



TUALATIN CITY COUNCIL MEETING

MONDAY, FEBRUARY 27, 2023

TUALATIN CITY SERVICES
10699 SW HERMAN ROAD
TUALATIN, OR 97062

Mayor Frank Bubenik
Council President Valerie Pratt
Councilor Maria Reyes Councilor Bridget Brooks
Councilor Christen Sacco Councilor Cyndy Hillier
Councilor Octavio Gonzalez

To the extent possible, the public is encouraged to watch the meeting live on local cable channel 28, or on the City's website.

For those wishing to provide comment during the meeting, there is one opportunity on the agenda: Public Comment. Written statements may be sent in advance of the meeting to Deputy City Recorder Nicole Morris up until 4:30 pm on Monday, February 27. These statements will be included in the official meeting record, but not read during the meeting.

For those who would prefer to make verbal comment, there are two ways to do so: either by speaking in person or entering the meeting using the zoom link and writing your name in chat. As always, public comment is limited to three minutes per person.

Phone: +1 669 900 6833

Meeting ID: 861 2129 3664

Password: 18880

Link: <https://us02web.zoom.us/j/86121293664?pwd=SS9XZUZyT3FnMk5rbDVKN2pWbnZ6UT09>

Work Session

- 1. 5:00 p.m. (45 min) – Council Training Series: Public Meetings and Conflict.** City Attorney Chad Jacobs will present information on public meetings and conflict.
 - 2. 5:45 p.m. (45 min) – Update on the Basalt Creek Employment Zone Project.** In 2022 City staff embarked on a project to review the Manufacturing Park zone in the Basalt Creek area and engage the public and stakeholder groups in options for appropriate changes to the permitted uses. Staff will review the work that has been done, the public engagement, and the recommended code language.
 - 3. 6:30 p.m. (30 min) – Council Meeting Agenda Review, Communications, and Roundtable.** Council will review the agenda for the February 27 City Council meeting and brief the Council on issues of mutual interest.
-



City of Tualatin City Council Training February 27, 2023

Chad A. Jacobs
Beery Elsner & Hammond, LLP
1804 NE 45th Avenue
Portland, OR 97213
t (503) 226 7191 | f (503) 226 2348
www.gov-law.com



Introduction and Overview

- Goals for tonight...
 - You don't need to be an expert
 - Try to gain tools to recognize issues
 - And then, ask for assistance!

- Discussion Topics
 - Authority
 - Public Meetings
 - Land Use Hearings
 - Public Records

We only have 45 minutes so we will go quickly!



Authority

- Remember You Can Act Only As A Body...
 - Generally speaking, neither the Charter nor the Municipal Code grant power to individual councilors or the mayor to act on behalf of the City.
 - Members of council are expected to abide by council decisions, whether or not they voted on the prevailing side.
 - If an individual member of the council is authorized to represent the City before the public or another government agency, the member must support and advocate for the official city position on the issue.
 - Personal opinions and comments should be expressed only if the member makes clear that they are acting in an individual capacity and not representing the City's position.



Open/Public Meetings

- Generally
 - Under ORS 192.660 *et seq.*, elected and appointed officials must meet in public to make or deliberate towards decisions.
 - The purpose is to encourage transparency in government.



What is a “meeting”?

- State law addresses public meetings in two ways:
 - All **meetings** of a public body must be in public
 - All meetings of the governing body of a public body shall be open to the public and all persons shall be permitted to attend any meeting except [Executive Sessions]. 192.630(1)
 - A quorum may not **meet** in private
 - A quorum of a governing body may not meet in private for the purpose of deciding on or deliberating towards a decision on any matter except for [Executive Sessions]. 192.630(2)



What is a “meeting”?

- “Meeting” means the convening of a governing body of a public body for which a **quorum** is required in order to **make a decision** or to **deliberate toward a decision** on any matter.
- “Meeting” does not include any on-site inspection of any project or program.
- “Meeting” also does not include the attendance of members of a governing body at any national, regional or state association to which the public body or the members belong.



What is a “meeting”?

- A gathering of less than a quorum of a governing body is not a “meeting.”
- Sub-committees of a body constitute governing bodies in and of themselves, and as such, the quorum would be a majority of the sub-committee.
- Remember, however, a quorum of a governing body may not **meet** in private for the purpose of **deciding on** or **deliberating toward** a decision on any matter.



When does a body “meet”?

- In *TriMet v. Amalgamated Transit Union Local 757*, 362 Or. 484, 412 P.3d 162 (2018), the Oregon Supreme Court explained that it is possible for a “quorum of a governing body” to “meet” in violation of ORS 192.630(2), even if there is no “meeting”.
- The Court determined that persons comprising a governing body can “meet” even when not “convening a meeting.”
- In other words, members of a governing body may violate the Oregon Public Meeting Law’s prohibition on meeting in private even if a quorum never gathers contemporaneously.



Prohibition on Private Meetings

- So...
 - If more than a majority of the Council meets outside an official public meeting and you are making or deliberating towards a decision then you have violated the public meeting laws.
 - Example: Assume five of the seven members of the Council are all at the same school play and start discussing the merits of whether to propose the creation of a City grant program that would support performing arts in schools. Have those members “met” in private for the purpose of deciding on or deliberating toward a decision?



Serial Meetings

- Serial meetings occur when a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action takes place between a quorum of a governing body.
- This is true even though at no given time does a quorum of the governing body communicate contemporaneously about the topic in question.



Serial Meetings: examples

- A council member forwards an email discussion they had with another member regarding a matter that is pending before the council to a third member. The third member then forwards the email chain to a fourth member, who then forwards it to a fifth member. Because the email messages, in the aggregate, include a quorum of the board members (5 of 7), and the purpose of the communications was to deliberate towards a decision, the email exchanges in the aggregate would likely constitute a serial meeting.



Serial Communications: examples

- A citizen posts a comment on the city's Facebook page about an upcoming land use hearing and the comment generates a discussion. Three members of the Council make comments and share opinion on the Facebook "thread." A fourth member reads the comments and also makes a comment. Because a quorum (4 members) have communicated opinions on the social media site on a matter that will require a vote before their body, the members may have created a serial meeting.



Public Meeting Best Practices

- Council members should refrain from using the “reply all” function on emails.
- Council members should refrain from “serial communications” via e-mail, telephone, face-to-face or even social media postings, such as Facebook.
- Council members should not use staff or other individuals as intermediaries.
- Query...how to handle discussions with members of the community that could create a serial meeting...



Public Meetings

- Executive Sessions:
 - Public bodies may meet in executive sessions only in specified situations.
 - An “executive session” is defined as “any meeting or part of a meeting of governing body that is closed to certain persons for deliberation on certain matters.”
 - The public body may hold an open session even when the law permits it to hold an executive session. A public body is authorized to hold closed sessions regarding the following subjects: Real Property Transactions; Exempt Public Records; Pending or Threatened Litigation; Employees; and Labor Negotiations.



Public Meetings

- Executive Sessions:
 - No executive session may be held for the purpose of taking any final action or making any final decision.
 - The purpose of the “final decision” requirement is to allow the public to know the results of the discussions. Taking a formal vote in open session satisfies that requirement, even if the public vote merely confirms consensus reached in executive session.
 - If the body meets in executive session, members should attempt to provide direction or consensus to staff. All contact with other parties must be left to the designated staff or representative(s) handling the issue.
 - Unless required by law, no member of the council should make public the discussions or information obtained in executive session.



Public Meetings

- Executive Sessions:
 - Must follow specific procedures when going into executive session.
 - The person presiding at the meeting must announce the statutory authority for the executive session before going into closed session.
 - The body must announce if they plan to return to open session to take action.
 - Media permitted to attend in most situations but may not report – can use information to follow other leads though!



Social Gatherings

- Can a quorum of a governing body meet in social settings?
- Yes, with a few caveats:
 - Must be purely social.
 - Governing body should avoid any discussion of official business.
 - At some point, such discussion may turn a social gathering into a meeting.
 - **Remember:** attendance at a conferences, trainings, etc. excluded from the definition of “meeting.”



Land Use Hearings

- Two types of land use hearings: Legislative and Quasi-Judicial?
- Legislative: sit as a legislator; consider enacting a law that applies broadly (creating criteria to apply later); must comply with state land use laws, city's comprehensive plan and Metro's urban growth management plan; no requirement or deadline to act.
- Quasi-judicial: sit as a judge; consider request by applying evidence to pre-existing criteria applicable to decision (state law, city code, Metro code); typically affects only one or a small group; must reach a decision (typically within 120 days)



Land Use Hearings

- Quasi-Judicial hearings require special procedures to protect due process rights of those involved.
- Must explain process and criteria (script)
- Must make disclosures (ex parte communications; bias and conflicts of interest)
- Must hold public hearing to take evidence
- Must close hearing, then deliberate based solely on record and vote
- Must have a final written decision with specific findings related to applicable criteria (typically staff will bring back at future meeting based on vote).



Land Use Hearings

- Ex Parte Communications in Quasi-Judicial Hearings:
 1. Any communication (written, oral or electronic)
 2. Made to a decision-maker
 3. Concerning the subject matter of the quasi-judicial hearing; and
 4. Occurs while the matter is pending (after a formal application is filed and before the final decision is made)



Land Use Hearings

- Ex Parte Communications (examples)
- Generally communications with staff or the city attorney are not ex parte when consulting regarding evidence provided or concerning interpretations of the code;
- Communications with a party or their attorney are ex parte communications;
- Site visits are considered ex parte communications;
- Other outside information, such as social media posts and newspaper articles are ex parte communications if urge a result and/or provide information you are relying on to make decision



Land Use Hearings

- Ex Parte Communications (examples)
- Communications with audience members during a recess about the substance of a hearing are ex parte communications;
- Communications after a vote but before the final written decision is issued are ex parte communications;
- Communications after decision but while on appeal to LUBA could be ex parte communications if LUBA remands the matter



Land Use Hearings

- Curing Ex Parte Communications
 1. Announce that an ex parte communication occurred at the next public hearing immediately after the occurrence (before the public hearing begins or resumes).
 2. Announce the nature and substance of the communication (specific enough to allow the parties to respond or offer evidence in rebuttal).
 3. Allow parties to ask clarifying questions about the ex parte communications in order to be able to adequately respond.



