Oregon
Theodore R. Kulongoski, Governor

Department of Land Conservation and Development
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NOTICE OF ADOPTED AMENDMENT

January 11, 2006

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

FROM: Mara Ulloa, Plan Amendment Program Specialist

SUBJECT: City of Newberg Plan Amendment
DLCD File Number 009-05

The Department of Land Conservation and Development (DLCD) received the attached notice of adoption. Copies of the adopted plan amendment are available for review at DLCD offices in Salem, the applicable field office, and at the local government office.

Appeal Procedures*

DLCD ACKNOWLEDGMENT or DEADLINE TO APPEAL: January 27, 2006

This amendment was submitted to DLCD for review prior to adoption with less than the required 45-day notice. 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 THAN IT WAS MAILED TO DLCD. AS A RESULT YOUR APPEAL DEADLINE MAY BE EARLIER THAN THE DATE SPECIFIED ABOVE.**

Cc: Doug White, DLCD Community Services Specialist
Geoff Crook, DLCD Regional Representative
Steven Santos, DLCD Economic Development Planning Specialist
David Beam, City of Newberg

<paa> yal

FORM 2 **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

DATE STAMP
DEPT OF
JAN 09 2006
LAND CONSERVATION AND DEVELOPMENT
For DLCD Use Only

Jurisdiction: City of Newberg
Local file number: G-121-05
Date of Adoption: 1/3/2006
Date Mailed: 1/6/2006
Date original Notice of Proposed Amendment was mailed to DLCD: 10/24/2005

☒ Comprehensive Plan Text Amendment
☐ Comprehensive Plan Map Amendment
☐ Land Use Regulation Amendment
☐ Zoning Map Amendment
☐ New Land Use Regulation
☐ Other:

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

The proposal is to adopt a revised economic opportunity analysis for the City of Newberg as part of the City's Comprehensive Plan.

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".

Corrected errors regarding number of existing 20 acre industrial sites and table numbering, per comments made by Geoff Crook, DLCD regional representative in letter dated 12/7/05. Please see Atttachments C and D of enclosed material.

Plan Map Changed from: NA to:

~~Zone Map Changed from:~~ NA ~~to:~~

Location: City-wide
Acres Involved:

Specify Density: Previous: NA
New:

Applicable Statewide Planning Goals: Goal 9

Was and Exception Adopted? ☐ YES ☒ NO

DLCD File No.: 009-05 (14763)

Did the Department of Land Conservation and Development receive a Notice of Proposed Amendment......

Forty-five (45) days prior to first evidentiary hearing?	☐ Yes	☒ No
If no, do the statewide planning goals apply?	☐ Yes	☐ No
If no, did Emergency Circumstances require immediate adoption?	☐ Yes	☐ No

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

Yamhill County, OECDD

Local Contact: David Beam, AICP Phone: (503) 537-1213 Extension:

Address: 414 E. First Street City: Newberg

Zip Code + 4: 97132- Email Address: nplan2@ci.newberg.or.us

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. 2006-2635

AN ORDINANCE OF THE NEWBERG CITY COUNCIL ADOPTING A REVISION OF "THE ECONOMY" SECTION OF THE *INVENTORY OF NATURAL AND CULTURAL RESOURCES,* WHICH IS PART OF NEWBERG'S COMPREHENSIVE PLAN

RECITALS:

1. The City of Newberg's *Inventory of Natural and Cultural Resources* was prepared in 1978. It is an adopted document of the Newberg Comprehensive Plan.

2. On October 27, 2005, the Planning Commission held a workshop on proposed replacement language for "The Economy" section of the *Inventory of Natural and Cultural Resources.*

3. On November 17, 2005, notice of the Planning Commission public hearing was mailed to interested parties and was posted in 4 public locations. On November 19, 2005, the notice was published in the Newberg Graphic.

4. On December 8, 2005, the Newberg Planning Commission held a public hearing on the proposed amendments. After considering the staff report, findings and public testimony, the Planning Commission adopted Resolution No. 2005-205, recommending that the City Council approve the text amendments to the Newberg Comprehensive Plan as shown in Exhibit B.

5. On December 13, 2005, notice of the Newberg City Council public hearing was mailed to interested parties and was posted in 4 public places. On December 14, 2005, the notice was published in the Newberg Graphic.

6. On January 3, 2006, the Newberg City Council held a public hearing on the proposed amendments as shown in Exhibit A.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

The City Council approves of the text amendments to the Newberg Comprehensive Plan as shown in Exhibit A. The proposed text amendments will replace the current text in "The Economy" section of the *Inventory of Natural and Cultural Resources,* an adopted document that is part of the Newberg Comprehensive Plan. This recommendation is based on the staff report, findings and testimony.

- **EFFECTIVE DATE** of this ordinance is 30 days after the adoption date, which is: February 2, 2006.

ADOPTED by the City Council of the City of Newberg, Oregon, this 3rd day of January, 2006, by the following votes:

AYE: 6 **NAY: 0** **ABSENT: 0** **ABSTAIN: 0**

James H. Bennett, City Recorder

ATTEST by the Mayor this 5th day of January, 2006.

Bob Stewart, Mayor

Exhibit A. Plan text amendments
Exhibit B. Findings

LEGISLATIVE HISTORY

By and through the Newberg Planning Commission at December 8, 2005 meeting.

Exhibit "A"

City of Newberg
The Economy

Introduction

Newberg's economy has traditionally been rural in nature. As the city with the second largest population in Yamhill County, Newberg serves as the commerce center for the eastern portion of the county's primarily agricultural economy. However, over the past couple of decades, Newberg has been making a slow transition to a city of more urban characteristics. Newberg's economic base has become more diversified, including some of its home-grown industries that have evolved into national and international leaders in their respective fields. This trend toward urbanization is likely to continue as the growth of the Portland metropolitan area increasingly influences the character of Newberg . However, our city is one steeped in history, and is a community that possesses a strong sense of place. The citizens of Newberg highly value these characteristics and wish to maintain its unique identity. To do so, Newberg must strengthen its economic base. Newberg must support its existing businesses while nurturing new enterprises. Finally, Newberg also recognizes the importance of regionalism in economic development. Therefore, it will take advantage of the Portland area regional economy while retaining its separate identity.

Population Profile

Historic and Future Growth Trend

Newberg has grown steadily through the last few decades (Source: U.S. Census Bureau).

Year	Population
1960	4,204
1970	6,507
1980	10,394
1990	13,086
2000	18,064

Newberg's population as of July 1, 2004 has been estimated to be 19,910 (Source: Population Research Center, Portland State University).

Between 1990 and 2000, Newberg's growth rate was 38%. In comparison, Newberg's growth rate was greater than the Portland Metropolitan area's at 27%,the state of Oregon at 20%, and Yamhill County's at 30% (Source: U.S. Census Bureau). It should be noted that Yamhill County, where Newberg is located, is part of the Portland Metropolitan Statistical Area (PMSA). While Oregon's population in general is not expected to grow in the foreseeable future as fast as in the 1990s, the Portland metropolitan area should grow faster than the state as a whole.

In 2004, the Newberg City Council appointed an ad hoc advisory committee to look at the community's future land needs. To accomplish this task, the Ad Hoc Committee for Newberg's Future needed to forecast the community's future population. A consultant working with the Committee developed three growth forecast scenarios for the Committee to consider: low, medium, and high. The Committee selected the medium growth scenario as the most likely to occur. The following is the forecasted future growth for Newberg:

	2000	2005	2025	2040
Forecasted Population*	18,438	21,132	38,352	54,097

Source: Johnson Gardner, Population Research Center, Portland State University
* Population forecasted within Newberg's urban growth boundary.

Age characteristics

The following table compares the population of Newberg by age compared with the state of Oregon, Yamhill County and the PMSA (2000 Census):

TABLE 12-1

Age	Newberg		Oregon		PMSA		Yamhill County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 5	1,442	8.0	223,055	6.5	134,890	7.0	5,911	7.0
5 to 9	1,389	7.7	234,474	6.9	138,228	7.3	6,321	7.4
10 to 14	1,353	7.5	242,098	7.1	136,190	7.1	6,618	7.8
15 to 19	1,651	9.1	244,427	7.1	130,638	6.8	7,149	8.4
20 to 24	1,875	10.4	230,406	6.7	127,455	6.6	6,578	7.7
25 to 34	2,623	14.5	470,695	13.8	298,031	15.5	11,006	12.9
35 to 44	2,763	15.3	526,574	15.4	317,251	16.5	13,254	15.6
45 to 54	2,035	11.3	507,155	14.8	283,431	14.8	11,422	13.4
55 to 59	608	3.4	173,008	5.1	90,811	4.7	3,939	4.5
60 to 64	413	2.3	131,380	3.8	62,850	3.3	2,820	3.3
65 to 74	789	4.4	219,342	6.4	97,404	5.1	4,909	5.8
75 to 84	749	4.1	161,404	4.7	73,909	3.9	3,705	4.4
85+	374	2.1	57,431	1.7	26,921	1.4	1,363	1.6
TOTAL	18,064	100.0	3,421,399	100.0	1,918,009	100.0	84,992	100.0

The median age of Newberg's population compared with the state of Oregon, Yamhill County and the PMSA is as follows (2000 Census):

	Newberg	Oregon	PMSA	Yamhill County
Median Age	30.1	36.3	34.8	34.1

This data shows that our population is younger that the comparative populations, especially in the 20 to 24 year old category. This is likely due to the presence of students attending George Fox

University. In general, our population over 45 years of age is somewhat lower that the comparative populations.

Education Attainment, Employment, and Income

The following table compares the educational attainment of the Newberg population over 25 years of age compared with the state of Oregon, Yamhill County and the PMSA (2000 U.S. Census):

TABLE 12-2

Educational Attainment	Newberg		Oregon		PMSA		Yamhill County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	654	6.3	111,705	5.0	54,049	4.3	3,348	6.4
9th to 12th, no diploma	1,219	11.7	223,106	9.9	106,173	8.5	5,716	10.9
High school graduate (includes equivalency)	2,889	27.8	591,229	26.3	298,927	23.8	16,235	30.8
Some college, no degree	2,791	26.8	610,753	27.1	346,179	27.6	13,752	26.1
Associates degree	688	6.6	149,639	6.6	86,800	6.9	2,737	5.2
Bachelor's degree	1,397	13.4	369,252	16.4	241,038	19.2	7,042	13.4
Graduate or professional degree	761	7.3	195,314	8.7	120,548	9.6	3,815	7.2
TOTAL	10,399	100.0	2,250,998	100.0	1,253,714	100.0	52,645	100.0

The following table compares the household income levels of the Newberg population over 25 years of age compared with the state of Oregon, Yamhill County and the PMSA (2000 Census):

TABLE 12-3

Household Income	Newberg		Oregon		PMSA		Yamhill County	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $10,000	312	5.1	115,129	8.6	49,990	6.7	2,010	7.0
$10,000 to $14,999	355	5.8	86,695	6.5	37,119	5.0	1,609	5.6
$15,000 to $24,999	872	14.3	179,053	13.4	82,937	11.2	3,326	11.6
$25,000 to $34,999	893	14.6	185,595	13.9	93,693	12.6	3,937	13.7
$35,000 to $49,999	1,003	16.4	236,282	17.7	129,840	17.5	5,446	19.0
$50,000 to $74,999	1,797	29.5	269,492	20.2	163,756	22.1	6,844	23.8
$75,000 to $99,999	564	9.2	129,488	9.7	87,796	11.8	2,964	10.3
$100,000 to $149,999	212	3.5	87,218	6.5	64,298	8.7	1,780	6.2
$150,000 to $199,999	79	1.3	22,650	1.7	16,735	2.3	418	1.5
$200,000 or more	14	0.2	23,507	1.8	16,217	2.2	366	1.3
TOTAL	6,101	100.0	1,335,109	100.0	742,381	100.0	28,700	100.0

	Newberg	Oregon	PMSA	Yamhill County
Median Household Income	$44,206	$40,916	$47,077	$44,111
Median wage				
Male, full-time, Year-round	$34 ,099	$36,588	$40,418	$35,686
Female, full-time, Year-round	$23,571	$26,980	$29,894	$25,254

Comparing the previous education, income, and employment tables reveals a very interesting profile of the Newberg community. The Newberg population has a smaller percentage of 4-year college and graduate degrees than the state or the PMSA. Nonetheless, the city's median household income is higher than the state's average. The reason for condition likely lies in the manufacturing data in the following tables. Newberg has a much higher percentage of its workforce in the manufacturing sector than the comparative populations. The average annual wage for the employment sector is the highest of all the employment sectors in Newberg at $48,418. Manufacturing jobs paying high wages usually are very skilled. However, those skills are more likely to be developed through vocational training and apprenticeships rather through a university education.

It is interesting to note that Newberg is the home of private university (George Fox University), yet the city's population as a whole has fewer college degrees. This indicates that George Fox University graduates are not remaining in Newberg, whether by choice to live in another community of a different quality of life and/or lack of opportunity.

The median annual wages for males and females in Newberg are less that the comparative populations. With a relatively high median household income, this may mean that there is a higher average number of wage earners in each household than in the comparative populations.

