34 gross acres under the High Growth scenario. Although the majority of sites demanded are characterized as "Small" in Figure 24, the single-largest share of gross acreage demand is concentrated in "Large" site configuration under the Medium and High growth scenarios over the planning period.
- *Land Supply:* The City of Milton-Freewater currently has a total of 214 vacant, buildable acres suitable for office commercial development within the current City UGB. Existing supply is overwhelmingly concentrated in "Large" sites (204 gross acres).
- *Land Needed Reconciliation:* Given documented gross acreage demand and existing UGB inventory, Milton-Freewater has a surplus of 179 gross acres (High Growth Scenario) to 208 gross acres (Low Growth Scenario) to meet economic opportunities identified in this analysis.
- *Land Need Concentration:* All categories of gross acreage demand are presently oversupplied within the City of Milton-Freewater UGB with the exception of "Small" sites. Demand for office commercial sites suitable for small developments range from two (Low Growth Scenario) to eight (High Growth Scenario).

INDUSTRIAL LAND ACREAGE DEMAND FINDINGS

- *Land Demanded:* Milton-Freewater economic growth is expected to generate demand for a minimum of 11 gross acres to as many as 52 gross acres through 2028. "Large" site demand accounts for the majority of industrial demand under the Medium and High growth scenarios.
- *Land Supply:* The City of Milton-Freewater currently has 30 vacant, developable acres within its UGB. It should be underscored that the City has no supply of large, 10 acre or greater industrial sites.
- *Land Needed Reconciliation:* Given documented site demand and existing inventory, Milton-Freewater will require 22 additional industrial acres (High Growth Scenario) to meet economic opportunities identified in this analysis. Under the Low and Medium growth scenarios, the City has a surplus of overall industrial acreage.
- *Land Needed Concentration:* Unmet land demand is solely concentrated in "Large" sites of 10 acres or more. The City will require the addition of 13 acres of land (Medium Growth Scenario) and 25 acres of land (High Growth Scenario) suitable for "Large" industrial use. Small and Medium categories of industrial demand are expected to be oversupplied during the planning period.

RETAIL COMMERCIAL LAND ACREAGE DEMAND FINDINGS

- *Land Demanded:* Milton-Freewater economic growth and resulting population growth is expected to create demand for a minimum of 10 gross commercial retail acres to as many as 54 gross acres over the planning period. The majority of commercial retail acres demanded is concentrated in land suitable for "Large" retail commercial development.
- *Land Supply:* The City of Milton-Freewater currently has 65 vacant, developable acres suitable for retail development within its UGB. "Large" sites account for nearly 77% of the City's existing retail commercial land supply.
- *Land Needed Reconciliation:* Given documented land demand and existing inventory, Milton-Freewater can be expected to be oversupplied in all site size categories, with the exception of the High Growth Scenario which will require six acres of retail commercial land suitable for medium-sized developments and two acres suitable for small-size developments.

VIII CONCLUSIONS & POLICIES

PREVIOUS GOAL 9 CONCLUSIONS & POLICIES

The conclusions and policies listed below are taken from the City's previous Goal 9 and will be remain intact:

Policy 9-A-1: The City will continue to update and improve its Economic Development Plan.

Policy 9-B-2: The City will encourage the efficient use of its commercial lands through the implementation of ordinances to share accesses and maximize parking.

Conclusion 9-C-1: The proximity of grain from the wheat lands to the south and fruit from the orchard lands to the north appear to present good opportunities for secondary processing of these raw materials into forms such as pies and frozen specialty foods.

Conclusion 9-C-2: While remaining heavily involved in agriculture, the economy needs to diversify to lower the risk inherent on a limited industrial base.

Conclusion 9-C-3: Walla Walla and Milton-Freewater retail sectors have strengths which can be used to the benefit of both. Cooperative promotion and marketing of the Walla Walla Valley should be a joint effort of both communities.

ECONOMIC OPPORTUNITIES ANALYSIS CONCLUSIONS

1. The City of Milton-Freewater's economic assets, including valuable raw material inputs and city-owned utilities position the City to capture a greater share of regionally competitive industries.

2. Population growth has been modest—averaging 0.17% since 2001.

3. Job growth in the region has averaged 0.51% since 2002, with Walla Walla County experiencing the highest growth and Umatilla County averaging 0.27%.

4. The largest sectors of the Milton-Freewater economy based on employment are Education & Health Services (24.6%), Professional & Business Services (15.4%), Natural Resources (14.7%), Retail Trade (12.6%) and Leisure & Hospitality (9.6%).

5. Recent labor force trends point to economic underpinnings that support long-term economic development. These trends include:
    a. The City's population is young when compared to the region and the State.
    b. The percentage of high school drop-outs has decreased (although the share of residents with a Bachelor's degree has also decreased slightly).
    c. The City of Walla Walla offers a greater number of higher educated persons from which to draw, although the benefits of this proximity are constrained to some extent by the issue of double taxation.
    d. Labor force participation rates have remained steady since 2000.
    e. Only 45% of employed residents work in Milton-Freewater; the remainder of the employed resident workforce work outside the City. The City has an opportunity to capture a larger share of its employed population with jobs in the City.