Land Use Hearings

- Curing Ex Parte Communications
- Failure to adequately cure ex parte communications results in a violation of the rights of the parties
 - ✓ The right to be heard
 - ✓ The right to an impartial tribunal
 - ✓ The right to present and rebut evidence
- If an ex parte communication is not adequately cured, it could provide the basis for invalidating the underlying decision.



Land Use Hearings

- Bias Issues in Quasi-Judicial Hearings
- Bias occurs when a decision-maker does not provide the parties with a fair hearing due to prejudice or prejudgment (this can be in favor or against).
- ✓ Personal bias
- ✓ Personal prejudice
- ✓ Interest in the outcome
- Established through actual evidence such explicit statements, pledges, commitments.
- Circumstantial evidence not enough



Land Use Hearings

- Bias Issues in Quasi-Judicial Hearings
- Better to announce issues of potential bias and declare ability to be impartial so as to avoid appearance issues or a basis to challenge decision after the fact.
- Once announced, allow parties to challenge participation if desired.
- If announced and not challenged, very unlikely that someone will be able to challenge later.



Land Use Hearings

- Conflict of Interests in Quasi-Judicial Hearings
- What is a conflict of interest?
 - A conflict of interest arises when a decision or recommendation you are making **would or could** result in a “private pecuniary benefit or detriment” to you, your relatives, or a businesses with which either you or your relatives are associated. Conflicts of interest come in two forms – actual conflicts and potential conflicts.
- What is the difference between an actual and potential conflict of interest?
 - An actual conflict of interest arises when any decision or act by you **would** result in a “private pecuniary benefit or detriment” to you, your relatives or an associated business; while a potential conflict arises when a decision or act by you **could** result in such an outcome.



Land Use Hearings

- Businesses with which a person is associated include:
 - A private business if: the person is a director, officer, owner, or employee or agent of the business; or if a person owns or has owned more than \$1000 worth of stock, equity interest, stock options, or debt interest of a private business in the preceding calendar year.
 - A publicly held corporation if: the person is an officer or director of the publically traded company, or if the person owns or has owned more than \$100,000 worth of stock in the preceding calendar year.
 - A business that is a “source of income” that produces 10 percent or more of the person’s total annual household income and the person is required to file an annual statement of economic interest.



Land Use Hearings

- Relatives include:
 - ✓ the spouse, parent, stepparent, child, sibling, stepsibling, son-in-law or daughter-in-law of the public official;
 - ✓ the parent, stepparent, child, sibling, stepsibling, son-in-law or daughter-in-law of the spouse of the public official;
 - ✓ any individual for whom the public official has a legal support obligation; and
 - ✓ any individual from whom the candidate receives benefits arising from that individual's employment.



Land Use Hearings

- What do I do if I have a conflict?
 - For actual conflicts you must:
 1. publicly announce the conflict; and
 2. refrain from participation in any official action on the issue including **any discussion** of the matter.
 - For potential conflicts you must:
 1. publicly announce the potential conflict every time the issue arises; and
 2. after disclosure you may participate in any official action on the issue, **including discussions and votes.**



Land Use Hearings

- Are there exceptions?
 - Nonprofits. The definition of a “business” does not include nonprofits where the associated public official receives no remuneration.
 - Class exception. Seek legal advice prior to relying on this exceptions.



Control of public meetings

- Generally speaking, under state law, the public has a right to attend and observe but not participate in public meetings.
- City council rules permit limited public participation, i.e., public comment period.
- Generally can establish time limits for public comment, but such standards need to be applied equally to all.
- May not remove a member of the public from a meeting unless you can clearly demonstrate the individual is disrupting the meeting in a manner that precludes your board or commission from conducting business.



Public Records

- Oregon law requires both inspection and preservation.
- Public records include any “writing” containing information relating to the conduct of the public’s business.
- The term “writing” is defined expansively by ORS 192.410(6) to mean: handwriting, typewriting, printing, photographing and every means of recording, including letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, files, facsimiles or electronic recordings.
- May charge reasonable fees for inspection.
- Exemptions exist that permit City to keep certain documents confidential.



Public Records

- City must follow record retention policy approved by Secretary of State archives division.
- Must keep one official copy of each record for applicable retention period.
- Destruction of public records in a manner inconsistent with the approved record retention policy is a criminal offense.



Public Records

- Duty extends to elected, not just employees (which means social media posts and emails to home computers must be retained).
- Even after individual e-mail messages are “deleted” from an individual’s computer work area, the messages may continue to exist on computer back-up tapes for at least a short period of time. E-mails on back-up tapes remain public records. As with any public record, a public body must make all nonexempt e-mail available for inspection and copying regardless of its storage location.



Questions

- Please feel free to call or email with any questions.
- Thank you!

Chad A. Jacobs (chad@gov-law.com)

Beery Elsner & Hammond, LLP

1804 NE 45th Avenue

Portland, OR 97213

t (503) 226 7191 | d (503) 802-0011

f (503) 226 2348

www.gov-law.com



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Chairman and Members of the Commission

THROUGH: Sherilyn Lombos, City Manager

FROM: Steve Koper, AICP, Assistant Community Development Director
Erin Engman, AICP, Senior Planner

DATE: February 27, 2023

SUBJECT:

Update on the Basalt Creek Employment (BCE) Zone Project: PTA 22-0001/PMA 22-0001.

BACKGROUND:

- In 2022, City staff embarked on the Basalt Creek Employment Zone Project (PTA/PMA 22-0001), in partnership with HHPR and their team consisting of Leland Consulting Group (Economic Report, included as Exhibit 2) and DKS (Transportation Planning Rule Study and Traffic Evaluation Report, included as Exhibit 3)
- The project was initiated with the knowledge that uses permitted under the Manufacturing Park (MP) zoning are too restrictive, and subsequently industrial land in Basalt Creek (that is eligible for annexation) may not develop under current market conditions.
- The project builds on more than a decade of planning work, which informed the project direction and aspirational goals through the following adopted documents:
 - *Basalt Creek Concept Plan, 2019*
Established roughly 92.95 buildable acres zoned Manufacturing Park (MP) that are expected to accommodate 1,897 new jobs.
 - *Economic Opportunities Analysis (EOA), 2019*
Identified a deficit of 74 acres of industrial land and recommended changes to zoning that encourage more efficient use of employment land. It further recommends prohibiting new development that requires substantial amounts of land but results in little employment, such as stand-alone warehouse and distribution uses.
 - *Southwest and Basalt Creek Development Area, 2021*
Established an urban renewal area to address the lack of infrastructure in the Basalt Creek Planning Area and to support future high-wage job growth.
- Staff held a work session with Council on May 23, 2022 to introduce the project and seek Council direction. Staff was directed to continue work on this legislative amendment with the following feedback:
 - Limit warehousing uses and corresponding truck traffic, particularly on Boones Ferry Road;
 - Encourage flexible multi-tenant, multi-use development;
 - Permit neighborhood commercial uses; and
 - Maintain greenspace or trail connectivity for employees and near-by residents to enjoy.

- This project was scoped with the following tasks:
 - Code audit to review the existing Manufacturing Park (MP) zoning against current economic data, land development trends, and recommendations from the City’s adopted Basalt Creek Concept Plan, Economic Opportunities Analysis, and Southwest and Basalt Creek Development Area plan;
 - Public engagement opportunities that afford members of the Council, Planning Commission, public, and stakeholder groups an opportunity to provide feedback on recommended changes; and
 - Map and code amendments for City Council consideration and adoption.

PUBLIC OUTREACH:

- Staff has done extensive public outreach since we meet with Council last spring. A summary is included as Exhibit 4.
 - July 27: Open House
 - September 25: Planning Commission Meeting
 - September 29: Stakeholder Discussion
 - October 28: Stakeholder Discussion with City Manager & Economic Development Program Manager
 - November 9: Discussion with Citizen Involvement Organizations (CIOs)
 - December 12: Continued Stakeholder Discussion
 - January 5 : Discussion with the Chamber, Stakeholders, and Business Community
 - January 19: Planning Commission Meeting
 - February 2: Continued discussion with the Chamber, Stakeholders, and Business Community
- Stakeholders shared the following themes, which are echoed in the Economic Analysis Report included as Exhibit 2:
 - Flexible tenant space (“spec” development) has replaced owner-occupied, purpose-built development.
 - Development driven by the tenant model requires greater flexibility to ensure consistent tenant occupancy, as well as to secure capital for construction.
 - Many tenants require a warehousing/wholesale sales component to supplement or support their operations.

PLANNING COMMISSION RECOMMENDATION TO COUNCIL:

Staff has discussed the Basalt Creek Employment (BCE) Zone project with the Planning Commission over the course of two meetings (September 15, 2022 and January 19, 2023). Based on Council direction and stakeholder feedback, staff crafted four code scenarios for the Commission to review. These code scenarios ranged from highly aspirational and potentially restrictive to being more flexible while ensuring some level of desired development.

- The Planning Commission is recommending that Council adopt the Basalt Creek Employment Zone text and map amendments code at a future legislative hearing that:
 - Allow all manufacturing uses (“Heavy” and “Light”);
 - Develop some design standards to create a pleasant street-facing environment;
 - Protect and buffer the interface between the nearby residential zone; and
 - Comply with Chapter 63 standards to protect public health, safety, and general welfare.
- The Planning Commission additionally found that the stakeholders’ Scenario C supports the development of industrial “flex space” which meets the previously adopted policy objectives (employment density, support for infrastructure, high assessed value development) while balancing current economic trends.
- The Stakeholder Scenario C would:

- Limit maximum building size of 150,000 square feet (to limit large-format warehousing uses);
- Require all uses to be fully enclosed except for parking and loading areas;
- Require a minimum of 30% of building square footage to be manufacturing uses;
- Allow up to 70% of building square footage on a site to be a combination of warehousing and distribution and/or wholesale sales uses
- However, this finding may be interpreted as different from Council's previous guidance.
- Therefore, the Planning Commission is seeking Council feedback to determine if there is a consensus with this finding.

NEXT STEPS:

March 16 – Staff will return to the Planning Commission with Council direction to seek a final recommendation.