TABLE 12-4

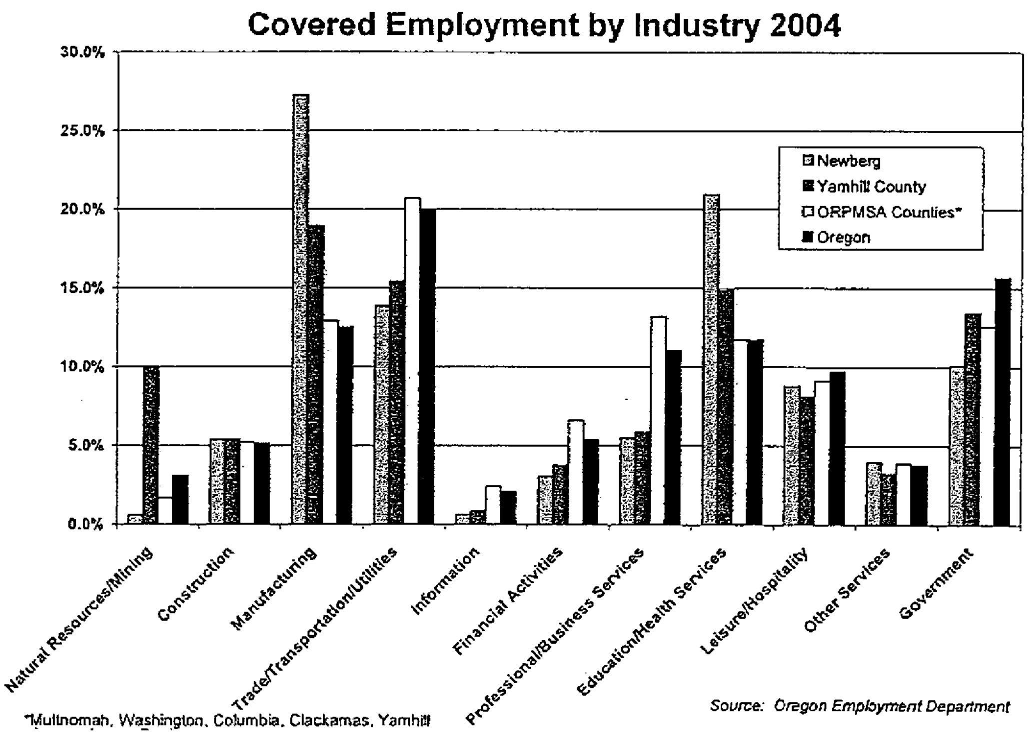

TABLE 12-5

City of Newberg Covered Employment by Industry 2004				
	Average Annual Employment	Number of Firms	Payroll $	Average Wage $
Natural Resources/Mining	46	12	1,780,765	38,434
Construction	447	83	15,749,453	35,273
Manufacturing	2,261	68	109,461,165	48,418
Trade/Transportation/Utilities	1,147	113	31,393,726	27,362
Information	52	12	1,375,115	26,530
Financial Activities	252	72	8,335,564	33,078
Professional/Bus. Services	454	79	13,969,592	30,770
Education/Health Services	1,738	84	54,587,110	31,411
Leisure and Hospitality	729	61	8,793,341	12,059
Other Services	328	64	5,484,323	16,699
Private Sector Total	7,454	648	250,930,154	33,664
State Government	8		270,409	36,055
Local Government	805		27,469,045	34,121
Federal Government	22		1,206,634	54,435
Government Total	835		28,946,088	34,666
Total	8,289		279,876,242	33,765

Source: Oregon Employment Department Covered Employment 2003

Commuting Patterns

The 2000 Census indicates that many Newberg residents are likely to be employed outside of the city. Commuting data for Newberg specifically is not available. However,
Yamhill County commuting data is available. Of Yamhill County jobs, 20% of them are held by workers who reside outside of the county. Of Yamhill County residents, 35% commute to jobs

outside of the county, with the vast majority of these commuting to the Portland metro area. This data also shows an increasing percentage of Yamhill County residents commuting to other counties for employment. The following table shows this commuting pattern (Source: Oregon Employment Department):

TABLE 12-6

Yamhill County residents working in:	1990		2000		Change: 1990 to 2000		
	#	Share	#	Share	#	Growth	Share
Yamhill	19,396	68%	24,593	64%	5,197	27%	-5%
Clackamas	742	3%	1,575	4%	833	112%	1%
Clark	86	0%	134	0%	48	56%	0%
Columbia	27	0%	52	0%	25	93%	0%
Multnomah	1,998	7%	2,374	6%	376	19%	-1%
Washington	3,934	14%	6,653	17%	2,719	69%	3%
Elsewhere	2,230	8%	3,207	8%	977	44%	0%
Total	**28,413**	**100%**	**38,588**	**100%**	**10,175**	**36%**	

Given Newberg's relatively close proximity to the Portland area's employment centers, it is possible that the percentage of Newberg residents commuting outside of the community for work is higher that Yamhill County as a whole. The housing construction boom in Newberg in recent years in contrast to the limited commercial/industrial growth would indicate that this is the trend for Newberg. The 2000 Census also shows that the mean travel time for Newberg workers is 23.3 minutes. Given Newberg's relatively small physical size, this statistic would indicate that a good portion of Newberg workers find employment outside of the city.

Reasons for these commuting patterns are likely to be manifold:

- Lower housing costs compared to the Portland area.
- More employment opportunities in the Portland area.
- Desire to live in a community like Newberg with a high quality of life and sense of community, rather than a "same as everywhere else" type of Portland area suburb.

Historic Economy

Settlement of our region by people of European ancestry began a mostly agricultural economy for the area. As the region developed, Newberg slowly became the commercial center for the eastern end of Yamhill County and it remains so to this day. Evidence of this development is expressed through Newberg's Central Business District, which consists of many early, twentieth century buildings constructed in a high-density pattern.

The advent of the car as a primary mode of transportation for people brought about commercial development pattern of a lower density. Most of this type of development is situated along Highway 99W at the eastern section of the city.

Current Economy

Newberg has a diverse economic base. This diversity, along with the types of businesses, has provided Newberg with a reasonably stable economy. The relatively minor impact of the recession at the beginning of this century seems to attest to this.

The following is a list of the top employers located within the urban growth boundary of Newberg in 2005 (Source: Chehalem Valley Chamber of Commerce):

TABLE 12-7

Employer	Average Employment	Product description
A-dec	914	Dental equipment
George Fox University	560	Higher education
Newberg Public Schools	520	K-12 education
SP Newsprint Company	324	Newsprint
Providence Newberg Hospital	255	Health Care
Fred Meyer, Inc.	235	Groceries, pharmacy, apparel, electronics, hardware, home décor.
Suntron	190	Electronics (circuit boards, modular parts, cable assembly)
Friendsview Retirement Center	149	Continuing care retirement community
City of Newberg	140	Government
FMC Food Tech	109	Food processing machinery
Hazelden Springbrook	100	Alcohol and drug treatment facility
Safeway	80	Groceries, pharmacy
Climax Portable Machine Tools	79	Portable machine tools
A.R.E. Manufacturing	70	Dental equipment and boat parts
Chehalem Youth & Family Services	70	Child and family services
Dental Components, Inc.	60	Dental equipment
Ushio Oregon, Inc.	53	High intensity lamps
Harris Thermal Transfer Products	52	Heat exchanger manufacturing

As has already been pointed out, Newberg has a higher than average manufacturing employment base. The companies in the table above shows that many of the community's businesses are industrial in nature. Education (e.g. George Fox University) and health care (e.g. Providence Newberg Hospital) are also big components of Newberg's economic structure. In addition, the wine industry is beginning to make a larger impact, along with the associated tourism industry: Bed & Breakfasts, restaurants, art shops, wine-tasting rooms.

While Newberg's economy appears to be stable, outside threats to its health do exist. Firstly, the global economy provides strong competition for local manufacturers. Many other countries, such as China and India, are attracting manufacturing facilities through a growing, trained workforce with lower, average wages than this region. Secondly, Newberg's commercial sector has been under considerable stress as retail paradigms have changed over the last few decades. Regional malls and the more recent development of "big-box" stores are strong competitors to Newberg businesses. While the volume sales model of these types of stores bring lower costs to consumers for goods, this pattern has had a negative impact on the relatively smaller retailers of the local economy. In addition, the ease of shopping through internet sales is being utilized by growing number of customers. Many locally-owned businesses find it difficult to compete under this new paradigm, a situation that has forced many of them to go out of business. In addition, Newberg's close proximity to the Portland metro area and relatively low retail opportunities results in retail dollar "leakage" from the community. This means that fewer retail dollars stay in the community and continue to circulate within the local population. However, there are strategies being employed to counter this situation. Many small businesses are adjusting these new retail realities by either focusing on high quality customer service and/or gearing their business plans toward niche markets.

Support for this assertion of retail dollar leakage can be demonstrated through some simple calculations. By taking the total annual retail sales numbers of area, divided by the area's population, one gets a total annual retail spending per capita in that community. Using this formula, the following is a list of the annual retail sales per capita in population centers within Oregon.

TABLE 12-8

Population Center	Annual retail sales per capita
Newberg	$9,462
McMinnville	$11,798
Ashland	$7,495
Medford	$21,470
Washington County	$12,386
Salem	$13,807
Bend	$22,933
Pendleton	$12,515
Eugene/Springfield	$14,132
Oregon	$10,542

Source: U.S. Census Bureau

Newberg's local retail spending is the below the state average. Yet, Newberg's median household income is higher than the state average. McMinnville's retail spending is higher than Newberg, but also has more shopping opportunities. Ashland and Medford's relationship is much like Newberg with the Portland metro area, with many Ashland retail dollars likely to be going to Medford businesses. Many other commercial centers around Oregon, like Salem, Bend, Pendleton and Eugene/Springfield also appear to attract more retail dollars per capita that the state average.

It is acknowledged that this calculation is simplistic. Many other variables would affect a more thorough analysis, such as total income, disposable income, geographic boundaries and population dispersion. However, it is unlikely that any of these factors would change the fact that many small towns with limited shopping opportunities, like Newberg, near larger urban centers, lose retail dollars to those urban centers.

Outside of Newberg, agriculture is still an important industry to the area's economy. The wine/tourism industry has an especially large impact upon Newberg. Many new businesses, such as restaurants, bed & breakfasts, art galleries, and gift shops, have been established with a recognition that tourists would be a principal customer. The Yamhill Valley (consisting of portions of Yamhill and Polk County) is the heart Oregon's wine industry, with about 200 vineyards and 85 of Oregon's 200 wineries. It is the heart of a $576 million Oregon industry (Source: News-Register). The wine industry in Yamhill County has grown exponentially over the last few decades.

Future Economy

Plans and Policies

Newberg has developed a vision for the community's economic future. The City of Newberg's adopted Comprehensive Plan includes a list of goal and policies that help shape Newberg's future economy (Section H. The Economy). Moreover, Newberg has recognized the importance of being part of a shared, regional economic vision. Beyond the Vision: A Strategic Plan for the Chehalem Valley is a document that was created cooperatively between five governmental entities located within the Chehalem Valley. This document was adopted by the Newberg City Council in January 2005. One section of this document called *Economy and Employment* describes the economic future of the area as follows:

> A diversified economy provides balanced economic opportunities for the residents of the Chehalem Valley. Agriculture and agribusinesses are an important component of the local economy. The natural beauty of the area encourages tourism and the wine industry. A carefully targeted retail recapture strategy has encouraged more local shopping and minimized buying outside of the area. Downtown areas are vibrant commercial areas that support the local economy.
>
> Clean industries have been developed using a "campus" design. Plenty of family wage jobs are available for citizens of the area. Tourism is a major economic force, its strengths based on the premise that the Chehalem Valley is 1) the
> gateway to the wine country; 2) characterized by a clean and comfortable environment; and, 3) offers the historical experience of a friendly, small town and village America in the earlier period of the 20th century. As a destination
> location for visitors, the community of Dundee now has two small exclusive hotels and bed and breakfast inns. The service industry has expanded, with the health industry and health research being a major provider of employment
> in this sector of the economy.

Key strategic steps laid out for the *Economy and Employment* section of the plan are as follows:

- Hold a broad community forum on economic development to build consensus.
- Invigorate the Chamber of Commerce Economic Development Committee.
- Seek financial aid in the form of grants.

- Develop community college training programs tailored to the labor force needs of prospective employers.

Today, the most accepted economic development model is that such an endeavor should be approached as a regional effort. Cities can no longer compete individually within the global economy. Moreover, luring companies located in other cities within the same region is now recognized as a zero-sum game.

The regional economic development paradigm is expected to continue in the foreseeable future. Most of Newberg's regional economic development efforts in the recent past have been limited to its involvement with the Mid-Willamette Valley Community Development Partnership, which is administered through the Mid-Willamette Valley Council of Government, located in Salem. Moreover, the Chehalem Valley Chamber of Commerce has been a member of the Strategic Economic Development Corporation (SEDCOR) for last 2-3 years. However, Newberg's economic future is likely to be strongly linked with fortunes of the Portland region rather than Salem region. The previously mentioned Newberg commuter data and retail shopping patterns support this assertion.