6. Milton-Freewater is net importer of employees. Employees in the Manufacturing, Natural Resources, Construction, Transportation, Warehousing and Utilities, Wholesale Trade and Information sectors largely account for the workforce which commutes outside the City.

7. Most industries in the region have lower wage levels than the State with the exception of Transportation, Warehousing and Utilities and Construction.

8. The City of Milton-Freewater is well-situated to serve the Retail Trade, Professional & Business Services and Health Services sectors.

9. The City of Milton-Freewater, like the nation as a whole, has experienced a shift away from industrial development toward service and trade development. This change in composition is expected to continue, but at a somewhat slower rate locally than nationally and statewide. Land demands for industrial development, however, may not change in direct proportion because some of that shift is due to improved manufacturing efficiency that reduces the number of employees without reducing land demand.

10. While other economic sectors may strengthen during the planning horizon, the City of Milton-Freewater is well positioned for any or all of the following Target Industry Opportunities:

TIER 1 BEST POSITION	TIER 2 STRONG BUT CHALLENGING	TIER 3 LOCALLY COMPETITIVE
Crop Production	Frozen Fruit & Veg. Manufacturing	Tortilla Manufacturing
Agricultural Support Activities	Construction Material Wholesalers	Distilleries
Construction Trade Contractors	General Merchandise Retail	Farm Equipment Manufacturing
Wineries	Clothing & Accessories Retail	Farm & Garden Equipment Wholesalers
Agritourism	Sporting Goods, Hobby, Book, Music Retail	Commercial Banking
Farm Supplies Wholesalers	Foodservice & Drinking Places	Insurance Agencies & Brokerages
Child Day Care Services	Accommodation Services	Professional Services
Offices of Heath Care Practitioners		Retirement Home Services
Outpatient Care Centers		Environment, Conservation & Wildlife Services
Other Health Care Services		Automotive Repair & Maintenance

11. By 2028, the City of Milton-Freewater is projected to add between 696 jobs under a Low Growth Scenario, 871 under a Medium Growth Scenario and 1,181 jobs under a High Growth Scenario.

ECONOMIC OPPORTUNITIES GOALS AND POLICIES

GOAL 1: TO ACTIVELY PURSUE ECONOMIC DEVELOPMENT AND GROWTH THAT WILL DIVERSIFY AND STRENGTHEN THE MIX OF ECONOMIC ACTIVITY IN THE LOCAL MARKETPLACE AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR LOCAL RESIDENTS.

Policy 1-1: The City of Milton-Freewater will continually strive to strengthen its business, financial, health, tourist and retail activities and to capitalize on its comparative advantages in the local and regional marketplace.

Implementation 1-1(a) Identify opportunities and incentives to encourage value-adding, family-wage business to expand or locate in the community.

Implementation 1-1(b) Support the retention and attraction of firms with competitive wage rates for all industries, but also encourage the attraction and retention of firms with competitive wage rates within their respective industry classifications.

Implementation 1-1(c) Explore a joint public/private business development program to provide

retention services and identify opportunities for the growth of existing businesses and the attraction of new firms to the community, in order to diversify the mix of employment opportunities.

Implementation 1-1(d) In recruiting new companies to the area, market comparative advantages, such as City-owned utilities and sales tax benefits.

Implementation 1-1(e) Continue to work with Blue Mountain Community College to strategically encourage labor-training programs that match personnel needs of firms now operating in the community.

Implementation 1-1(f) Maintain and strengthen cooperation and frequent contact with the Port of Umatilla in order to be notified of companies seeking to locate in the area. In addition, leverage a strategic relationship with the Port of Walla Walla in order to be notified of spill-over opportunities and/or opportunities Walla Walla is unable to accommodate.

Implementation 1-1(g) Target small- to medium-scale general manufacturers as part of a comprehensive recruiting plan.

Implementation 1-1(h) Foster relationships with regional hospitals to create opportunities for additional local health care services.

Policy 1-2: The City of Milton-Freewater recognizes that community amenities and quality of life considerations factor highly into the site location choice of business seeking to start new or relocate.

Implementation 1-2(a) Support the Milton-Freewater School District's pursuit of improvements in excellence and learning.

Implementation 1-2(b) Collaborate with the Community Development Partnership to enhance the City's image and quality of life.

Implementation 1-2(c) Appoint a task force to address ways in which to improve the City's housing stock.

GOAL 2: TO RETAIN AND SUPPORT THE EXPANSION OF EXISTING BUSINESSES IN MILTON-FREEWATER

Policy 2-1: The City of Milton-Freewater shall seek ways to partner with the business, health and educational communities to implement the Economic Element and advance common objectives.

Implementation 2-1(a) Identify opportunities and incentives to encourage industry related to the area's agricultural base (example: Agritourism, Equestrian-related industry).

Implementation 2-1(b) Identify professional services and supplier gaps related to industry in Walla Walla (example: RailEx, Wine, etc.).