May/June - Legislative hearing for Basalt Creek Employment (BCE) Zone Project: PTA 22-0001/ PMA 22-0001

ATTACHMENTS:

- Exhibit 1: Presentation
- Exhibit 2: Project Economic Analysis
- Exhibit 3: Project Traffic Analysis
- Exhibit 4: Public Outreach Summary
- Exhibit 5: Open House Public Comments
- Exhibit 6: Public Comments
- Exhibit 7: Stakeholder Comments
- Exhibit 8: Stakeholder Development Examples
- Exhibit 9: Stakeholder Economic Study
- Exhibit 10: Stakeholder Traffic Analysis

PTA/PMA 22-0001

BASALT CREEK EMPLOYMENT (BCE) ZONE CODE PROJECT

Update

Tualatin City Council • February 27, 2023



Discussion Topics

- **Project Background and Purpose**
- **Public Outreach Findings**
- **Code Scenarios**
- **Planning Commission Recommendation to Council**
- **Next Steps**

Project Scope and Team

Code audit of existing MP zone

HHPR



Economic analysis

Leland Consulting Group



Transportation Planning Rule Analysis

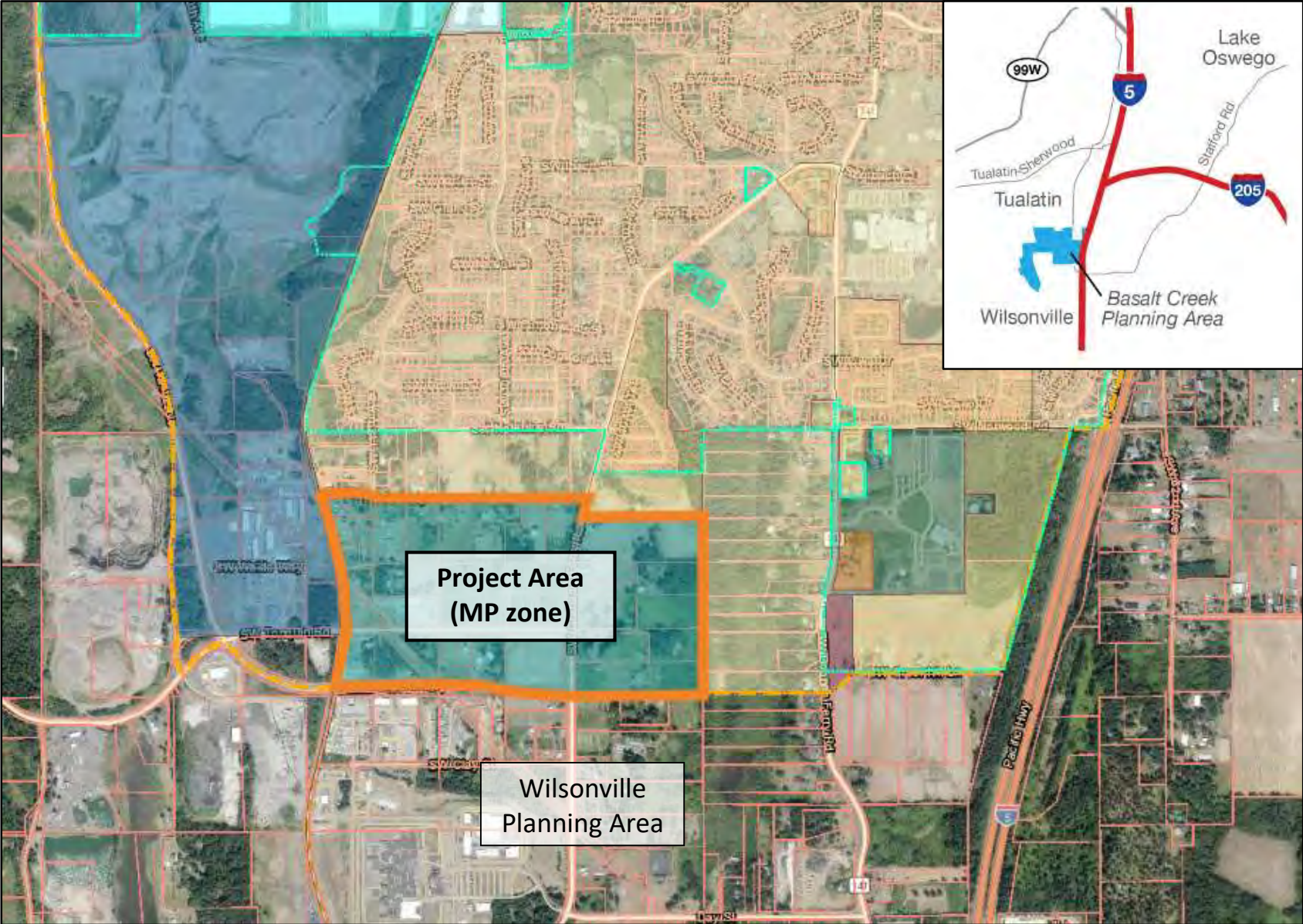
DKS Associates



Draft code amendments

Project Team

Project Area



Existing Conditions

- Topography
- Varied parcel sizes
- Infrastructure needs

Manufacturing Park (MP) Zone Code Audit



Intended for large-scale manufacturing and research facilities

Limited light-industrial uses

Landscaping and setback requirements to create “park or campus like grounds”

Restricts environmental impacts associated with industrial uses

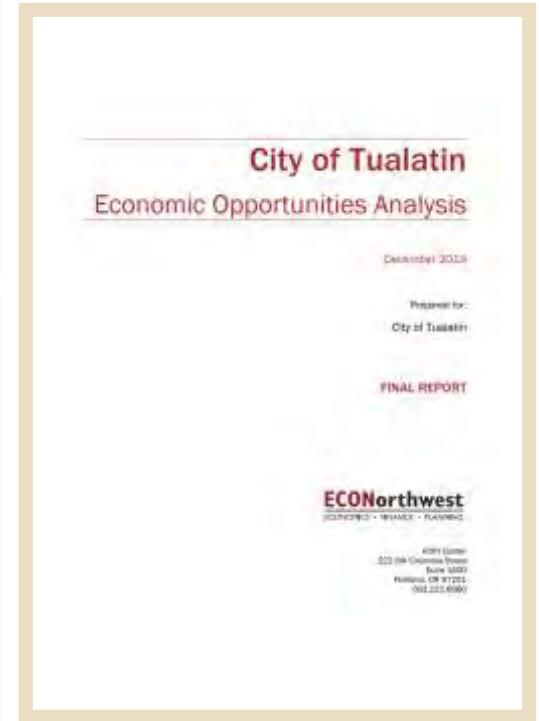
Distribution and warehousing not permitted

Previous Plans and Project Aspirations

High employment density

Funding for infrastructure improvements

Minimizing conflict between uses



City Council Direction (May 23, 2022)



Limit warehouse uses



Encourage flex space

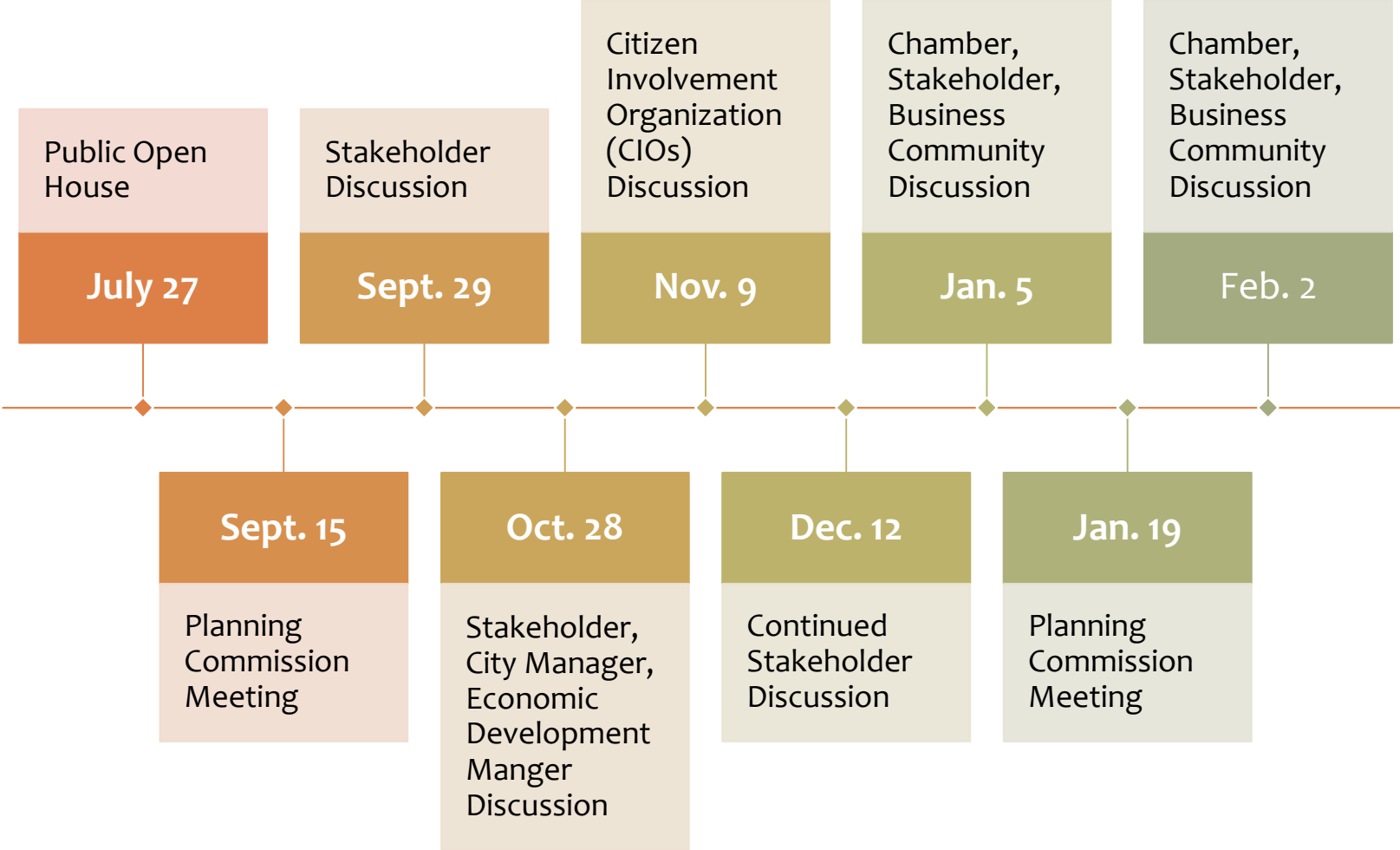


Incorporate commercial uses



Maintain greenspace

Outreach Opportunities



Public Feedback

- Byrom residents are concerned with traffic, noise, and pollution. Particularly:
 - Road maintenance when considering industrial truck traffic;
 - Require operations be conducted in a completely enclosed building;
 - Landscape buffer standards adjacent to residential areas;
 - Encourage uses that provide high wage jobs; and
 - Support commercial uses in the zone

Stakeholder Feedback

- Flexible tenant space (“spec” development) has replaced owner-occupied, purpose-build development.
- Development driven by tenant model requires greater flexibility to ensure tenant occupancy *and* to secure capital for construction.
- Many tenants require warehousing/wholesale components to support operations.