In the summer of 2004, the City of Newberg joined the Association of Regional Economic Development Partners, Inc.. The Partners is "a public-private partnership that focuses on shared economic priorities and works to implement business retention, expansion, and recruitment as well as marketing strategies and recommendations for policy development. The members are public and private sector economic development professionals in the region who have worked collaboratively for more than 10 years to retain and recruit businesses, and promote the metropolitan region as a vital economic center."

On January 3, 2005, the Newberg City Council passed Resolution No. 2005-2554, which stated the city's support for the framework of the Portland Regional Business Plan of the Regional Economic Development Partners. The complete Plan is being drafted at this time by representatives of both the public and private business sectors and is expected to be completed by the end of 2005.

Regional Economic Development Industry Clusters and Target Industries

Industry clusters of a region are its principal economic drivers. The Regional Business Plan identifies specific, traded-sector industry clusters that should be supported to enhance the economic base of the region. The Plan defines a cluster as follows:

> *A cluster is a group of firms that, though their interactions with each other and with their customers and suppliers, develop innovative, cutting-edge products and processes that distinguish them in the market place and from firms in the same industry found elsewhere. The competitiveness of an industry cluster is determined by the presence of highly specialized pools of skills, technology and infrastructure tailored to the needs of the cluster firms. The presence of sophisticated and demanding customers in a cluster pressures firms to innovate on a continuing basis....*
>
> *Those industry clusters that compete nationally and internationally are the core of this*

region's economy and what distinguishes it from other regions. The industry cluster that exist and that are emerging in the metropolitan area are built on the distinctive knowledge competencies of he region, and he strengths that currently enable the region to compete globally for economic activity and investment. Additionally, industries that sell their products and services nationally and internationally have greater long-term growth potential since their opportunities for growth are not constrained by the size of this region's market. For these reasons, focusing on industry clusters is both a more efficient and effective use of this region's efforts and resources.

The Plan identifies the following industry clusters that the Portland region should focus its economic development efforts:

- <u>Established</u>
  - High Tech (Semiconductors/Silicon, Imaging & Display Technology)
  - Metals, Machinery, Transportation Equipment
  - Nursery Products
  - Specialty Foods and Food Processing
  - Lumber and Wood Products

- <u>Emerging</u>
  - High Tech (Nano & Micro Technology, Cyber-Security, Health/Medical Information Technology)
  - Creative Services (Advertising, Public Relations, Film and Video, Web/Internet Content and Design)
  - Sports Apparel/Recreation-Related Products

- <u>Targeted (clusters desired to create and establish)</u>
  - Biotech/Bioscience (Medical Devices, Bioinfomatics, Pharmaceuticals, Genomics, Anti-Virals)
  - Sustainable Industries (Renewable Energy, Resource Efficiency Technologies, Sustainable Building Materials, Green Chemistry)
  - Professional Services (Architecture, Engineering, Legal and Financial Services, etc.)
  - Distribution & Logistics

Newberg may or may not be able to capitalize on these industries in the near future. However, given our economic relationship with and close proximity to the Portland region, along with technologies like high-speed telecommunications that close the gap of space and time, it is reasonable to think that some of the businesses within these industries may find that they would like to establish themselves in Newberg. In addition, doing business in Newberg (e.g. real estate costs) can often be significantly lower than much of the Portland metro area. Our community offers a unique quality of life compared to others in the region, one that will attract those who believe their business will benefit form being located here.

<u>Local Economic Development Industry Clusters and Target Industries</u>

Recruiting specific new businesses to Newberg such as those listed in the Regional Business Plan should be encouraged. However, the majority of Newberg's economic development efforts should be focused upon supporting existing local businesses. In the economic development profession, there is a general principal call the "80/20 rule", which means that 80 percent of an area's economic development efforts should be dedicated towards the retention and expansion of existing local businesses. Another saying goes "Your good businesses are your competitor's best recruitment prospects!" This means that a community should ensure, as much as possible, that their local businesses are happy and prosperous, or else they may look elsewhere to do business. The point is that it is far easier, effective and efficient to try to maintain and expand your economy through one's local industries than to attract new ones.

As has been stated previously, the most effective method of strengthening the local economy is by focusing one's economic efforts on an area's strong, traded-sector clusters. In Newberg's case, this would be manufacturing, medical services, higher education, and the wine/tourist industry.

As we have seen in this report's data, the manufacturing industry is of critical importance to the local economy. One of Newberg's strongest clusters would be the dental industry, with one of its businesses being a world leader in the field. Many of the community's industrial businesses also involve a high level of metals machine work, an area that has good potential for expansion. Finally, a large, newsprint production facility is located here. This facility has received some major investments in the last few years. However, the newsprint production business is and will continue to face tough market demands in the future.

The health care industry should continue to be a strong segment in the foreseeable future. The heart of this industry is Providence Newberg Hospital, a highly-regarded facility in the field. Providence is currently constructing a new hospital on a 56 acre site that will be called Providence Newberg Medical Center. The new $68.5 million facility will provide greatly expand the capabilities of the hospital and is expected to serve not only Newberg, but the nearby region as well. Hospital physical space will almost double to 138,000 square feet and doctor office space will more than double to 37,500 square feet. Diagnostic imaging equipment will be completely digital and state-or-the-art, helping the hospital to attract the best medical staff. Hospital employment is expected to increase by 100 to 450 and 60 other new jobs are expected to be created as a result of the expansion. The new facility is expected to be in operation in June 2006.

In addition, since 1999, two new assisted care facilities have been opened (Avamere and Astor House) and one existing facility has gone through a major expansion (Friendsview Manor). Construction on another facility called Springbrook Oaks Assisted Living Center is expected to begin in the fall of 2005.

Higher education should continue to be big part of the local economy. George Fox University (GFU) has had an increasing financial impact on Newberg, both by the new dollars it brings to the community (GFU is a private, tuition-driven institution) as well as the skills support it provides local businesses. The University has rapidly grown in the last couple of decades, with a student population expanding from 549 in 1986 to 3,210 in 2005. About 1,600 of those students attend classes at the Newberg campus, with the remainder attending satellite campuses in Portland, Salem, Redmond and Boise, Idaho. The University currently offers 35 undergraduate majors, 12 graduate programs, 5 seminary programs, and a bachelor's degree-completion program for working adults.

Some of its biggest undergraduate programs include engineering (one of only 5 ABET-accredited schools in Oregon), business administration, and biology.

The University's future plans will continue to strengthen the local economy. A new nursing program will begin in the fall of 2006. With the current national shortage of qualified nurses, this program should assist the new Providence Newberg Medical Center fulfill its staffing needs. Other future expansion plans include the following:

- A 120-bed residence hall for third- and fourth-year students is under construction on the northeast side of campus. It is expected to open in fall of 2006.
- Hoover Academic Building is undergoing a two-year major renovation and expansion to provide facilities for the new nursing program.
- Purchase the 8 acre, existing Providence Newberg Hospital facility to create a new campus quad for professional and graduate programs.
- A 500-seat amphitheater is expected to be completed in the fall of 2005 on the edge of the Hess Creek canyon that runs through the campus.
- Development of a 24 acre site on the corner of Villa Road and Crestview Drive for athletic fields.

The wine/tourist industry would be considered a target industry. Tourism, of which wine industry is a big part, has shown strong growth for more than a decade. Total direct spending for tourism in Yamhill County has gone from $29.1 million in 1991 to $60.7 million in 2003 (Source: Dean Runyan Associates.) While growth of this industry surrounding Newberg has been impressive, the impact to the local economy has been limited. Some restaurants, bed and breakfasts, wine shops, and art galleries have undoubtedly have benefited from this rising industry and are actively pursuing these customers. Given Newberg's strategic location as the eastern gateway to the area's wine country from the Portland metropolitan region, the potential for growth in this industry is very high.

Commercial and Industrial Land Needs

To encourage and accommodate future commercial and industrial growth, developable land must be readily available. Newberg's Ad Hoc Committee on Newberg's Future recently completed an analysis of the community's future land use needs. That analysis is described in the *Report to Newberg City Council; Recommendations for Newberg's Future*, which was accepted by the Newberg City Council on July 21, 2005. On August 1, 2005, the City Council initiated the amendment process for the comprehensive plan changes recommended in the Report. The following are the Committee's recommendation's in the Report describing the commercial and industrial land needs for Newberg's future.

Commercial Land Need

As Newberg grows, so will its needs for commercial land. Additional population will bring additional retail, office, and other commercial opportunities. Johnson-Gardner prepared a forecasts the need for office and retail commercial land. The office land need is a function of employment growth based on long-range forecasts by the Oregon Employment Department. The retail land need is a function of household growth and typical household spending patterns.

TABLE 12-9. Commercial Land Need

Type	2005-2025	2026-2040
Office	15 ac	27 ac
Retail	96 ac	82 ac
Total	111 ac	109 ac

Source: Johnson Gardner, *Industrial & Office Land Need Methodology*

In addition, Newberg will need to ensure that large parcels are available for shopping centers. The Urban Land Institute has identified three types of shopping centers that potentially could be developed in communities such as Newberg: neighborhood centers, community centers and regional centers. A large regional shopping center is not consistent with Newberg's desire to maintain a small town feeling and have a complete community rather than a bedroom suburb, smaller neighborhood and community shopping centers are preferred. Therefore, in addition to the overall demand for commercial land based on population and employment growth, Newberg needs to ensure that there is an adequate supply of sites with appropriate characteristics for this type of commercial development in terms of size, access, and location. Under this approach, future land needs will include needs for 2-3 community centers (10-15 acres each) and 2-3 smaller neighborhood centers (3-5 acres) for 2025 and 2040. The smaller neighborhood commercial centers should be scattered throughout the community to provide goods and services near where people live and reduce the need to drive into the central area for basic needs.

Commercial Land Supply

The commercial buildable land inventory inside the current Newberg UGB has approximately 105 acres, but consists mostly of small, scattered sites, with only 3 parcels larger than 5 acres. Overall, Newberg has a deficit of commercial land through 2025. Appropriate land will need to be designated commercial to meet future needs, through some combination of changing the plan designation of lands within the UGB and/or adding additional land to the UGB. To meet the commercial land needs through 2040, additional land will need to be designated commercial.

TABLE 12-10. Commercial Land Need and Supply

Commerical Land Need 2005-2025 (acres)	Commercial Land in UGB (2004)	2025 Surplus (Deficit) (acres)	Commerical Land Need 2026-2040 (acres)
111	105	(6)	109

Source: Newberg's Ad Hoc Committee on Newberg's Future
Report to Newberg City Council; Recommendations for Newberg's Future

Industrial Land Need

Johnson-Gardner prepared future industrial land forecasts based on long-range employment forecasts and converted the new jobs to space needs for each employment sector (TABLE 12-11). This forecast is based on a high employment growth scenario consistent with Newberg's economic development goals to bring more family-wage jobs to the area and to avoid becoming a bedroom community.

TABLE 12-11. Industrial Land Need

	2005-2025	2026-2040
Industrial	87 acres	75 acres

Source: Johnson Gardner, *Industrial & Office Land Need Methodology*

In addition to an overall supply of buildable land, Newberg needs to have sites available the meet the specific needs of potential industrial users, so-called "target industries". A variety of parcel sizes, building types, and land use designations are required to attract target industries and provide market choice. In 2005, there is a general lack of suitable large (20+ acre) industrial sites with access to a state highway and physical separation or transitional buffering from residential neighborhoods. Therefore, Newberg needs 4-5 large (20+ acre) industrial sites for the period 2005-2025 and an additional 6 sites for the period 2026-2040. The assumption is that approximately 50 percent of the future industrial employment will take place on large parcels.

2025 Industrial Land Supply and Need

The industrial buildable land inventory inside the current UGB has approximately 159 acres. While this may seem to be a large supply, it is disadvantaged by a number of elements. First, it consists mostly of small, scattered sites, with only 8 parcels larger than 5 acres and only 3 parcels that are 20 acres or larger. Second, several sites are hindered because of proximity to residential neighborhoods or other factors. Thus, some of the industrial should be rezoned for other uses. Third, a significant part of the "buildable" land is in fact in industrial use, such as storage yards. Also, the land need is adjusted to account for existing industrial uses that are displaced by the Newberg Dundee Bypass.

TABLE 12-12. 2025 Industrial Land Supply and Need

Industrial Site Size	2025 Need	Supply	*Surplus/(Deficit)*
Small/Medium sites (< 20 ac)	50 ac	99 ac	49 ac
Large sites (20+ ac)	100 ac	60 ac	(40) ac

Source: Newberg's Ad Hoc Committee on Newberg's Future
Report to Newberg City Council; Recommendations for Newberg's Future

Inside the current UGB, the only one large site (20 acres) that is viable in the long term is at the Sportsman Airpark. Two other sites are better suited for other uses long term. Therefore, Newberg needs to look to add additional industrial land to its UGB.

2040 Industrial Land Supply and Need

The period 2025-2040 will have additional needs for industrial lands. There is projected to be a need for 37 acres of additional small/medium sites. In addition, there will be a need for six large industrial sites (20 acres each).