Implementation 2-1(c) Form strategic partnerships with Walla Walla wine industry players (example: Center for Enology & Viticulture at Walla Walla Community College).

Implementation 2-1(d) Partner with regional and State agencies as well as National industry groups to identify new potential for the food products industry.

Policy 2-2: The City of Milton-Freewater recognizes that the expansion and/or redevelopment of existing employment sites is often more challenging than the development of vacant sites and shall consider ways to encourage the expansion and/or redevelopment of existing employment sites.

Implementation 2-2(a) If new regulations might reasonably be expected to hinder business expansion and/or redevelopment, consider adopting regulations that differentiate between the development of vacant sites and the expansion and/or redevelopment of existing sites.

Policy 2-3: The City will coordinate with federal and state agencies and other stakeholders to plan its employment land base in ways that best balance the needs of business, other stakeholders and the environment.

EMPLOYMENT LAND DEMAND AND SUPPLY CONCLUSIONS

1. The City of Milton-Freewater is projected to need 159 gross buildable acres over the 20-year planning horizon, consisting of needed acres in the following categories:
    a. 34 gross buildable acres of Office Commercial
    b. 52 gross buildable acres of Industrial
    c. 54 gross buildable acres of Retail Commercial
    d. 6 gross buildable acres of Overnight Lodging
    e. 14 gross buildable acres of Specialized Uses
2. The City has a supply of 298 acres of vacant and redevelopable employment land. Based upon the adopted forecast, the City of Milton-Freewater has an aggregate surplus of 139 gross buildable acres of employment land.
3. Based on land demand by land use type and parcel size, the City of Milton-Freewater has a shortage of the following sites: Small Office, Large, Medium and Small Industrial and Medium and Small Commercial Retail.
4. In the future, more people will start or carry on businesses from their homes in ways that were not possible before electronic commerce. Successful home businesses sometimes expand in ways that produce employment opportunities and contribute to the City's tax base.

EMPLOYMENT LAND DEMAND AND SUPPLY GOALS AND POLICIES

GOAL 3: ASSURE AN ADEQUATE COMMERCIAL AND INDUSTRIAL LAND BASE TO ACCOMMODATE THE TYPES AND AMOUNT OF ECONOMIC DEVELOPMENT AND GROWTH ANTICIPATED IN THE FUTURE, WHILE ENCOURAGING EFFICIENT USE OF LAND AND PUBLIC FACILITIES WITHIN THE CITY OF MILTON-FREEWATER.

Policy 3-1: The City of Milton-Freewater will rely upon its Employment Growth Scenario in the City's Economic Element 20-year Employment Projections, Land Demand Projections, and Site Demand Projections when planning its employment land base.

Implementation 3-1(a) Assure site shortages identified under land demand projections are considered in City planning.

Policy 3-2: The City considers short-term (five-year) employment land demand to be equal to one quarter (25 percent) of the amount of land projected to be demanded over the twenty-year planning horizon.

Policy 3-3: The City of Milton-Freewater will maintain a Short-Term Supply of employment land consistent with the Economic Opportunities Analysis in the Economic Element.

Policy 3-4: The City of Milton-Freewater recognizes important differences among sites with respect to the

qualitative site characteristics demanded by firms.

Implementation 3-4(a) Assure demand projections for medium and large Commercial, Industrial and Office sites are captured in aggregate land demand projections.

Implementation 3-4(b) Consider the transportation infrastructure needs of target industry opportunities when preparing Transportation System Plan updates and corridor plans to implement the City's Goal 9 objectives.

Policy 3-5: The City of Milton-Freewater may assist in the identification of sites for businesses that have unique requirements.

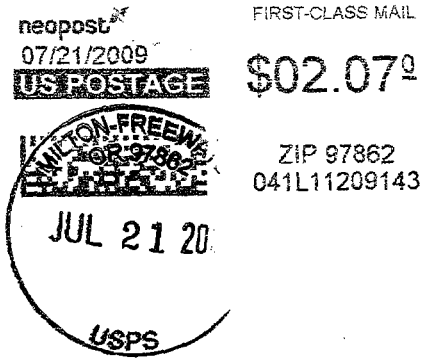
Policy 3-6: The City of Milton-Freewater shall place limits on commercial uses that are or can be permitted in industrial zones.

GOAL 4: TO DEVELOP LOCATIONAL CRITERIA AND SITE DEVELOPMENT STANDARDS FOR COMMERCIAL AND INDUSTRIAL DEVELOPMENT WHICH ENCOURAGE EFFICIENT USE OF PUBLIC FACILITIES, PARTICULARLY THE CITY'S TRANSPORTATION SYSTEMS.

Policy 4-1: The City of Milton-Freewater shall encourage integrated commercial centers, rather than individual linear developments.

Implementation 4-1(a) Consider the creation of master planned employment districts that integrate industrial and commercial uses.

Implementation 4-1(b) Consider utilizing Special Area Plans, master planned employment districts, Neighborhood Plans and Planned Unit Development to integrate and mix residential development with employment development patterns. This may take the form of mixed-use overlay zones.



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