Stakeholder Feedback

- Original code draft was too aspirational and did not provide sufficient flexibility for market demand
- In response, staff prepared several code scenarios for consideration and review before the Planning Commission on January 19, 2023.
- These scenarios balance – to varying degrees - the previously expressed aspirations for the area **and** the current market trends.

Economic Analysis Summary

- Demand for industrial space is at an all time high, while land supply is critically constrained in Metro Region
- Multi-tenant industrial development is a growing market:
 - Caters to wide variety of uses (relatively job dense)
 - Smaller footprints (less than 150,000 sq ft)
- Development challenges in Basalt Creek
 - Lack of infrastructure

Economic Analysis Summary

- Recommendations include:
 - Expansion of industrial uses;
 - Flexible development standards, while controlling maximum building size; and
 - Restrictions to control future uses/ tenants

Traffic Analysis Summary

- When rezoning land, the state requires an evaluation of reasonable worst case trip generation
 - Studies maximum trip generation based on permitted uses
- Proposed BCE text amendments include an expansion commercial uses, however it is estimated that there will be a decrease in trip generation

Impacts on Urban Renewal Area

- The SW & Basalt Creek Development Area was adopted in 2021
 - Generates tax increment financing for capitol infrastructure (like water, sewer, roads)
 - If private developers provide this infrastructure, then money could be directed to other projects in the area

Planning Commission Direction (January 19, 2023)



Allow all manufacturing uses (“heavy” and light”)



Develop some design standards to create a pleasant street-facing environment



Protect and buffer the interface with yet-to-be-developed residential zoning (to the north)



Comply with Chapter 63 standards to protect public health, safety, and general welfare against noise, vibration, odors, heat/glare, and dangerous substances

Stakeholder
Scenario C
Supported by
Planning
Commission

- A maximum building size of 150,000 square feet to limit large-format warehousing uses;
- At least 30% of building square footage on a site is devoted to manufacturing uses;
- Up to 70% of building square footage on a site is permitted to be a flexible combination of warehousing and distribution and/or wholesale sales uses; and
- All uses would be fully enclosed except for parking and loading areas.

Planning Commission Requests Feedback

- The Planning Commission additionally found that the stakeholders' Scenario C supports the development of industrial “flex space” which meets the previously adopted policy objectives (employment density, support for infrastructure, high assessed value development) while balancing current economic trends.
- However, this finding may be interpreted as different from Council's previous guidance.
- Therefore, the Planning Commission is seeking Council feedback to determine if there is a consensus with this finding.

Next Steps

- **March 16 (tentative)**
Return to Planning Commission for a final recommendation
- **May/June (tentative)**
Legislative hearing for Basalt Creek Employment (BCE) Zone Project

Questions?



Basalt Creek MP Zone Update

Economic Analysis

Date September 2022
To Chris Green, HHPR
From Chris Zahas, AICP, Leland Consulting Group
Sam Brookham, Leland Consulting Group

Introduction

This memorandum provides an economic assessment of market-based development and employment opportunities in Tualatin’s Basalt Creek area and the lots zoned Manufacturing Park specifically.

Basalt Creek is an industrial area of regional importance. Employment in industrial real estate, the focus of this memorandum, is primarily limited to the following industries: manufacturing, warehousing and transportation, wholesale trade, and construction. As Basalt Creek is part of the broader market and is impacted by macroeconomic trends, this memorandum includes summaries of the industrial market and employment trends at the national, regional, and submarket levels. The memorandum also includes case studies and a high level assessment of industrial land availability.

This information will be used to inform implementation recommendations to enhance development prospects and create jobs in Basalt Creek.

The memorandum is organized as follows:

Introduction.....	1
National Real Estate Context.....	5
Regional Market Assessment.....	7
Case Studies.....	16
Conclusion and Recommendations.....	20

Methodology

This memo summarizes Leland Consulting Group’s (LCG’s) analysis of economic data and industry trends in the Portland metro region and the southwest I-5 corridor submarket (the submarket). Methods include an assessment of real estate market dynamics (construction and absorption trends, vacancy rates, rental rates, land values, building costs, etc.), a high-level evaluation of buildable industrial land in the submarket, and case study research of comparable zoning codes and employment areas.

Additionally, LCG conducted interviews with local and regional stakeholders, including local agency partners such as neighboring city staff, county staff, and economic development agency staff, and key private sector stakeholders in the industrial development community such as landowners, developers, and brokers. These interviews provided valuable insights regarding barriers to future development and opportunities for industrial and employment growth.

Basalt Creek Area Overview

This section briefly summarizes the Basalt Creek area, including relevant previous/current planning efforts and the physical characteristics of the area. Tualatin is part of the South I-5 Corridor submarket—sometimes called the Southwest Metro submarket by brokers and others in the development community, collectively called the “submarket” in this memo—is considered one of the most diverse industrial submarkets in the state of Oregon. The map below shows the submarket boundaries and the location of the MP Zone within Basalt Creek.

Figure 1. Basalt Creek Location and I-5 South Submarket Boundary



Source: Leland Consulting Group

Planning Efforts and Vision

The Basalt Creek area has been subject to many planning efforts relating to transportation, infrastructure, funding, and economic development. Together, these documents lay out a vision for the area. Below is a list of relevant information extracted from these planning efforts.

The 2018 **Basalt Creek Concept Plan** identifies preferred land uses across the area, recommends high-level designs for transportation and infrastructure systems to support future development, and sets specific action items and implementation measures. Action items and implementation measures are intended to ensure that the zoning and/or development code is updated to enable development in the Planning Area. Generally, annexation is predicated on investor interest, and the expectation is that investors will finance the extension of services.

The market analysis completed as part of the Concept Plan found that existing industry clusters for Tualatin and Wilsonville are expected to continue and provide significant business and job growth in the future. These industry clusters include advanced manufacturing, corporate and professional services, health care and related fields, and other specific industrial clusters such as food processing and light manufacturing

Employment development in the Planning Area will benefit from several competitive advantages. A major feature and competitive advantage of this "Southwest Metro" employment cluster in general, and the Basalt Creek Planning Area in particular, is its immediate access to I-5, the west coast's most important transportation route.

The Manufacturing Park totals 93 acres and is expected to generate 1,897 jobs at 20 jobs per acre of land or approximately 640 jobs per square foot of development (at a standard floor area ratio of 0.3).

The **Transportation Refinement Plan** (2013) establishes a major transportation connection from Tualatin-Sherwood Rd to I-5 in North Wilsonville through the Basalt Creek planning area. This connection was identified as a regional transportation priority to connect and provide access to existing and future hubs of industrial land use.

The City's **Economic Development Strategy** identified five target industry clusters, including advanced manufacturing; health care and related businesses; corporate and business services; food processing, distribution, and wholesale; and wood, paper, printing, and related businesses.

Physical Characteristics of the Area

The area of Basalt Creek that is currently zoned Manufacturing Park is relatively free of development impediments compared to the rest of the Basalt Creek area, where approximately 35 percent (207 acres) of the total land area is constrained. The Land Capacity Analysis in the Basalt Creek Concept Plan Existing Conditions Report outlined some specific considerations, which are listed below.

- **Steep Slopes.** Industrial developments are particularly sensitive to topography due to the prevalence of larger building footprints and the transportation and storage needs. Steep slopes can require significant grading to accommodate these construction and transportation needs which can be prohibitively expensive (largely due to the lower asset value of industrial property). There are several areas of steep slopes (greater than 25%) throughout Basalt Creek. In the MP-zoned area, slopes greater than 25% are relatively limited, but slopes greater than 10% are primarily prevalent in the area east of Grahams Ferry Road. Developers looking to build in this area will likely need greater flexibility to accommodate topographical challenges. The area west of Grahams Ferry Road is relatively flat and, therefore, will not pose similar development challenges.
- **Manmade/Other Constraints.** Utility easements for both PGE and BPA are in the area, creating undevelopable corridors throughout Basalt Creek. While these easements primarily impact the rest of the Basalt Creek area, they also impact the northeast and southwest corners of the MP-zoned area.
- **Existing land uses.** The majority of land within the MP-zoned area is vacant, i.e., free of existing buildings. Some smaller buildings exist in the west and south sections of the area. LCG does not consider these existing