TABLE 12-13. 2026-2040 Industrial Land Supply and Need

Industrial Site Size	2026-2040 Need
Small/Medium sites (< 20 ac)	37 ac
Large sites (20+ ac)	120 ac

Source: Newberg's Ad Hoc Committee on Newberg's Future
Report to Newberg City Council; Recommendations for Newberg's Future

Recommended Supportive Economic Development Actions

- Identify and maintain adequate industrial land supplies for new businesses as well as expansion of existing businesses. The *Report to Newberg City Council: Recommendations for Newberg's Future* is a good step toward increasing this land supply.

- Encourage the installation of infrastructure within industrially zoned land to shorten the development of projects.

- "Certify" industrial sites to shorten the development time of projects and provide certainty to a business that regulatory and permitting issues will not delay the project's timeline.

- Identify and implement cost and time saving measures that improve the development permitting processes.

- Develop a financial incentives "toolbox" to recruit new businesses and encourage existing business expansions. The incentives should be applied only after a proposed project has reviewed by a rigorous analysis that demonstrates a clear financial benefit to the City.

- Construct and maintain the best utility systems possible (e.g. water and sanitary sewer), both from a quality as well as quantity (capacity) standpoint.

- Maintain a useful economic development website that is easy to navigate and contains substantive content the meets the needs of business.

- Invest in the best telecommunications infrastructure possible, in cooperation with public and/or private entities if necessary. While Newberg does have a telecommunication system with redundancy, higher levels of accessibility and greater, higher-speed choices (e.g. wi-fi, wi-max, fiber optics) would increase the community's competitive edge.

- Construct and maintain the best surface transportation infrastructure possible (e.g. roads, airpark, and railroad). This infrastructure component is critical to a community's economic health. Newberg is fortunate to be located along three state highways (99W, 219, and 240) and is only a 20 minute drive to Interstate 5. However, heavy traffic congestion on Highway 99W, a state designated "freight route" and the location of most of Newberg's commercial properties, serves as a deterrent for existing and potential customers and hinders industrial development. The Newberg/Dundee Bypass will reduce the current highway congestion and may allow the city to significantly improve the economic health of the historic Central Business District.

- Work with local, regional and state educational and training resources (private and public) to assist with the workforce training needs of businesses and provides opportunities for workers voluntarily upgrade their skills. The available workforce pool in the Newberg region is approximately 223,000 (Source: OregonProspector.com -- website of Oregon Economic Development Association). This was calculated using the following assumptions. 23 minute mean commute time (2000 Census) equaling a 15 mile radius from the center of Newberg. However, Oregon is recognized for having an educated workforce, one with good basic work skill sets that allows them to be relatively, easily trained.

- Develop a quality of life in the community that attracts and retains a diverse, highly-skilled workforce. High-paying jobs usually require a high level of skills. Focus should be placed upon college educated workers in the 25 to 34 age range. As a whole, this population is more innovative, energetic, and productive than other age groups. Moreover, they are likely to begin setting roots, contributing to a community of their choosing, both economically and socially.

- Foster an environment of business innovation. Historically, businesses of older technologies that require a workforce of limited skills either die or production is shipped overseas. Innovation allows the community to remain economically competitive.

- Gauge health of local businesses regularly and identify how the city can help resolve issues, when feasible. Focus should be on businesses of the traded-sector and local clusters. Anticipate local problem areas by keeping abreast of region, national, and international business trends.

- Develop closer ties to organization/businesses located within the Portland area with a similar interest in regional economic development (e.g. Regional Economic Development Partners, future Portland Economic Development District, etc.). However, joining METRO will not be considered. Re-evaluate current relationship with Mid-Willamette Valley Community Development Partnership.

- Develop a Downtown Revitalization Master Plan prior to the construction of the Newberg/Dundee Bypass. Identify funding sources to implement the plan.

EXHIBIT "B" – FINDINGS

1. **The proposed amendments are consistent with and promote the objectives of the Newberg Comprehensive Plan and this Code.**

The proposed amendments relate to and implement the following goal and policies of the Comprehensive Plan:

H. THE ECONOMY

GOAL: To develop a diverse and stable economic base.

Policies:

1. General Policies

c. **The City will encourage the creation of a diversified employment base, the strengthening of trade centers, and the attraction of both capital and labor intensive enterprises.**

Finding: The proposed amendment identifies a current Newberg economy that is relatively diverse for a city of its size. It also identifies potential businesses that could be recruited, based on existing and targeted business clusters within the Portland region. Finally, the amendment recommends that the City expend the majority of economic development time and resources on working towards maintaining and expanding existing businesses within the city.

f. **The City shall participate with local and regional groups to coordinate economic planning.**

Finding: The amendment recognized the importance of this policy. It recognizes the current economic development is most successful at the regional level and that Newberg's economic future is closely tied with that of the Portland metropolitan region. It points out that the city has made progress on this issue in recent years, pointing the City's work on *Beyond the Vision: A Strategic Plan for the Chehalem Valley*_ as well as becoming a member of the Regional Economic Development Partners, Inc. and demonstrating support for the Partner's framework for the *Portland Regional Business Plan.* Finally, it recommends developing "...closer ties with organizations/businesses located within the Portland area with similar interests in regional economic development (e.g. Regional Economic Development Partners, future Portland Economic Development District, etc.).

k. **The City shall promote Newberg as a tourist destination location.**

l. **The City shall promote the expansion of local viticulture and wine production as a method for increasing tourism.**

Finding: The amendment identifies the wine/tourist industry as target industry. It points out businesses within the city are already beginning to benefit from the growth of this industry. Newberg's close proximity to the Portland metropolitan region and "gateway" location between Portland and the Yamhill County wine county presents an important potential growth industry for the city.

2. *Industrial Areas Policies*

   c. **Newberg shall actively pursue the inclusion of large industrial sites within the urban growth boundary.**

   d. **The City shall reserve land for industrial development prior to demand and attract new industries in accordance with future community needs.**

Finding: The proposed amendment refers to a recently completed analysis of the community's future land needs by Newberg's Ad Hoc Committee on Newberg's Future. That analysis is described in the *Report to Newberg City Council; Recommendations for Newberg's Future*, which was accepted by the Newberg City Council on July 21, 2005. On August 1, 2005, the City Council initiated the amendment process for the comprehensive plan changes recommended in the *Report*. On November 21, 2005, the City Council adopted future population and land need projections and a recommendation to preserve land for large lot industrial development, based upon the *Report*. The land need projections included those for industrial uses

Attachment A

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Planning and Building Department

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STAFF REPORT – CHANGES TO NEWBERG COMPREHENSIVE PLAN TEXT

FILE NO:	G-121-05
REQUEST:	Amend the Newberg Comprehensive Plan text relating to economic development planning
APPLICANT:	City of Newberg
PREPARED BY:	City of Newberg Planning Staff
HEARING DATE:	December 8, 2005

ATTACHMENTS:

A. Resolution No. 2005-205 with Economic Opportunity Analysis - attached
B. Comments/Correspondence Received

SUMMARY

The attached resolution would replace "The Economy" section of the City of Newberg's *Inventory of Natural and Cultural Resources* with Exhibit A.

I. APPLICABLE COMPREHENSIVE PLAN GOALS AND POLICIES

The Planning Staff has determined that the following Comprehensive Plan Goals and Policies apply to the subject proposal. The Planning Commission or other interested parties should direct their comments to the criteria listed or state why they feel other criteria may apply.

H. THE ECONOMY

GOAL: To develop a diverse and stable economic base.

Policies:

1. *General Policies*

c. The City will encourage the creation of a diversified employment base, the strengthening of trade centers, and the attraction of both capital and labor intensive enterprises.

f. The City shall participate with local and regional groups to coordinate economic planning.

k. The City shall promote Newberg as a tourist destination location.

l. The City shall promote the expansion of local viticulture and wine production as a method for increasing tourism.

2. ***Industrial Areas Policies***

c. Newberg shall actively pursue the inclusion of large industrial sites within the urban growth boundary.

d. The City shall reserve land for industrial development prior to demand and attract new industries in accordance with future community needs.

II. REQUEST AND BACKGROUND

The City of Newberg's *Inventory of Natural and Cultural Resources* was prepared in 1978. It is an adopted document of the Newberg Comprehensive Plan. The proposal is to replace "The Economy" section of this document with the document in Exhibit A.

Since the adoption of the *Inventory of Natural and Cultural Resources*, Newberg's economy has changed considerably. It has become more urban in nature and will likely become more so in the future. In addition, many of the principal accepted paradigms of economic development have changed.

III. STAFF RECOMMENDATION

If the Newberg Comprehensive Plan is to continue to be relevant, periodic updates are necessary to reflect current conditions. The proposed economic development section replacement is a such needed update. Staff recommends the adoption of Planning Commission Resolution No. 2005-203, which recommend to the Newberg City Council the replacement of "The Economy " section of the *Inventory of Natural and Cultural Resources* with the document in Exhibit A.

GEN-05-12-1

PLANNING COMMISSION RESOLUTION NO. 2005-205

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF NEWBERG RECOMMENDING APPROVAL OF AMENDMENTS TO THE NEWBERG COMPREHENSIVE PLAN REGARDING ECONOMIC DEVELOPMENT.

WHEREAS, The City of Newberg's *Inventory of Natural and Cultural Resources* was prepared in 1978. It is an adopted document of the Newberg Comprehensive Plan.

WHEREAS, On October 27, 2005, the Planning Commission held a workshop on proposed replacement language for "The Economy" section of the *Inventory of Natural and Cultural Resources.*

WHEREAS, On November 17, 2005, notice of the Planning Commission hearing was mailed to interested parties. On November 19, 2005, the notice was published in the Newberg Graphic.

WHEREAS, On December 8, 2005, the Newberg Planning Commission held a hearing on the proposed amendments.

NOW THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Newberg that it recommends to the City Council approval of the text amendments to the Newberg Comprehensive Plan as shown in Exhibit A. The proposed text amendments will replace the current text in "The Economy" section of the *Inventory of Natural and Cultural Resources,* an adopted document that is part of the Newberg Comprehensive Plan. This recommendation is based on the staff report, findings and testimony.

DATED this 8 day of DECEMBER, 2005.

YES: 5 NAYS: 0 ABSTAIN: 0 ABSENT 2

ATTEST:

Planning Commission Secretary

Planning Commission Chair

Exhibits:

A. Comprehensive Plan text amendments – "The Economy" section of the *Inventory of Natural and Cultural Resources.*
B. Findings

Exhibit B

interoffice
MEMORANDUM

to: Newberg City Council

from: David Beam, AICP

re: Status of Draft December 8, 2005 Planning Commission meeting minutes

date: December 20, 2005

The attached draft minutes excerpt of the December 8, 2005 Planning Commission meeting has been reviewed by City Staff. In addition, the minutes have been sent to members of the Planning Commission with a request that they review them and provide staff with any comments they may have. Staff will forward any comments provided by the Commissioners to the City Council at their January 3, 2005 meeting.

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2. **APPLICANT:** City of Newberg
REQUEST: Economic Opportunity Analysis
FILE NO.: GEN-05-121 **RESOLUTION NO.:** 2005-205

Staff Report: Presented by David Beam

Mr. Beam summarized his workshop presentation regarding the proposed Economic Opportunity Analysis that he delivered to the Planning Commission at their November meeting (see agenda packet, pp. 121 - 145). He also handed out a fax from DLCD that was sent to the City the day before the Planning Commission meeting containing comments regarding the proposed changes.. Mr. Brierley read aloud the DLCD fax in its entirety.

Questions for Staff:
Chairman Smith wondered how Newberg can have a low educational level but a high median household income.

Mr. Beam responded that Newberg has a high percentage of employment within the manufacturing sector that pays very well. These types of job don't usually need a college education, but do need a high level of training, such as through apprenticeships, to obtain their required skills.

Chairman Smith asked how we can reduce the threat of outsourcing of manufacturing jobs.

Mr. Beam responded that one of the best ways is to continually upgrade skills of workers: skills that workers overseas do not yet have.

Deliberation:

Commissioner Stuhr believed that the report looked good.

Commissioner Overbay questioned the accuracy of the population projection figures for 2040. Apparently some city councilors don't believe that Newberg will meet these population projections.

Chairman Smith reiterated that the planning commission still needs to pick policies to recommend to city council that will deal justly with the future population figures. There are risks and costs if the plan depends upon population figures that are too high or too low.

Vote on Resolution No. 2005-205: (5 Yes/0 No, Foster, Haug absent)

Oregon

Theodore R. Kulongoski, Governor

Department of Land Conservation and Development Attachment C

635 Capitol Street NE, Suite 150
Salem, Oregon 97301-2524
Phone: (503) 373-0050
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Second Floor/Director's Office: (503) 378-5518
Web Address: http://www.oregon.gov/LCD

December 7, 2005

David Beam
City of Newberg
414 E. First Street
Newberg, OR 97132

Re: Newberg Economic Opportunities Analysis (File G-121-05); DLCD File 009-05.

Dear David:

The Department of Land Conservation and Development (the department) received a notice of proposed amendment concerning adoption of the city's Economic Opportunities Analysis (EOA). We appreciate the opportunity to comment on this plan amendment. Overall the department finds the EOA to be consistent with Statewide Planning Goal 9 (Economic Development) however we find that additional background data and assumptions need to be clarified to help support calculations in the plan.

The EOA explains that Johnson and Gardner used employment forecasts and converted jobs into land demand. Detailed summaries of the calculations could not be found in the EOA. For example, what is the 20-year aggregated job forecast for industrial? What are the job density assumptions used to convert the jobs into land? In addition, we could not tell whether or not redevelopment opportunities were factored in. Some portion of future growth is accommodated through the turnover of existing developed sites. That assumption may likely be built into the calculations that the consultant did, but it is not clear in the document.

It is also not clear how Newberg determined the number of large sites they will need. A little more background discussion or summary of assumptions would be helpful in this regard. It is particularly confusing on page 18 where it states in one place that Newberg has three-20 acre sites, but goes on to say it only has one in the next paragraph. Is the assumption that two of the existing 20 acres sites (Austin properties?) will not be developed as industrial? If so, this point needs to be clearer. If the city does have a current supply of three-20 acre sites available, then Table 4 needs to be adjusted to reflect a 60 acre supply with a 40 acre deficit in 2025).

We could not tell if the final land projections were gross or net with regard to infrastructure and the local street network. This is an important assumption in calculating land need and should be clarified in plan.

On a minor note, it appears much of the text in the EOA comes from, or refers to the Newburg Futures document, so some of the table references do not match up with tables in the EOA. For example, Table 4 in the EOA is referenced in text as Table 59.

Thank you for the opportunity to provide these comments. I can be reached for questions at 503-373-0050 x289.

Sincerely,

Geoff Crook
Regional Representative

Attachment D

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December 15, 2006

Geoff Crook, Willamette Valley Regional Representative
Oregon Dept. of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, OR 97301-2540

Dear Geoff,

Thank you for your letter dated December 7, 2005, in which you provided comments regarding the proposed Newberg Economic Opportunity Analysis (local file G-121-05; DLCD file 009-05). This letter provides a response to your concerns.

As stated in the Economic Opportunity Analysis (EOA), the Commercial and Industrial Land Needs section is derived from the recently completed *Report to Newberg City Council: Recommendations for Newberg's Future*. This was derived from Johnson/Gardner's *Industrial & Office Land Need Methodology* Enclosed you will find information that was used in the development of the *Report*. It provides answers to the concerns expressed in your letter. The following is a summary of your concerns and our response:

- Comment: Need for detailed summaries of employment forecasts and converted jobs-into-land demand calculations.
  Response: Detailed summaries are included in the Johnson/Gardner document titled *Industrial & Office Land Need Methodology*.

- Comment: What is the 20-year aggregate job forecast for industrial?
  Response: Exhibits 6.01 through 6.03 of the *Methodology* document provides projected employment growth and land/space needs by industry sector.

- Comment: What are the job density assumptions used to convert jobs into land?
  Response: These assumptions are described in the Step 2A: Demand for Industrial Building Space section of the *Methodology* document. As stated in this section, densities used are based on industry standards from the *Regional Industrial Lands Study* (Otak, Inc, et al, 1999).

- Comment: Were redevelopment opportunities factored into land need calculations?
  Response: Redevelopable lands were built into the land needs analysis calculations on a site by site basis. Each industrial site was analyzed as being part or fully redevelopable, based on a survey of the current land use.

- Comment: Number of large sites needed to serve future demands is unclear.
  Response: Pages 7 through 10 of the Winterbrook Planning memorandum titled *Task 2.1 – Preliminary Site Suitability Criteria for Commercial and Industrial Uses* provides an analysis of the need for large sites. The city is projected to need a total of 4-5 large sites.

- Comment: Number of existing 20 acre industrial sites is unclear. Is it one or three?
  Response: This error has been corrected. The city currently has three 20 acre industrial sites available. However, two of those sites are unsuitable for industrial development.

- Comment: Are final land projection numbers gross or net with regard to infrastructure and the local street network?
  Response: The last paragraph on page 4 of the *Methodology* document states that public infrastructure and facility needs are not included in these calculations.

- Comment: Table numbers in the EOA are confusing.
  Response: Table numbering has been corrected.

If you have any additional comments or questions, please contact me at 505-537-1213.

Sincerely,

David A. Beam

David A. Beam, AICP
Economic Development Coordinator/Planner

pc: Barton Brierley, Planning and Building Director
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MEMORANDUM

WINTER BROOK
COMMUNITY RESOURCE PLANNING

To: Ad Hoc Committee on Newberg's Future
From: Greg Winterowd
Date: REVISED – December 2, 2004
Re: **Task 2.1– Preliminary Site Suitability Criteria for Commercial and Industrial Uses**

Under Tasks 2.1 and 3.1, Winterbrook is responsible for preparing preliminary site suitability criteria for future Commercial, Industrial, Residential and Public / Institutional land uses. This memorandum focuses on Commercial and Industrial needs and siting criteria, and raises major policy choices regarding the type of community that Newberg would like to become.

These siting criteria, once approved by the Ad Hoc Committee, would be used to evaluate land within approximately seven study areas for plan amendments. Once the Ad Hoc Committee has formulated recommendations regarding commercial and industrial siting needs, Winterbrook will work with staff to finalize a second memorandum that focuses on residential and public / institutional siting needs.

Contents

Task 2.1 Industrial and Commercial Suitability Criteria

Winterbrook has worked with ECONorthwest to develop preliminary suitability criteria for commercial and industrial land use categories. It is important that suitability criteria be objective and measurable, so that they can be mapped using GIS.

We have reviewed industrial and commercial site suitability criteria from comparably sized and located communities that have prepared Economic Opportunities Analyses (EOAs) as required by Statewide Planning Goal 9, Economy of the State. These include Dallas, McMinnville, Sherwood, Tualatin, Wilsonville and Woodburn.[1]

[1] We have reviewed EOAs, target industries identification, and site suitability criteria from these cities. The 2003 PSU population estimates for these cities are highlighted below.

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We have also considered 'target industries' site suitability criteria prepared by the Portland Development Commission (PDC) in coordination with the Regional Development Partnership, which is chaired by Doug Rux of the city of Tualatin. Metro recently developed industrial site suitability criteria on a regional basis to support recent UGB expansion.

For commercial siting criteria, we have reviewed two ULI (Urban Land Institute) publications: *The Shopping Center Development Handbook* and *Dollars and Cents of Shopping Centers.* We have also relied on our experience in preparing site suitability criteria in other Oregon and Washington jurisdictions.

As envisioned by the Goal 9 (Economy of the State) Rule,[2] cities typically look at regional, state and national trends to determine the types of commercial developments and industrial firms they want to attract. Different categories of commercial and industrial development have varying siting requirements.

Based on discussions with David Beam, Newberg has not identified formally the types of commercial or industrial development it would like to attract. This does not mean that Newberg has not thought about the issue. However, because there are no published documents that target specific types of commercial and industrial development, the site suitability criteria offered in this preliminary memorandum are generalized. We anticipate that these criteria will be refined as the Ad Hoc Committee and City Council develop a more formal list of target industries and commercial development forms, based on local experience.[3]

City	2003 Population
Dallas	13,270
Sherwood	14,050
Wilsonville	15,880
Newberg	19,530
Woodburn	21,560
Tualatin	24,790
McMinnville	28,890

[2] OAR 660-009-0025 (1) requires communities to identify the approximate number and acreage of sites needed to accommodate industrial and commercial uses to implement plan policies. This determination depends, in part, on plan policies and the City's economic development strategy. Those determinations will be made in the future when the City takes up the issue of economic development strategies and policies. OAR 660-009-0025 (1) also indicates that the need for sites be specified in several broad "site categories", (e.g., light industrial, heavy industrial, commercial office, commercial retail, highway commercial) that combine compatible uses with similar site requirements. The rules do not require cities to provide a different type of site for each industrial or commercial use that may locate in the planning area.

[3] As part of this study, ECONorthwest will conduct interviews with local and regional economic development interests to refine the types industries and commercial development Newberg would like to attract. Once "target" commercial and industrial development, then the development of site suitability criteria can be more focused.

Commercial (Retail and Office) Site Suitability Criteria
Johnson Gardner has identified a Year 2025 need for 131 buildable commercial acres compared with the 73-acre supply within the existing UGB, resulting in an aggregate shortage of 58 acres. However, it is uncertain whether land planned for commercial / office use has appropriate site characteristics for such uses.

Based on our limited understanding of retail shopping opportunities in Newberg, area residents frequently must travel to Sherwood or McMinnville to meet even routine shopping needs. For example, residents have complained of the need to drive to outside the area to buy basic items such as a "zipper". There may be interest in attracting larger retail establishments, such as a major home improvement store. There appears to be a prevailing community view that a wider range of shopping opportunities should be available in Newberg, and that Newberg may lack the type of commercial sites needed to accommodate retail firms that may ~~choose to locate in the community over the next 20 years.~~

There is a countervailing concern regarding the potential impact that new shopping centers may have on Downtown Newberg. For this reason, we offer two alternatives for the Ad Hoc Committee's consideration: first, a traditional suburban approach to commercial land allocation, wherein large tracts of land are made available to meet demand for shopping centers; and second, a more conservative approach, that intentionally limits the supply of commercial land to encourage investment in Downtown and Highway 99W redevelopment.

Option 1: Provide Large Shopping Center Tracts
Existing large commercial sites (10-30 acres) in Newberg appear to be limited. With an existing under-supply of retail development combined with expected population growth, the demand for retail development in Newberg is strong.

The Urban Land Institute has identified three types of shopping centers that potentially could be developed in communities such as Newberg: Neighborhood Centers, Community Centers and Regional Centers.

- Neighborhood Centers typically draw from a distance of approximately 1.5 miles;
- Community Centers from 3-5 miles; and
- Regional Centers from 10-20 miles.

Generally, suburban shopping centers (like those found in Sherwood) have floor area ratios of approximately 0.25, with the remainder of the site devoted to parking. For example, a 10-acre site could be expected to accommodate 100,000 square feet of floor area. Big box developments, such as a home improvement store, typically require about a 10-acre site, depending on their size.

We suggest the following siting criteria when identifying potential shopping center sites:

1. **Site Size:** Based on the Johnson Gardner demand analysis and City staff determination that Newberg has a shortage of some 63 buildable commercial acres, it is reasonable to project that Newberg may attract one regional center (20-30 acres), 2 community centers (10-15 acres each), and 2-3 smaller neighborhood centers (3-5 acres).

2. **Topography**: Shopping Center sites should be relatively flat, generally less than 5% slope, and not more than 10% slope.

3. **Land Ownership:** Shopping centers require relatively few ownerships to allow for efficient land development. Generally, shopping center sites should have no more than 2 separately-owned parcels that combine to meet buildable site needs.

4. **Level of Development:** Sites that are developed, or partially developed, are less attractive to suburban shopping center developers. Undeveloped sites are preferred. As a proxy for measuring the existing level of development, the assessed value of improvements on a particular site should not exceed the raw land value.

5. **Natural Features:** Unbuildable land should be removed from the calculation. Lands with protected natural features (wetlands, floodplains, riparian areas) should not be considered in meeting site size requirements. Moreover, a stream or wetland that is located in the middle of a site could have the effect of dividing large retail and office sites, and reducing the area available for development.

6. **Street Access:** Neighborhood Centers should have at least collector street access, Community Centers should have arterial street access, and Regional Centers should have access to a major highway.[4] Moreover, each street must have adequate capacity to serve proposed centers, or there must be an assured means of funding required improvements to meet Transportation Planning Rule requirements.

7. **Shape:** Commercial sites should be fairly regular in shape and should not be broken up by highways or natural features. Commercial sites should have adequate depth and should not depend on narrow, "strip mall" configurations. Sites should be at least 200 feet deep and the ratio of depth to width should be no less that 1:2.

8. **Services:** Sanitary sewer and water service must be available, and have adequate capacity, to serve the site during the planning period. The City Engineer has developed a 5-tiered ranking system to assess the relative serviceability of specific sites, with 1 being immediately serviceable at a reasonable cost and 3 being unserviceable or prohibitively expensive.

9. **Compatibility**: Except for neighborhood centers, extensive direct borders with single-family residential neighborhoods should be avoided. It is also important to minimize

[4] Note that access to a major highway probably cannot be met by the proposed by-pass, based on our reading of newly-adopted Newberg Comprehensive Plan policies and land use regulations.

conflicts resulting from delivery trucks, outdoor machinery and traffic in residential areas. Therefore, we suggest that if more than 25% of the border of a site abuts property zoned for Low Density Residential use, then the site probably is not be suitable for community or regional shopping center development.

Option 2: Limit the Supply of Large Shopping Center Tracts

As noted above, existing large commercial sites (10-30 acres) in Newberg appear to be limited. However, many communities rely on redevelopment to meet long-term commercial, especially retail, needs. By limiting the supply of retail development where anticipated population growth is expected to maintain strong demand for retail, redevelopment becomes a more feasible option.