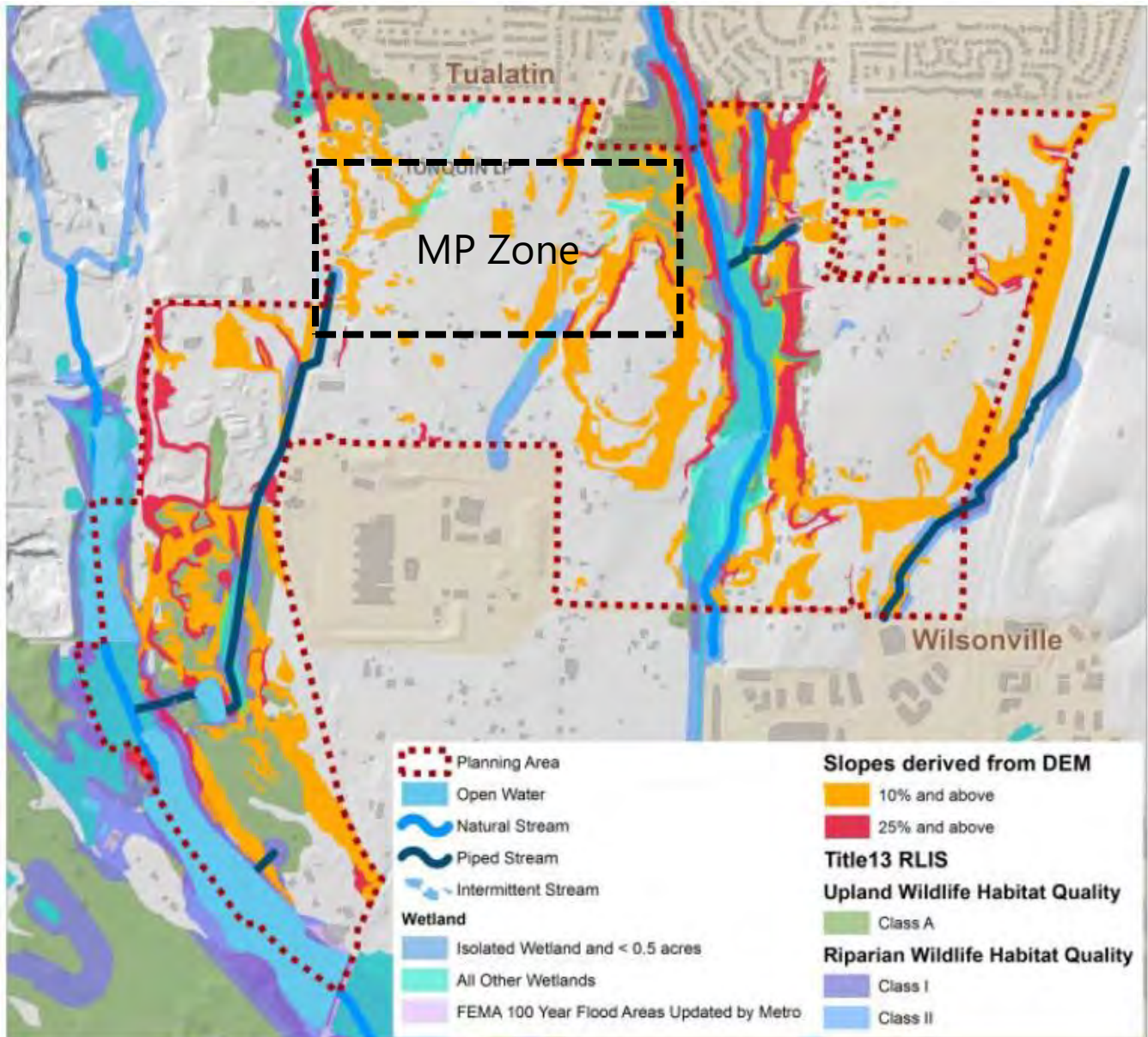
properties impediments to redevelopment due to the recently heightened economics and market pricing of industrial development.

- **Wetlands.** There is a limited number of wetlands, streams, or other bodies of water of significance that impact the MP-zoned area.

Together, these constraints pose little threat to the developability of the MP-zoned area in Basalt Creek. Stakeholders interviewed for this project—including those with land holdings in the area—agree with this statement, citing the need to work with existing constraints given the dearth of industrial land available elsewhere in the Portland region.

The development constraints map below is from the Basalt Creek Concept Plan Existing Conditions Report (2014).

Figure 2. Map of Development Constraints (excluding roads) in the Basalt Creek Planning Area



Source: Fregonese Associates, RLIS 2014 (from the Basalt Creek Existing Conditions Report)

National Real Estate Context

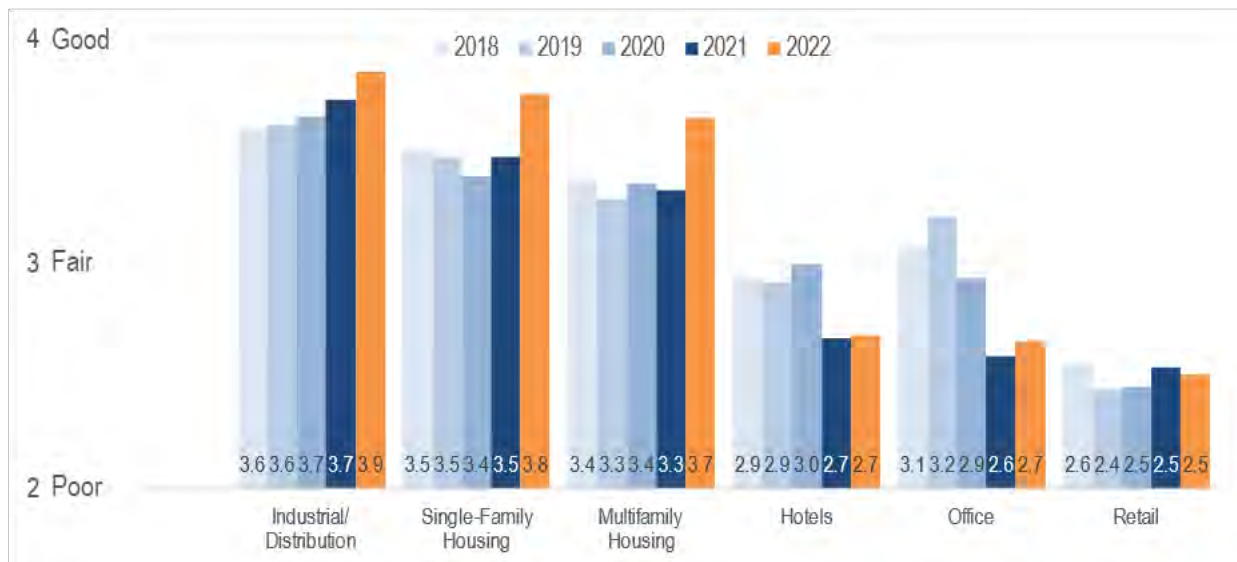
The industrial sector is tied to macroeconomic employment trends more than any other sector. It is therefore important to understand the dynamics impacting nationwide industrial real estate and employment trends.

The Urban Land Institute (ULI) releases an annual report called *Emerging Trends* which highlights real estate trends, prospects, and considerations at the national level and across every major market in the country. The information contained in the report is based on extensive market research and comprehensive surveys of real estate professionals throughout the country.

ULI offers a range of insights into commercial and industrial real estate from the perspective of both developers and investors. For the past five years, ULI has identified the industrial sector as the top-performing sector. This has only intensified since the beginning of the COVID-19 pandemic with the growth of e-commerce, which amplified the need for resilient supply chains, which, in turn, has propelled the demand for logistics real estate. According to ULI, demand for industrial space has been deep and diverse across a range of industries. Robust demand, acute scarcity of supply, and rising replacement costs have accelerated rents across the board, reaching historic double digits in many markets while vacancy rates have fallen to record lows.

The following chart shows development prospects for the six primary real estate classes and how these prospects have changed over the past five years. Industrial and distribution are the only real estate classes whose prospects have increased each year since 2018 while also maintaining the ascendancy relative to other development types, reflecting the strength of the market and the fact that most industrial users remained open throughout the pandemic (as there is no virtual substitute for physical product creation and fulfillment).

Figure 3. Development Prospects by Development Type

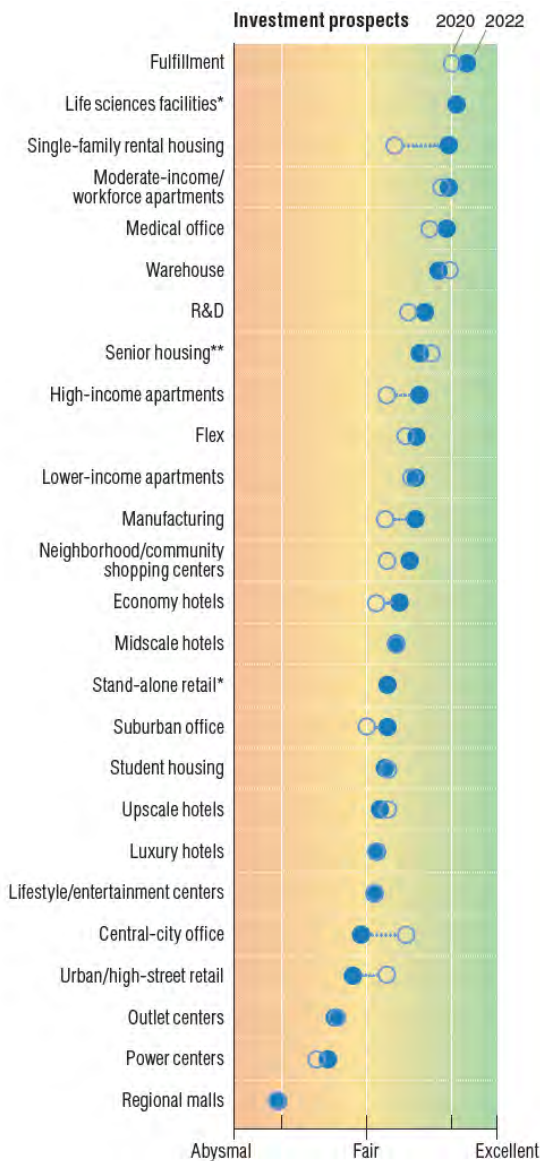


Source: ULI

Figure 4 below shows ULI's survey respondents' recommendations to either buy, hold, or sell industrial property. As the real estate market is cyclical—often lasting 10 to 20 or more years—these recommendations help demonstrate the likely investment trends in the industrial sector moving forward.