Under this option, Newberg would not seek to attract a regional shopping center, but instead would rely on community centers and neighborhood centers to meet long-term commercial needs. Such centers would have a greater community and pedestrian orientation.

Under this option, we suggest the following siting criteria when identifying potential community and neighborhood shopping center sites:

1. **Site Size:** Based on the Johnson Gardner determination that Newberg has a shortage of some 63 buildable commercial acres, it is reasonable to project that Newberg may attract 2-3 community centers (10-15 acres each) and 2-3 smaller neighborhood centers (3-5 acres).

2. **Topography:** Shopping Center sites under this option would still need to be relatively flat, generally less than 5% slope, and not more than 10% slope.

3. **Land Ownership:** By limiting the supply of land for shopping centers, developers will have a greater incentive to consolidate properties to create larger sites. Under the limited supply option, shopping center sites could have as many as 3 separately-owned parcels that combine to meet buildable site needs.

4. **Level of Development:** Sites that are developed, or partially developed, may be more attractive to developers in a limited supply situation. Although undeveloped sites are preferred, the ratio of improvement value to land value may be higher than in Option 1. In a tight market, land with a 1.5:1 improvement-to-land value ratio may still be redevelopable for retail or office use.

5. **Natural Features:** Unbuildable land should be removed from the calculation. Lands with protected natural features (wetlands, floodplains, riparian areas) should not be considered in meeting site size requirements. Streams or wetlands that are located in the middle of a site could have the effect of dividing large retail and office sites, and reducing the area available for development. However, smaller centers are more capable of designing around such features.

6. **Street Access:** Neighborhood Centers still should have at least collector street access; Community Centers still should have arterial street access. However, Regional Centers would no longer use limited highway traffic capacity.

7. **Shape:** Commercial sites should be fairly regular in shape and should not be broken up by highways or natural features. Commercial sites should have adequate depth and should not depend on narrow, "strip mall" configurations. Sites should be at least 200 feet deep and the ratio of depth to width should be no less that 1:2.

8. **Services:** Sanitary sewer and water service must be available, and have adequate capacity, to serve the site during the planning period. The City Engineer has developed a 5-tiered ranking system to assess the relative serviceability of specific sites, with 1 being immediately serviceable at a reasonable cost and 3 being unserviceable or prohibitively expensive.

9. **Compatibility:** Conflicts with single-family residential neighborhoods are less severe under the limited supply scenario, and the availability of sites will be more limited. Therefore, under Option 2, we suggest that up to 50% of the border of a site may abut property zoned for Low Density Residential use.

Table 1: Commercial Site Suitability Criteria

Criteria	Option 1: Suburban Model	Option 2: Limited Land Supply
1. Site Size	▪ Regional: 20-30 Acres ▪ Community: 10-15 Acres ▪ Neighborhood: 3-5 Acres	▪ Regional: Not Applicable ▪ Community: 10-15 Acres ▪ Neighborhood: 3-5 Acres
2. Topography	▪ 5% or less preferred ▪ Not more than 10%	▪ 5% or less preferred ▪ Not more than 10%
3. Land Ownership	2 or fewer separate ownerships	3 or fewer separate ownerships
4. Development Level	1:1 improvement to land value ratio (assessor's records)	1.5:1 improvement to land value ratio (assessor's records)
5. Natural Features	▪ Wetlands, floodplains, streams removed from buildable area ▪ Natural features located at site perimeter	▪ Wetlands, floodplains, streams removed from buildable area ▪ Natural features located at site perimeter
6. Street Access	▪ Regional: direct highway ▪ Community: direct arterial ▪ Neighborhood: direct collector	▪ Regional: not applicable ▪ Community: direct arterial ▪ Neighborhood: direct collector
7. Shape	▪ At least 200 feet depth ▪ At least 1:2 width to depth ratio Regional: direct highway	▪ At least 200 feet depth ▪ At least 1:2 width to depth ratio Regional: direct highway
8. Serviceability	Rank 1 or 2	Rank 1 or 2
9. Compatibility	Not more than 25% border with LDR zoned land, except for neighborhood commercial	Not more than 50% border with LDR zoned land
10. Other?		

Industrial Siting Criteria
Johnson Gardner identified a Year 2025 need for 42 buildable industrial acres. This compares with 143-acre supply within the existing UGB. However, 64 industrial acres will be required for the bypass, reducing the *aggregate* surplus to 37 acres. The bypass has the effect of dividing many of Newberg's larger industrial parcels. Thus, it is highly uncertain whether land planned for industrial / employment use has appropriate site characteristics for such uses.

The required site and building characteristics for industries that potentially could locate or expand in Newberg can be inferred from regional and local employment trends.[5] This analysis identified a wide range of site needs. As such, a variety of parcel sizes, building types, and land use designations are required to attract target industries.

While Newberg may have a reasonably large supply of industrial land, it lacks the types of large sites necessary to attract large manufacturers, industrial parks or corporate offices that desire a campus or isolated setting. The lack of a suitable site forecloses the *opportunity* for Newberg to attract such firms.

OAR 660-009-0025 (2) requires cities to designate sufficient land in each site category to accommodate, at a minimum, the projected land needs for each category during the 20-year planning period. ECONorthwest has identified four types of site classifications for industries:

(1) large lot industrial sites (50+ acre parcels);
(2) campus research and development (R&D) and smaller manufacturing sites (20 to 40 acre parcels);
(3) smaller light industrial/office sites (5 to 20 acre parcels); and
(4) speculative space within office/flex and mixed-use developments.

This section describes some of the locational and site needs of typical firms. Large-lot target industries include electronic and electric equipment manufacturing (i.e., silicon chip fabrication plants). These uses generally require more land (typical site requirements can exceed 50 acres) and have a relatively high level of environmental and water system impacts.

Smaller light industrial/office sites (5 to 20 acre parcels) and speculative space within office/flex and mixed-use developments could accommodate smaller manufacturing firms, firms in wholesale trade, and all of the non-industrial target industries.

Table 2 summarizes the lot sizes needed for firms in selected employment classifications for which data is available at this time.

[5] ECONorthwest will supplement this information by interviewing realtors and developers in Newberg and the northern Willamette Valley.

Table 2. Typical Lot Size Requirements for Firms in Selected Industries

Industry	Lot Size (acres)	Site Needs
Printing & Publishing	5 - 10	Flat, serviceable
Stone, Clay & Glass	10 - 20	Flat, serviceable, arterial access, no residential conflict
Fabricated Metals	10 – 20	Flat, serviceable, arterial access, no residential conflict
Industrial Machinery	10 – 20	Flat, serviceable, arterial access, no residential conflict
Electronics - Fab Plants	50 – 100	Suitable soil, serviceable, arterial access
Electronics - Other	10 – 30	Flat, suitable soil, serviceable, arterial access
Transportation Equipment	10 – 30	Flat, serviceable, arterial access, no residential conflict
Trucking & Warehousing	Varies	Flat, serviceable, no residential conflict, arterial or collector access
Wholesale Trade	Varies	Flat, serviceable, no residential conflict, arterial or collector access
Non-Depository Institutions	1 – 5	Flat, serviceable
Business Services	1 – 5	Flat, serviceable, arterial or collector access
Health Services	1 – 10	Flat, serviceable, arterial or collector access
Engineering & Management	1 – 5	Moderate slope, serviceable, collector access

Source: ECONorthwest.

Our research on other projects found that many large companies are still seeking suburban locations for corporate campus facilities. Relatively low-cost land, flexibility for future growth, and proximity to labor force are typical reasons for locating facilities such as Nike, Intel, In-Focus, and Tektronix in suburban locations. Given the relatively high cost of land in California and Washington, and short supply of sites over 20 acres throughout the western United States, there are emerging opportunities for the northern Willamette Valley. Newberg's primary disadvantage in this is its distance from the high-tech areas of Wilsonville and Washington County, and poor access to I-5.

Site needs depend on the type of industry. The following section refers to specific industries by Standard Industrial Codes (SIC). More specific locational issues for firms in target industries include the following:

- *Land use conflicts.* According to the public officials and developers/brokers ECO interviewed in other communities, industrial areas have operational characteristics that do not blend as well with residential land uses as they do with office and mixed-use areas. Generally, as the function of industrial use intensifies (e.g., heavy manufacturing) so to does the importance of buffering to mitigate impacts of noise, outdoor lighting, odors, traffic, and 24-hour 7-day week operations. Avoid location next to Low Density Residential plan designation.

- *Flat sites.* Flat topography (preferably slopes below 5% and definitely not more than 10%) is needed for most targeted employers.

- *Parcel configuration and parking.* Industrial users are attracted to sites that offer adequate flexibility in site circulation and building layout. In general, rectangular sites are preferred with parcel width of at least 200 feet and length that is at least two times the width for build-to-suit sites. Parcel width of at least 400 feet is desired for flex/business park developments.

- *Soil type.* Soils stability and ground vibration are fairly important considerations for special high precision manufacturing processes, such as assembling 800 megahertz or higher speed microchips.

- *Air transportation.* Proximity to air transportation may be important for high technology manufacturing industries, particularly those in the Electronic and Electric Equipment and Industrial Machinery industries. The distance of Newberg to a major airport could be a drawback in attracting certain target industries, just as access to the local airfield may be a benefit.

- *Fiber optics and telephone.* In the near future, most if not all industries shall expect access to high-speed Internet communications. Some industries, such as Internet hotels (a subset of SIC 73—Business Services), require the largest fiber optic telecommunications system available, while others need only redundant T-1 capacity. Therefore, direct access to major communication lines is required.

- *Potable water.* Potable water needs range from domestic levels to 300 thousand gallons per day. Significantly higher levels of water demand are associated with selected industries in SIC 36 (i.e., silicon chip fabrication plants). Emerging technologies, however, are allowing these industries to rely on recycled water with limited on-site water storage and filter treatment. The demand for water for fire suppression also varies. Therefore, Rank 1 or 2 water service is required.

- *Power requirements.* Electricity power requirements range from redundant 115 kilovolt amps (kva) to 230 kva. Average daily power demand generally ranges from approximately 5,000 kilowatt hours (kwh) for small business service operations to 30,000 kwh for very large manufacturing operations. The highest power requirements are associated with SICs 34, 36 (fabrication - metals, and electronic, respectively) and Internet hotels (within SIC 73). For comparison, the typical household requires 2,500 kwh per month during peak demand periods (winter months in Oregon).

- *Transportation.* All of the target industries, with the possible exception of business services, are heavily dependent on surface transportation for efficient movement of goods, commodities, and workers. Poor access to I-5 is a key constraint for Newberg and will continue to be so in the foreseeable future. <u>Direct access (i.e., not through residential or congested commercial areas) to Highway 99W or the future bypass is an important factor for most industries.</u> An adequate highway and arterial roadway network in Newberg and the northern Willamette Valley will be needed for all industries (including business services).

- *Transit.* Transit access is most important to the target industries with the greatest jobs density and consumer activity, particularly SIC 73 (Business Services).

- *Pedestrian and bicycle facilities.* The ability for workers to access amenities and support services such as retail, banking, and recreation areas by foot or bike is increasingly important to employers.

- *Employee training.* It is important for firms in high-tech and other industries to have nearby facilities where employees can conveniently receive training on latest technologies and skills.

In summary, there is a wide range of site requirements for industries that may choose to expand or locate in Newberg. While all of the industries rely on efficient transportation access and basic water, sewer and power infrastructure, they have varying need for parcel size, slope, configuration, and buffer treatments. Transit, pedestrian and bicycle access are needed for commuting, recreation, and access to support amenities.

In order to provide choice among industrial sites, Newberg will need more than 42 acres. It would be reasonable to assume a need for 100-150 industrial acres comprised of sites that have the characteristics outlined in Table 2. Unfortunately, such potential industrial sites typically are located on high value agricultural land. Because of the scarcity of suitable industrial sites in the Willamette Valley, the Goal 9 Rule requires that suitable sites must be protected exclusively for the types of firms that Newberg would like to attract.

JOHNSON
GARDNER

INDUSTRIAL & OFFICE LAND NEED METHODOLOGY

Demand for industrial and office land is a direct function of employment growth in industrial sectors that occupy these type of space. As a result, our projections of industrial and office demand are based on forecasted employment growth by industrial sector within the City of Newberg. Methodology for forecasting need for industrial and office land follow a standard, multi-step process, summarized below.

STEP 1: EMPLOYMENT GROWTH FORECAST

Johnson Gardner forecast employment growth by industry for the City of Newberg through 2025 and 2040 based on Newberg data provided to Johnson Gardner by the State of Oregon Employment Department and Yamhill County employment data generally available from the Oregon Employment Department. Three employment growth scenarios were estimated for the City of Newberg for sensitivity analysis purposes: Medium Growth, Low Growth and High Growth.

- Medium Growth Scenario: Assumes employment growth rates for Yamhill County industries estimated by Oregon Employment Department converted to NAICS by Johnson Gardner, LLC.
- High Growth Scenario: Assumes employment growth rates for Yamhill County industries estimated in the Regional Industrial Land Study Phase II (Otak, Inc., et al, 1999) report converted to NAICS by Johnson Gardner.
- Low Growth Scenario: Assumes employment growth rates for Yamhill County 20% slower than those in the Medium Growth Scenario.