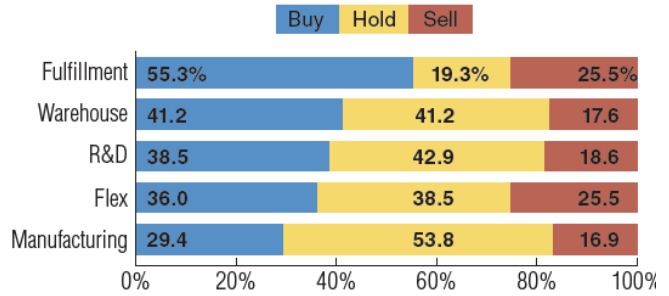
Recommendations to purchase property reflect industry expectations that the market fundamentals (pricing, demand, etc.) for industrial property will continue to improve (i.e., there is strong evidence of a positive return on the initial investment) or that the future is likely to pose greater challenges for buyers (e.g., high interest rates). Conversely, recommendations to sell property reflect industry expectations that certain industrial asset classes are

Figure 5. Prospects for Commercial Subsectors in 2020 (Pre-Pandemic) and 2022



Source: Emerging Trends 2022

Figure 4. ULI Recommendations by Industrial Type



Source: Emerging Trends 2022 (Note: Based on U.S. respondents)

either at peak market value or in a cycle of continued decline. Recommendations to hold property are more nuanced and depend on things like the timing and cost of the initial acquisition, the terms, operating expenses and revenues, etc.

Buying fulfillment centers and warehouses in the industrial and logistics sector in the United States in 2022 was highly recommended by industry experts. Approximately 55 percent of experts recommended buying fulfillment centers, while only 19 percent recommended holding. On the other hand, manufacturing centers were the most recommended to be held in 2022 according to almost 54 percent of industry expert respondents.

For Basalt Creek, the ULI survey suggests that in the near term developers are more likely to investment in new fulfillment and warehousing projects than manufacturing. As there is no existing manufacturing-based property in Basalt Creek, strong recommendations to “hold” property are irrelevant in this case.

Similarly, ULI offers insights into investment prospects for various subsectors. The chart at left shows prospects for 2020 (pre-pandemic) and 2022. Fulfillment again tops the list as ecommerce continues to grow, with warehousing close behind for similar reasons. It is important to note here that while Emerging Trends survey respondents generally agree that industrial is a top investment prospect, there is a significant proportion of respondents who feel that warehouse and fulfillment are overpriced compared with other industrial property types, suggesting that there may be a correction in favor of other industrial development types such as manufacturing. As more investment is made in these subsectors, it will become increasingly important for developers to be selective on location to both avoid the risk posed by the potential oversupply of new space and achieve a positive return on investment.

Other industrial subsectors (warehouse, R&D, flex, manufacturing) remain in the top half and each has improved since 2020. The manufacturing subsector has arguably seen the largest improvements over the past two years, likely due to efforts to ramp up the production of domestic manufacturing to counter the impacts of global supply chain issues. **As federal and state efforts continue to focus on increasing domestic productivity, investment and development prospects for manufacturing will likely continue to rise.**

Employment Outlook

According to the U.S. Bureau of Labor Statistics, total U.S. employment is projected to grow from 153.5 million to 165.4 million over the 2020–30 decade, an increase of 11.9 million jobs. This increase reflects an annual growth rate of 0.7 percent, which is higher than recent cycles and accounts for recovery from low base-year employment in 2020 due to the COVID-19 pandemic and its associated recession.

For industrial sectors, including manufacturing, transportation, and warehousing, the existing numbers and projections are mixed. While the manufacturing sector as a whole is projected to have some recovery-driven employment growth, it also contains 11 of the 20 industries projected to have the most rapid employment declines, and annual manufacturing employment growth is just 0.15 percent. Factors contributing to the loss of manufacturing jobs include continued global competition and the adoption of productivity-enhancing technologies such as robotics. Conversely, occupations related to transportation and warehousing are projected to grow by 1.10 percent annually over the next year, largely due to the trends outlined in the previous section.

As ecommerce continues to drive demand for last-mile facilities and fulfillment, there appears to be no decline in the growth of warehousing and transportation jobs. Conversely, the events of 2020 and 2021 have fueled stronger automation and other cost-saving actions from employers, likely resulting in heightened productivity and fewer workers. Finally, the accelerated digital transformation of both business and consumer activities makes it easier to eliminate routine jobs.

While these are macro-level trends and ultimately have little bearing on near-term development prospects in Basalt Creek, long-term local economic opportunities and trends will generally align with what is happening across the nation. For example, the increasing automation of the manufacturing sector will impact job creation and densities, which the City should take into account when establishing its goals for the area. Finally, as mentioned above, some of these weaknesses in job growth in the manufacturing sector may be offset by an increasing push for “onshoring” of manufacturing, particularly computer chip manufacturing, to alleviate severe supply chain issues that have impacted many industries.

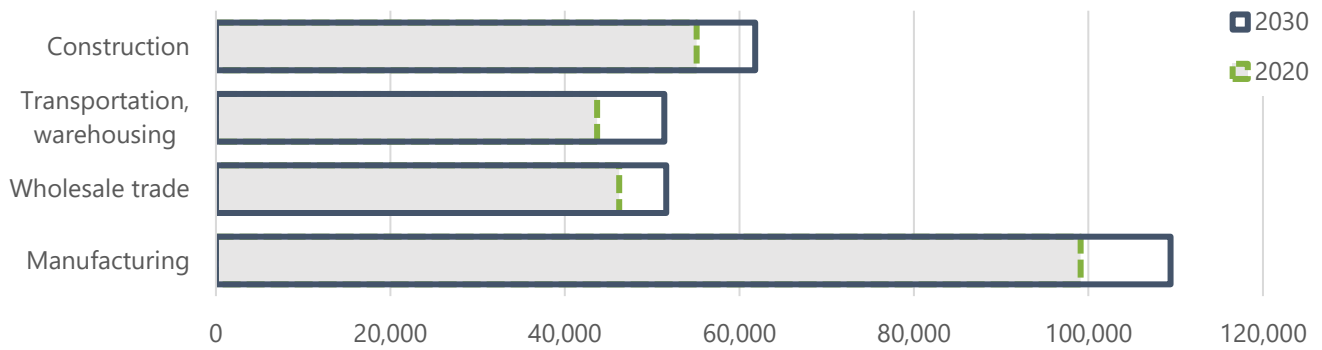
Regional Market Assessment

Given the aforementioned connection between Basalt Creek opportunities and the regional market, this section provides a more granular assessment of industrial trends in the Portland region.

Employment Projections

Portland metro area jobs in core industrial sectors account for about 30 percent of all private jobs in the tri-county region. There are about twice the number of manufacturing jobs as transportation, warehousing, and utility jobs (as well as twice the number of wholesale trade jobs). This is roughly in line with national trends. However, in contrast to the nation, where manufacturing jobs are projected to grow by 0.15 percent annually, manufacturing jobs in the Portland metropolitan area are projected to grow by 0.99 percent annually through 2030. Transportation and warehousing jobs are similarly projected to grow rapidly at 1.64 percent annually, and wholesale trade jobs are projected to grow at 1.11 percent annually.

Figure 6. Industrial Jobs, 2020 (Existing) and 2030 (Projected), Tri-County Region



Source: Oregon Employment Security Department

Market Dynamics

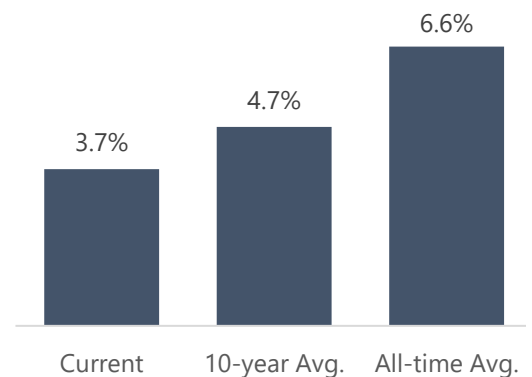
This section provides information about the regional industrial market in order to understand how activity might impact future development in the Tualatin market and the Basalt Creek area specifically.

The Portland metro area has remained an attractive market for new and expanding industrial businesses and has experienced significant demand for industrial warehouse, distribution, and logistics space, largely driven by ecommerce growth. Manufacturing also remains an attractive industry—in keeping with the national trends and development prospects outlined above—especially as the focus increases on the domestic production of goods amid global supply chain issues and technological advances in automation improve productivity (which in turn helps alleviate labor shortages).

Moving forward, the regional economy will continue to support manufacturing and warehousing-oriented real estate as ecommerce growth continues, third-party logistics facilities grow to respond to this heightened demand, and an increasing number of tech employers congregate in the Silicon Forest. This bullish outlook is reflected by strong market fundamentals, which include strong recent leasing activity, high rent and price growth, and historically low vacancy rates that indicate near-term demand for new development. Additional highlights are listed below.

- New leasing over the past year totaled 9.4 million square feet, about 50 percent more than the 6.7 million square feet of new leasing activity recorded in 2020.
- The average industrial vacancy in the metro region now stands at 3.7 percent, significantly lower than the historical average of 6.6 percent and lower than the 10-year annual average of 4.7 percent.
- Pricing has more than doubled over the past decade and continues to rise. Portland’s industrial assets have increased from a historical high of around \$65 per square foot in 2010 to \$169 per square foot today.
- Cap rates have compressed below 6.0 percent, signaling that developers are willing to take more risks to deliver industrial products to market.
- Annual rent growth over the past three years has exceeded 8.0 percent, significantly higher than the 10-year average of 5.2 percent.

Figure 7. Metro Industrial Vacancy



Source: CoStar

As noted above, these market trends demonstrate strong regional demand for continuing industrial development. However, land supply remains critically low in the Portland metro area, resulting in a highly competitive market that has led to rapidly increasing land pricing, building pricing, and lease rates.

These land supply constraints and elevated costs now appear to be impacting construction starts. Despite strong demand fundamentals, only 1.4 million square feet of industrial space was developed in the last year in the Portland metro area, compared to an annual 10-year average of 2.5 million square feet. Additionally, developers are now developing parcels that require more time and money due to issues such as zoning constraints, utility service issues, and topography challenges—parcels that were previously considered “undevelopable” because of the cost of development.

Recent trends also suggest that industrial users are willing to look further afield if land is not available or becomes too difficult or expensive to develop. Secondary markets like Salem, Woodburn, and Newberg—which have historically experienced minimal land sale activity, especially for speculative industrial projects—are now experiencing boosts in industrial activity.

The table below shows industrial development trends for the I-5 South submarket and these secondary markets to the south of the Portland metro area.