Over a longer time span, Newberg's economy can be expected to experience changes in its industry composition. To model the likelihood of these changes, Johnson Gardner further assumed Newberg's share by industry of Yamhill County employment would change at similar rates exhibited between 1990 and 2000 as measured by Oregon Employment Department.

STEP 2A: DEMAND FOR INDUSTRIAL BUILDING SPACE

Newberg sectoral 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 from the aforementioned *Regional Industrial Land Study*.

STEP 2B: 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 from the *Regional Industrial Lands Study*:

- *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 as implemented in the Regional Industrial Lands Study.

STEP 3A: DEMAND FOR OFFICE BUILDING SPACE

Sector employment growth for each of the three economic scenarios (Step 1) 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.

STEP 3B: DEMAND FOR OFFICE LAND

Like industrial land need, demand for office land is a conversion of demand for space by an office floor area ratio (FAR). For projections under each of the three Newberg economic scenarios, Johnson Gardner assumed the industry-standard 0.40 FAR.

RETAIL COMMERCIAL LAND NEED METHODOLOGY

Unlike industrial and office land need, retail land need is a direct function of household moving into Newberg and typical spending patterns by those households. Methodology for forecasting retail commercial land need is summarized below.

STEP 1: HOUSEHOLD GROWTH PROJECTIONS

For modeling growth in retail commercial land need, Johnson Gardner simply utilized household growth projections found in the Residential Land Needs forecasts. Medium, high and low growth scenarios, and resulting household population forecasts through 2040, were used accordingly.

STEP 2: ESTIMATE NEWBERG PER-HOUSEHOLD RETAIL SPENDING

JOHNSON GARDNER estimated per-household annual spending by retail category utilizing data from Claritas, Incorporated, the national industry-leading retail statistics data provider. Categories are as detailed in the following table by the North American Industry Classification System (NAICS).

NAICS	Category	Per Household Expenditures
4413	Automotive Parts, Accessories and Tire Stores	$5,501
442	Furniture and Home Furnishings Stores	$861
443	Electronics and Appliance Stores	$2,181
444	Building Materials and Garden Equipment	$875
445	Food and Beverage Stores	$6,910
446	Health and Personal Care Stores	$1,897
448	Clothing and Clothing Accessories Stores	$3,756
451	Sporting Goods, Hobby, Book and Music Stores	$1,904
452	General Merchandise Stores	$1,160
453	Miscellaneous Store Retailers	$715
722	Foodservices and Drinking Places	$3,458
	Totals/Weighted Averages	$29,218

STEP 3: ESTIMATE FUTURE NEWBERG RETAIL SALES

Future retail sales in Newberg were simply calculated as the product of future Newberg household counts under the medium, high, and low growth scenarios through 2040 and annual average retail sales by category estimated in Step 2.

STEP 4: DEMAND FOR RETAIL BUILDING SPACE

Future retail sales are converted into need for developed retail space by calculating the product of future Newberg 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*. Sales Support Factors are summarized below.

NAICS Category		Sales Support Factor
4413	Automotive Parts, Accessories and Tire Stores	$139
442	Furniture and Home Furnishings Stores	$173
443	Electronics and Appliance Stores	$200
444	Building Materials and Garden Equipment	$128
445	Food and Beverage Stores	$312
446	Health and Personal Care Stores	$230
448	Clothing and Clothing Accessories Stores	$217
451	Sporting Goods, Hobby, Book and Music Stores	$195
452	General Merchandise Stores	$139
453	Miscellaneous Store Retailers	$192
722	Foodservices and Drinking Places	$236
	Totals/Weighted Averages	

STEP 5: 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.

SUMMARY OF INDUSTRIAL AND COMMERCIAL LAND NEED FINDINGS

Resulting calculations for the methodologies described above are summarized in the following table. Projections of net new demand in Newberg for commercial and industrial land between 2004 and 2025, as well as longer-term demand from 2004 to 2040 are detailed.

Through 2025, net new demand for industrial and commercial land is estimated to range from 117.5 acres to 273.5 acres depending upon whether Newberg realizes low economic growth or high economic growth. The baseline "Medium Growth Scenario" indicates that Newberg will see demand for industrial and commercial land reach nearly 146 acres through 2025.

Through 2040, net new demand for commercial and industrial land is estimated to reach anywhere from 209.3 acres to 509.9 acres under the "Low Growth" and "High Growth" scenarios, respectively.

Again, the "High Growth Scenario" is best summarized as greater strength in Newberg's manufacturing core, thus much greater overall demand for industrial and office space as a result. The baseline "Medium Growth Scenario" exhibits likely industrial and commercial land need in the neighborhood o f 269 acres through 2040.

NET NEW DEMAND FOR COMMERCIAL AND INDUSTRIAL LAND
NEWBERG, OREGON
2004-2025 & 2004-2040
MEDIUM, HIGH AND LOW GROWTH SCENARIOS

	Net New Demand for Land (acres) By Scenario From 2004 Through:					
	Medium Growth		High Growth		Low Growth	
Use	2025	2040	2025	2040	2025	2040
Office	14.8	27.1	20.5	37.8	13.7	24.8
Industrial	34.7	63.8	85.6	161.4	27.0	49.3
Retail	96.2	178.3	167.4	310.7	76.8	135.2
Total	145.7	269.2	273.5	509.9	117.5	209.3

SOURCE: Johnson Gardner LLC

Need for retail drives the vast majority of commercial land demand under all three scenarios. Under the "Medium Growth Scenario," retail drives the largest share (66%) followed closely under the "Low Growth Scenario" at 65% of need. Retail, though still the majority of demand, accounts for 61% of commercial and industrial land in the future with the "High Growth" assumption due to the significantly greater expected growth of manufacturing jobs under that scenario.

It is important to note that the above forecasts for industrial and commercial land need are net acreage 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 has not been included. A gross-up factor of 25% is commonly utilized by jurisdictions for planning purposes to estimate gross land need, though that would be at the discretion of The City of Newberg given its specific planning requirements.

EXHIBIT 6.01

PROJECTIONS OF OFFICE SPACE-UTILIZING EMPLOYMENT BY INDUSTRY SECTOR
NEWBERG, OREGON
2004-2024

Medium Growth Scenario	Total Employment 1/					Industrial	Industrial Space-Utilizing Employment					
Employment Sector	2004	2009	2014	2019	2024	Share 2/	2004	2009	2014	2019	2024	'04-'24
Construction	531	586	656	743	849	2%	11	12	13	15	17	6
Manufacturing	2,283	2,310	2,339	2,373	2,411	5%	114	115	117	119	121	6
Wholesale Trade	98	103	108	112	115	5%	5	5	5	6	6	1
Retail Trade	916	1,002	1,097	1,201	1,315	5%	46	50	55	60	66	20
Transportation, Warehousing & Utilities	129	141	155	170	189	30%	39	42	46	51	57	18
Information	44	49	55	61	68	90%	40	44	49	55	61	22
Financial Activities	214	230	248	267	287	90%	193	207	223	240	258	66
Professional & Business Services	416	464	518	577	643	90%	375	418	466	519	579	204
Education & Health Services	2,309	2,574	2,870	3,200	3,567	40%	923	1,030	1,148	1,280	1,427	504
Leisure & Hospitality	866	965	1,076	1,200	1,338	40%	346	386	430	480	535	189
Other Services	320	357	398	443	494	40%	128	143	159	177	198	70
Government	141	149	158	169	181	35%	49	52	55	59	63	14
Total	8,266	8,930	9,677	10,516	11,459	29%	2,268	2,504	2,768	3,061	3,388	1,120

High Growth Scenario	Total Employment 1/					Industrial	Industrial Space-Utilizing Employment					
Employment Sector	2004	2009	2014	2019	2024	Share 2/	2004	2009	2014	2019	2024	'04-'24
Construction	525	589	671	774	901	2%	10	12	13	15	18	8
Manufacturing	2,283	2,479	2,715	2,996	3,332	5%	114	124	136	150	167	52
Wholesale Trade	98	103	107	111	114	5%	5	5	5	6	6	1
Retail Trade	916	978	1,045	1,116	1,192	5%	46	49	52	56	60	14
Transportation, Warehousing & Utilities	129	141	154	170	188	30%	39	42	46	51	56	18
Information	44	50	56	64	72	90%	40	45	51	57	65	25
Financial Activities	214	225	237	250	263	90%	193	203	214	225	237	44
Professional & Business Services	416	470	531	600	678	90%	375	423	478	540	610	235
Education & Health Services	2,309	2,607	2,945	3,326	3,757	40%	923	1,043	1,178	1,331	1,503	579
Leisure & Hospitality	866	978	1,104	1,247	1,409	40%	346	391	442	499	563	217
Other Services	320	361	408	461	521	40%	128	145	163	184	208	80
Government	141	155	172	193	219	35%	49	54	60	68	77	27
Total	8,259	9,137	10,146	11,508	12,646	28%	2,268	2,536	2,839	3,181	3,569	1,301

Slow Growth Scenario	Total Employment 1/					Industrial	Industrial Space-Utilizing Employment					
Employment Sector	2004	2009	2014	2019	2024	Share 2/	2004	2009	2014	2019	2024	'04-'24
Construction	534	578	633	701	781	2%	11	12	13	14	16	5
Manufacturing	2,278	2,299	2,323	2,349	2,379	5%	114	115	116	117	119	5
Wholesale Trade	98	102	106	109	112	5%	5	5	5	5	6	1
Retail Trade	923	992	1,066	1,147	1,233	5%	46	50	53	57	62	16
Transportation, Warehousing & Utilities	130	139	150	162	176	30%	39	42	45	49	53	14
Information	45	49	53	58	63	90%	40	44	48	52	57	17
Financial Activities	215	228	242	257	272	90%	194	205	218	231	245	52
Professional & Business Services	420	459	501	546	596	90%	378	413	450	492	536	158
Education & Health Services	2,331	2,543	2,775	3,028	3,304	40%	932	1,017	1,110	1,211	1,322	389
Leisure & Hospitality	874	954	1,041	1,135	1,239	40%	350	381	416	454	496	146
Other Services	323	353	385	420	458	40%	129	141	154	168	183	54
Government	141	147	154	163	173	35%	49	52	54	57	61	11
Total	8,311	8,843	9,429	10,075	10,788	28%	2,287	2,476	2,683	2,908	3,154	867

Medium Growth Scenario: Assumes employment growth rates for Yamhill County industries estimated by Oregon Employment Department converted to NAICS by Johnson Gardner, LLC.
High Growth Scenario: Assumes employment growth rates for Yamhill County industries estimated in the Regional Industrial Land Study Phase II (Otak, Inc., et al, 1999) report converted to NAICS by Johnson Gardet, LLC
Low Growth Scenario: Assumes employment growth rates for Yamhill County 20% slower than those in the Medium Growth Scenario.
1/ Newberg payroll employment growth for each sector is based on projected Yamhill County growth assuming a City capture rate for each industry. Capture rates adjust annually based on changes in local payroll employment capture recorded from 1994 to 2002.
2/ Share of industry employment that utilizes office space. From the Urban Land Institute converted to NAICS by Johnson Gardner, LLC.

EXHIBIT 6.62

DEMAND PROJECTIONS FOR COMMERCIAL OFFICE SPACE BY INDUSTRY SECTOR
NEWBERG, OREGON
2004-2024

Medium Growth Scenario	Newberg Jobs in Office Space 1/						Avg. Space	Projected Office Space Need 3/					
Employment Sector	2004	2009	2014	2019	2024	'04-'24	Per Job 2/	2004	2009	2014	2019	2024	'04-'24
Construction	11	12	13	15	17	6	*225*	2,627	2,902	3,249	3,678	4,200	*1,573*
Manufacturing	114	115	117	119	121	6	*200*	25,112	25,405	25,754	26,105	26,522	*1,410*
Wholesale Trade	5	5	5	6	6	1	*200*	1,073	1,132	1,183	1,228	1,268	*195*
Retail Trade	46	50	55	60	66	20	*200*	10,080	11,027	12,068	13,212	14,468	*4,388*
Transportation, Warehousing & Utilities	39	42	46	51	57	18	*225*	9,551	10,451	11,481	12,657	14,002	*4,451*
Information	40	44	49	55	61	22	*200*	8,732	9,735	10,855	12,102	13,493	*4,762*
Financial Activities	193	207	223	240	258	66	*200*	42,350	45,605	49,097	52,844	56,863	*14,513*
Professional & Business Services	375	418	466	519	579	204	*200*	82,444	91,921	102,487	114,268	127,402	*44,958*
Education & Health Services	923	1,030	1,148	1,280	1,427	504	*200*	203,154	226,507	251,543	281,572	313,938	*110,784*
Leisure & Hospitality	346	386	430	480	535	189	*200*	76,172	84,927	94,690	105,574	117,709	*41,538*
Other Services	128	143	159	177	198	70	*200*	28,158	31,395	35,004	39,027	43,513	*15,355*
Government	49	52	55	59	63	14	*200*	10,843	11,436	12,140	12,975	13,966	*3,123*
Total	2,268	2,504	2,768	3,061	3,388	1,120	*201*	500,297	552,445	610,529	675,242	747,348	*247,051*

High Growth Scenario	Newberg Jobs in Office Space 1/						Avg. Space	Projected Office Space Need 3/					
Employment Sector	2004	2009	2014	2019	2024	'04-'24	Per Job 2/	2004	2009	2014	2019	2024	'04-'24
Construction	10	12	13	15	18	8	*225*	2,597	2,915	3,323	3,832	4,460	*1,863*
Manufacturing	114	124	136	150	167	52	*200*	25,112	27,274	29,861	32,955	36,655	*11,543*
Wholesale Trade	5	5	5	6	6	1	*200*	1,073	1,128	1,176	1,218	1,254	*181*
Retail Trade	46	49	52	56	60	14	*200*	10,080	10,761	11,491	12,274	13,114	*3,034*
Transportation, Warehousing & Utilities	39	42	46	51	56	18	*225*	9,551	10,441	11,458	12,619	13,945	*4,394*
Information	40	45	51	57	65	25	*200*	8,732	9,862	11,139	12,582	14,211	*5,479*
Financial Activities	193	203	214	225	237	44	*200*	42,350	44,620	47,002	49,503	52,128	*9,777*
Professional & Business Services	375	423	478	540	610	235	*200*	82,444	93,119	105,176	118,794	134,175	*51,731*
Education & Health Services	923	1,043	1,178	1,331	1,503	579	*200*	203,154	229,459	259,169	292,726	330,628	*127,473*
Leisure & Hospitality	346	391	442	499	563	217	*200*	76,172	86,034	97,174	109,756	123,967	*47,795*
Other Services	128	145	163	184	208	80	*200*	28,158	31,804	35,922	40,573	45,827	*17,668*
Government	49	54	60	68	77	27	*200*	10,843	11,918	13,240	14,865	16,862	*6,019*
Total	2,268	2,536	2,839	3,181	3,569	1,301	*201*	500,267	559,357	626,131	701,696	787,226	*286,959*

Slow Growth Scenario	Newberg Jobs in Office Space 1/						Avg. Space	Projected Office Space Need 3/					
Employment Sector	2004	2009	2014	2019	2024	'04-'24	Per Job 2/	2004	2009	2014	2019	2024	'04-'24
Construction	11	12	13	14	16	5	*225*	2,643	2,862	3,136	3,469	3,867	*1,225*
Manufacturing	114	115	116	117	119	5	*200*	25,053	25,286	25,549	25,843	26,174	*1,121*
Wholesale Trade	5	5	5	5	6	1	*200*	1,078	1,125	1,166	1,201	1,231	*153*
Retail Trade	46	50	53	57	62	16	*200*	10,154	10,911	11,729	12,613	13,566	*3,412*
Transportation, Warehousing & Utilities	39	42	45	49	53	14	*225*	9,616	10,336	11,145	12,055	13,078	*3,463*
Information	40	44	48	52	57	17	*200*	8,816	9,620	10,497	11,454	12,498	*3,681*
Financial Activities	194	205	218	231	245	52	*200*	42,583	45,185	47,936	50,844	53,919	*11,336*
Professional & Business Services	378	413	450	492	536	158	*200*	83,243	90,830	99,110	108,144	118,001	*34,759*
Education & Health Services	932	1,017	1,110	1,211	1,322	389	*200*	205,122	223,819	244,221	266,483	290,773	*85,651*
Leisure & Hospitality	350	381	416	454	496	146	*200*	76,909	83,920	91,569	99,916	109,024	*32,114*
Other Services	129	141	154	168	183	54	*200*	28,431	31,023	33,850	36,936	40,303	*11,872*
Government	49	52	54	57	61	11	*200*	10,864	11,337	11,894	12,549	13,320	*2,456*
Total	2,287	2,476	2,683	2,908	3,154	867	*201*	504,510	546,255	591,802	641,506	695,755	*191,244*

1/ From EXHIBIT X.
2/ Average office employment density by industry sector from the Urban Land Institute converted to NAICS by Johnson Gardner, LLC.
3/ Assumes a market-clearing 10% office space vacancy rate.

EXHIBIT E.03

DEMAND PROJECTIONS FOR COMMERCIAL OFFICE LAND BY INDUSTRY SECTOR
NEWBERG, OREGON
2004-2024

Medium Growth Scenario	Newberg Office Space Need 1/						Floor to	Predicted Land Need (acres)					
Employment Sector	2004	2009	2014	2019	2024	'04-'24	Area Ratio	2004	2009	2014	2019	2024	'04-'24
Construction	2,627	2,902	3,249	3,678	4,200	1,573	0.40	0.2	0.2	0.2	0.2	0.2	0.1
Manufacturing	25,112	25,405	25,754	26,105	26,522	1,410	0.40	1.4	1.5	1.5	1.5	1.5	0.1
Wholesale Trade	1,073	1,132	1,183	1,228	1,268	195	0.40	0.1	0.1	0.1	0.1	0.1	0.0
Retail Trade	10,080	11,027	12,068	13,212	14,468	4,388	0.40	0.6	0.6	0.7	0.8	0.8	0.3
Transportation, Warehousing & Utilitie	9,551	10,451	11,481	12,657	14,002	4,451	0.40	0.5	0.6	0.7	0.7	0.8	0.3
Information	8,732	9,735	10,855	12,102	13,493	4,762	0.40	0.5	0.6	0.6	0.7	0.8	0.3
Financial Activities	42,350	45,605	49,097	52,844	56,865	14,515	0.40	2.4	2.6	2.8	3.0	3.3	0.8
Professional & Business Services	82,444	91,921	102,487	114,268	127,402	44,958	0.40	4.7	5.3	5.9	6.6	7.3	2.6
Education & Health Services	203,154	226,507	252,543	281,572	313,938	110,784	0.40	11.7	13.0	14.5	16.2	18.0	6.4
Leisure & Hospitality	76,172	84,927	94,690	105,574	117,709	41,538	0.40	4.4	4.9	5.4	6.1	6.8	2.4
Other Services	28,158	31,395	35,004	39,027	43,513	15,355	0.40	1.6	1.8	2.0	2.2	2.5	0.9
Total/Weighted Average	489,454	541,007	598,390	662,267	735,382	245,928	0.40	28.1	31.0	34.5	38.0	42.1	14.0

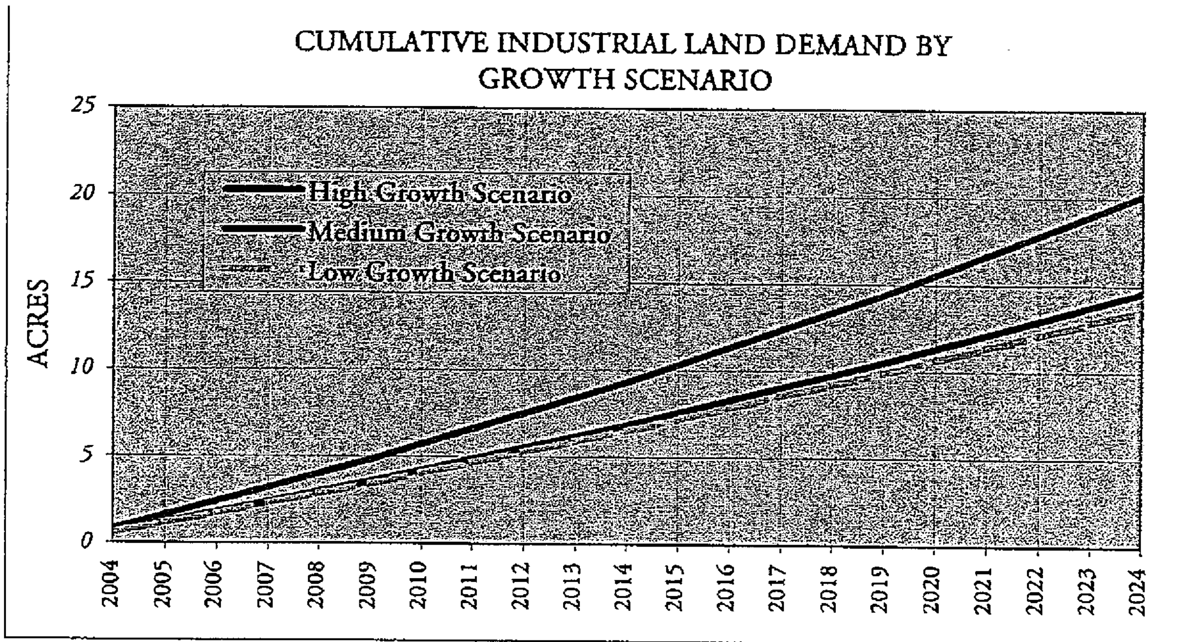
High Growth Scenario	Newberg Office Space Need 1/						Floor to	Predicted Land Need (acres)					
Employment Sector	2004	2009	2014	2019	2024	'04-'24	Area Ratio	2004	2009	2014	2019	2024	'04-'24
Construction	2,597	2,915	3,323	3,852	4,460	1,863	0.40	0.2	0.2	0.2	0.3	0.3	0.1
Manufacturing	25,112	27,274	29,861	32,955	36,655	11,543	0.40	1.7	1.9	2.1	2.3	2.5	0.8
Wholesale Trade	1,073	1,128	1,176	1,218	1,254	181	0.40	0.1	0.1	0.1	0.1	0.1	0.0
Retail Trade	10,080	10,761	11,491	12,274	13,114	3,034	0.40	0.7	0.7	0.8	0.8	0.9	0.2
Transporation, Warehousing & Utilitie	9,551	10,441	11,458	12,619	13,945	4,394	0.40	0.7	0.7	0.8	0.9	1.0	0.3
Information	8,732	9,862	11,139	12,582	14,211	5,479	0.40	0.6	0.7	0.8	0.9	1.0	0.4
Financial Activities	42,350	44,620	47,002	49,503	52,128	9,777	0.40	2.9	3.1	5.2	3.4	3.6	0.7
Professional & Business Services	82,444	93,119	105,176	118,794	134,175	51,731	0.40	5.7	6.4	7.2	8.2	9.2	3.6
Education & Health Services	203,154	229,459	259,169	292,726	330,628	127,473	0.40	14.0	15.8	17.8	20.2	22.8	8.8
Leisure & Hospitality	76,172	86,034	97,174	109,756	123,967	47,795	0.40	5.2	5.9	6.7	7.6	8.5	3.3
Other Services	28,158	31,804	35,922	40,573	45,827	17,668	0.40	1.9	2.2	2.5	2.8	3.2	1.2
Total	489,424	547,418	612,891	686,832	770,364	280,940	0.40	33.7	37.7	42.2	47.3	53.1	19.3

Slow Growth Scenario	Newberg Office Space Need 1/						Floor to	Predicted Land Need (acres)					
Employment Sector	2004	2009	2014	2019	2024	'04-'24	Area Ratio	2004	2009	2014	2019	2024	'04-'24
Construction	2,643	2,862	3,136	3,469	3,867	1,225	0.40	0.2	0.2	0.2	0.2	0.3	0.1
Manufacturing	25,053	25,286	25,549	25,843	26,174	1,121	0.40	1.7	1.7	1.8	1.8	1.8	0.1
Wholesale Trade	1,078	1,125	1,166	1,201	1,231	153	0.40	0.1	0.1	0.1	0.1	0.1	0.0
Retail Trade	10,154	10,911	11,729	12,613	13,566	3,412	0.40	0.7	0.8	0.8	0.9	0.9	0.2
Transportation, Warehousing & Utilitie	9,616	10,336	11,145	12,055	13,078	3,463	0.40	0.7	0.7	0.8	0.8	0.9	0.2
Information	8,816	9,620	10,497	11,454	12,498	3,681	0.40	0.6	0.7	0.7	0.8	0.9	0.3
Financial Activities	42,583	45,185	47,936	50,844	53,919	11,336	0.40	2.9	3.1	3.3	3.5	3.7	0.8
Professional & Business Services	83,243	90,830	99,110	108,144	118,001	34,759	0.40	5.7	6.3	6.8	7.4	8.1	2.4
Education & Health Services	205,122	223,819	244,221	266,483	290,773	85,651	0.40	14.1	15.4	16.8	18.4	20.0	5.9
Leisure & Hospitality	76,909	83,920	91,569	99,916	109,024	32,114	0.40	5.3	5.8	6.3	6.9	7.5	2.2
Other Services	28,431	31,023	33,850	36,936	40,303	11,872	0.40	2.0	2.1	2.3	2.5	2.8	0.8
Total	493,647	534,918	579,908	628,957	682,435	188,788	0.40	34.0	36.8	39.9	43.3	47.0	13.0

1/ From EXHIBIT Z.

EXHIBIT 6.04

COMPARISON OF CUMULATIVE DEMAND FOR INDUSTRIAL LAND
MEDIUM, HIGH AND LOW EMPLOYMENT GROWTH SCENARIOS
2004-2024



SOURCE: Johnson Gardner, LLC