Table 1. Projects Built in Various I-5 Submarkets (SW Metro and South), 2010 to Present

Status and Location	Number of Buildings	Total Building Square Feet	Average Building Size (Sq. Ft.)
Built in the past 10 years	121	7,183,050	59,364
Canby	9	892,476	99,164
Newberg	2	167,069	83,535
Salem	38	2,373,534	62,461
Portland I-5 South	54	2,958,085	54,779
Woodburn	18	791,886	43,994
Under Construction	10	6,232,225	623,223
Salem	1	50,000	50,000
Portland I-5 South	6	1,235,173	205,862
Woodburn	3	4,947,052	1,649,017
Final Planning	1	168,610	168,610
Portland I-5 South	1	168,610	168,610
Proposed	29	8,521,187	293,834
Canby	4	1,789,000	447,250
Newberg	4	2,387,670	596,918
Salem	7	3,166,330	452,333
Portland I-5 South	12	848,805	70,734
Woodburn	2	329,382	164,691
Grand Total	161	22,105,072	137,299

Source: CoStar

Key takeaways from the table above include:

- In the past 10 years, the Portland I-5 South/SW Metro submarket has seen the most industrial development (about three million square feet) compared to other submarkets to the south. In the rest of the Portland metro, industrial development has concentrated in Portland (9.7 million square feet), Hillsboro (8.2 million), Gresham (2.2 million), and Troutdale (1.8 million).
- Recent I-5 South submarket projects have been among the smallest on average (55,000 square feet), with only Woodburn having a lower average building size (44,000 square feet). Projects in the pipeline are significantly larger on average, reflecting some of the shifting market trends described in earlier pages.
- The project pipeline is dominated by markets to the south of the Portland metro, with 4.9 million square feet under construction in Woodburn and more than 7.5 million square feet proposed in Canby, Newberg, Salem, and Woodburn. Proposed projects in the I-5 South submarket account for just 10 percent of proposed projects. In the rest of the Portland metro, comparatively, there is currently 1.7 million square feet under construction (1.2 million in Hillsboro) and 4.2 million square feet proposed (2.1 million in Portland, 400,000 in Hillsboro, 820,000 in Gresham, and 880,000 in Clackamas), showing this phenomenon is not limited to the Southwest Portland metro area.

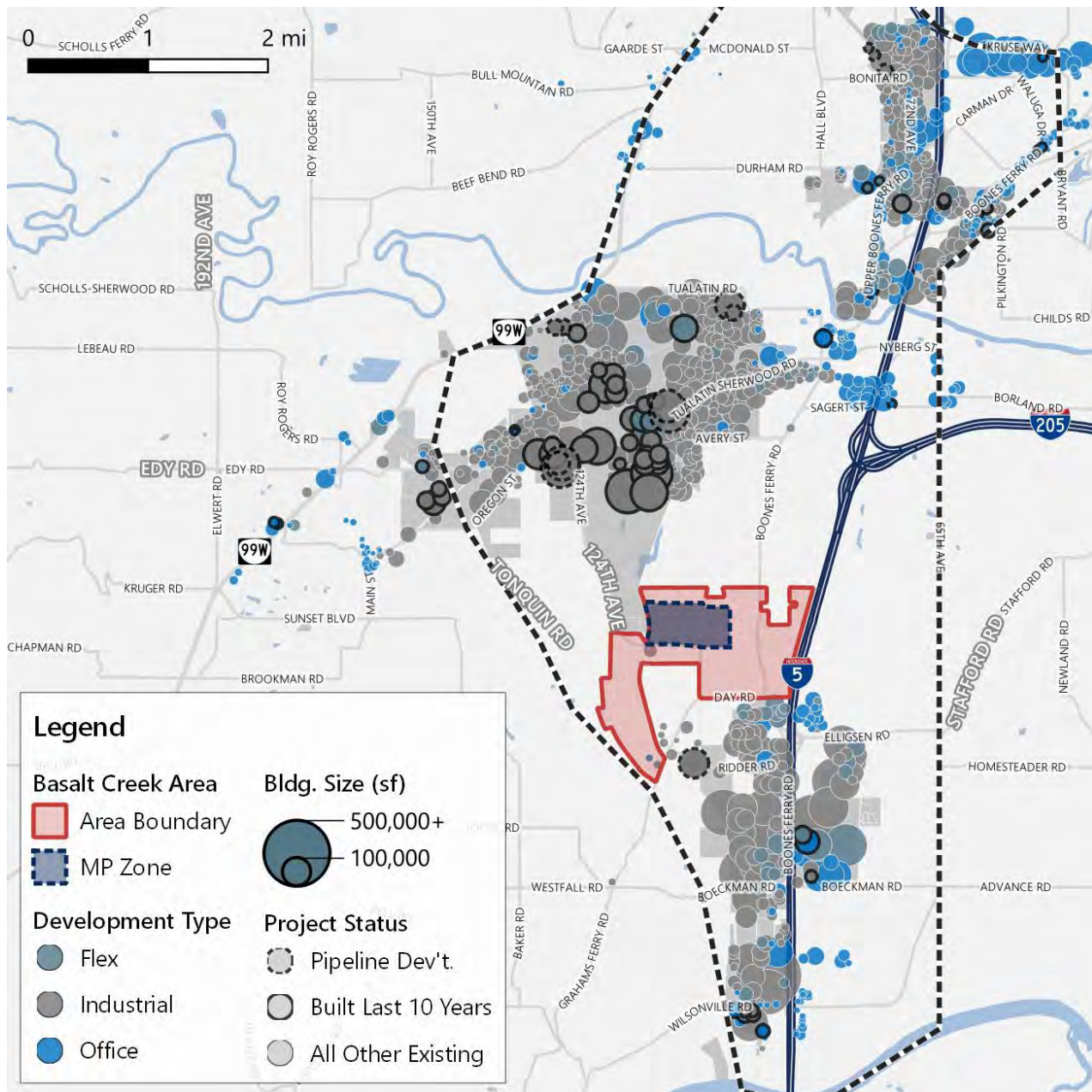
This information raises an important consideration for the City of Tualatin: if the zoning and site conditions of the land in Basalt Creek remain too narrowly focused or challenging, developers may simply choose to invest elsewhere, and the land may remain vacant for many years.

Submarket Development

The South I-5 Corridor submarket has historically accounted for approximately 10 to 25 percent of the metro's industrial construction and absorption in any given year and is a particularly attractive submarket for speculative industrial development. As a light industrial manufacturing submarket historically, Tualatin has now become one of the major industrial nodes within the metro with a wide range of industrial developments and tenants that are more in keeping with greater regional and national trends.

The following map shows industrial development in and near the South I-5 Corridor submarket. New development in the past 10 years, as well as proposed projects, are concentrated in Tualatin and Sherwood Tualatin Sherwood Road.

Figure 8. Submarket Development



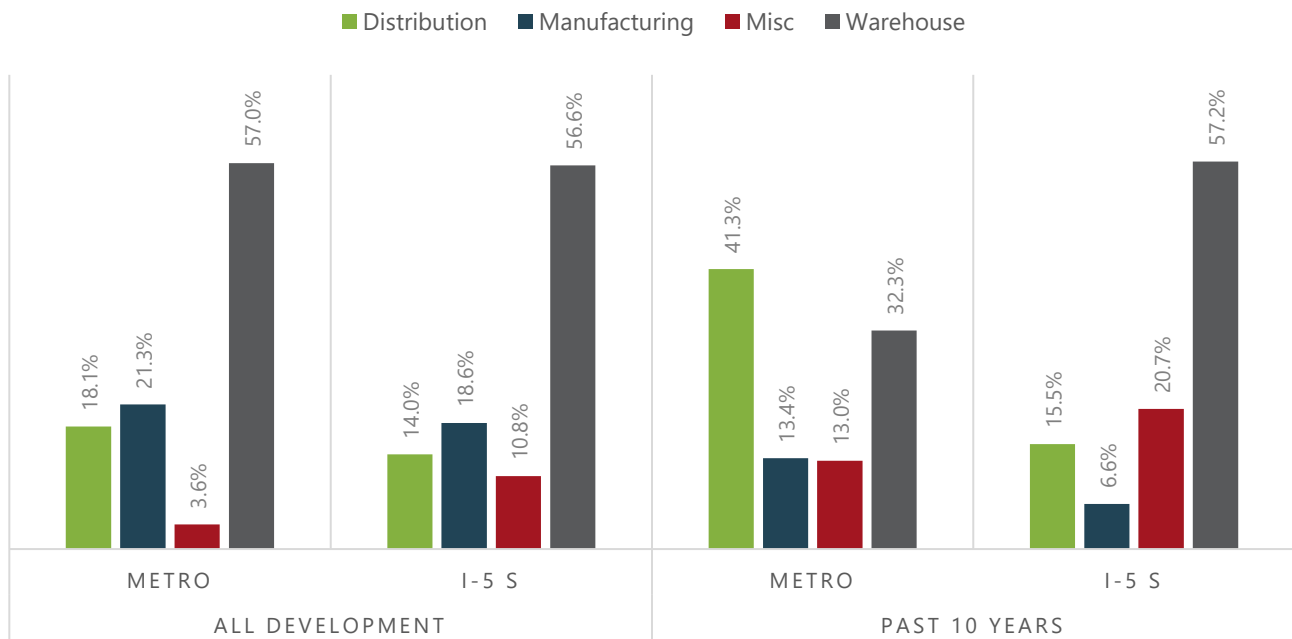
Source: CoStar

The following chart compares the proportion of distribution, manufacturing, warehousing, and “misc.” (all other, including multitenant and flex space) industrial development built throughout the Portland metropolitan area and the I-5 South Submarket. The key takeaways are as follows.

- Historically, the development patterns in the I-5 South Submarket have generally aligned with those throughout the Portland metropolitan area.
- Over the past 10 years, distribution (which includes fulfillment) has accounted for a much higher share of industrial development in the metro area and a slightly higher share in the I-5 South submarket.
- Manufacturing (i.e., buildings exclusively used for manufacturing uses) has accounted for significantly less development in recent years, which appears a broader market trend felt throughout the country.

- Manufacturing has accounted for less than seven percent of all industrial development over the past 10 years in the I-5 South submarket, down from almost 19 percent historically. However, “misc.” industrial development has now accounted for more than a fifth of all development over the past 10 years, almost doubling the historical share. This miscellaneous development is difficult to categorize because it includes multitenant and flex industrial space that caters to a wide variety of tenants. The submarket has been an attractive location for this type of speculative development given its locational advantages, historical land availability, and market diversity.

Figure 9. Industrial Development Trends by Use and Location (Percent of Development)



Source: CoStar

The I-5 South Corridor submarket has historically accounted for about 12 percent of all industrial development. While this capture rate has not changed over the past 10 years, the land use types that have concentrated in the submarket have changed significantly—as also shown in the chart above.

Table 2. Industrial Development (Total Square Feet of Building Space) by Use and Location

	All Development		Past 10 Years		I-5 S. Capture Rates	
	Metro	I-5 S	Metro	I-5 S	All Dev't.	Past 10 Yrs.
Distribution	46,597,095	4,472,509	13,032,246	553,045	10%	4%
Manufacturing	55,002,968	5,948,605	4,227,418	237,110	11%	6%
Warehouse	146,905,599	18,087,597	10,177,002	2,040,681	37%	18%
Flex/Other/Misc.	9,379,278	3,437,708	4,108,882	737,695	12%	20%
Total	257,884,940	31,946,419	31,545,548	3,568,531	12%	11%

Source: CoStar

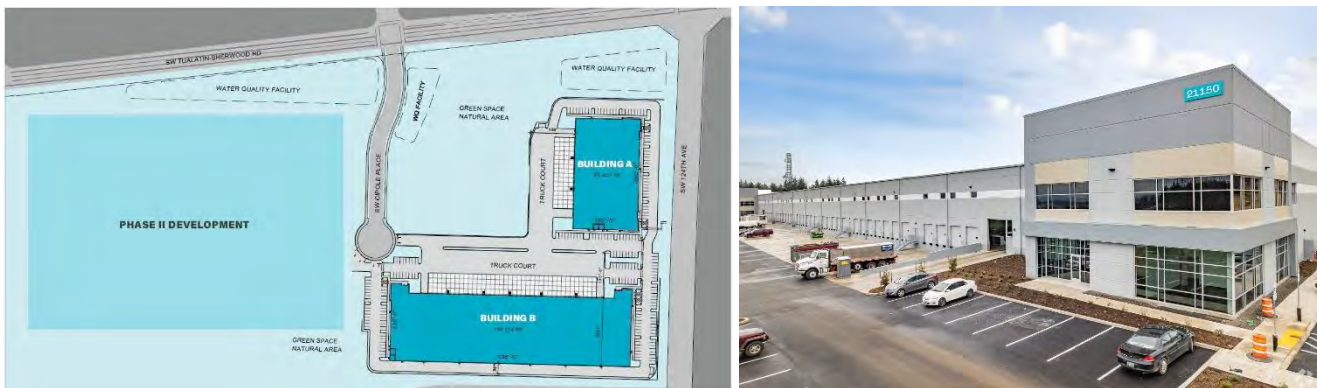
Industrial development characteristics in the submarket over the past 10 years are detailed below. The purpose of documenting the characteristics of these developments is to highlight different features and development patterns that are likely in the Basalt Creek area.

While zoning and development standards vary greatly for each of these, the core characteristics are relatively similar. The ranges described below reflect the 25th and 75th percentiles for several development features.

- Building sizes typically vary from 25,000 to 90,000 square feet (the 25th and 75th percentile), with a median of 42,500 square feet. Developments over the past few years have trended larger (35,000 to 140,000, with a median of 70,000) as warehousing and distribution uses emerged as a top industrial use.
- Buildings typically have ceiling heights of 19 to 30 feet, with between four and 18 loading docks. New development tends to have higher ceilings (24- to 32-foot ceilings) and more loading docks (six to 25)
- Site sizes vary from 2.1 to 9.4 acres, with a median of 4.1 acres.
- FARs vary from 0.2 to 0.4, which is typical for general industrial uses.

Below are a series of development images and site plans for a selection of recently built and under construction projects in the submarket. These projects are relatively typical for the submarket.

T-S Corporate Park, Tonquin Employment Area, Sherwood



Myslony Business Park, Phelan Development, Tualatin



Hedges Creek Business Park, Tualatin



Majestic Tualatin Business Center, Tualatin



Source: CoStar

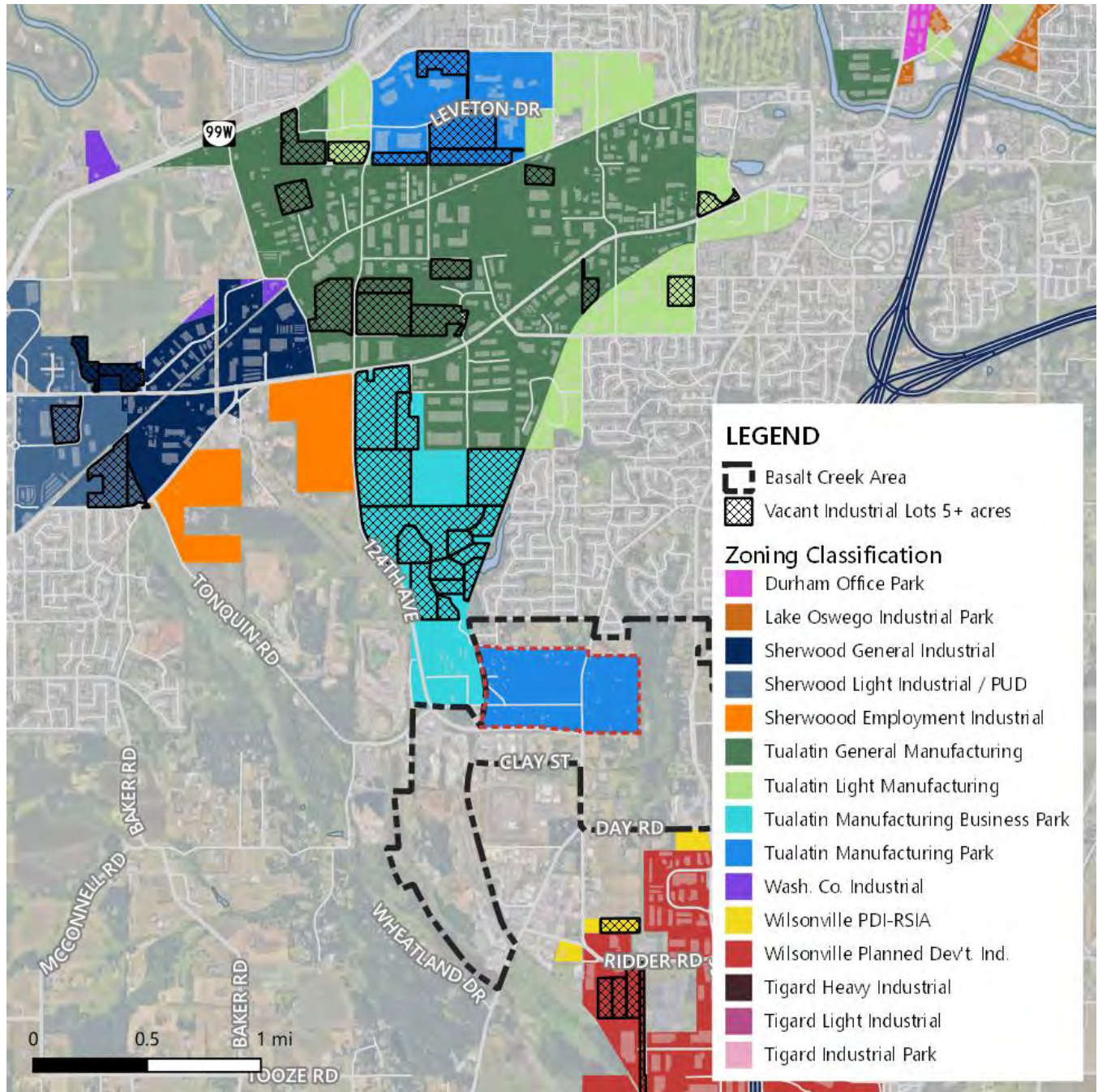
Industrial Land Availability

Basalt Creek will compete for industrial investment with other areas not only nearby but regionwide and beyond (including Salem, Woodburn, and other similar areas). Stakeholders interviewed for this project consistently noted the increasing difficulties in finding sites in the Portland area, especially large, contiguous, shovel-ready sites. As high-

quality industrial sites become increasingly scarce in the Portland region, industrially-zoned land costs and rental rates for existing industrial space have surged.

The following map shows industrial zoning in the southwest metro area overlaid with vacant sites larger than five acres. This analysis does not consider whether development impediments exist on these vacant sites (e.g., wetlands, steep slopes, etc.), therefore it does not necessarily mean these sites can be feasibly developed.

Buildable Industrial Lands, South I-5 Corridor



Source: Leland Consulting Group

Key takeaways from this assessment are listed below.

- There are 1,400 industrially zoned parcels (within existing city limits) shown on this map, and only 45 sites (three percent of the total) are vacant and larger than five acres.
- Those 45 sites translate to 640 vacant acres (14 percent of more than 3,900 acres).
- Of those 45 sites, 17 are in the City of Tualatin (totaling 279 acres).
- Approximately 191 of the existing vacant industrial land is in Tualatin's Manufacturing Business Park zone and is currently occupied by Tigard Sand and Gravel, an existing business using the land as a quarry. Much of this land will be challenging to redevelop due to steep slopes and infrastructure requirements. Thus, the development of this land will be over the long term and should not be included in any inventory of buildable land.

This information demonstrates the importance of Tualatin's industrial land to both the South I-5 Corridor submarket and the region. Given the dearth of buildable land throughout the region, Basalt Creek is a regionally significant industrial development opportunity. However, as recent development trends have shown, limited land availability throughout the Portland metro area is not enough to attract development to Basalt Creek or any other area with buildable industrial land. The regulations attached to that land must allow market-driven uses and support speculative new investment.

Case Studies

A key discussion point during interviews with public and private stakeholders was whether there are examples in the Portland metropolitan area of industrial districts that could illustrate successful implementation, including ones with specific zoning codes. This section summarizes research on some of the model zones highlighted by stakeholders as well as a case study of the Tonquin Employment Area (zoned Industrial Employment – EI) in Sherwood.

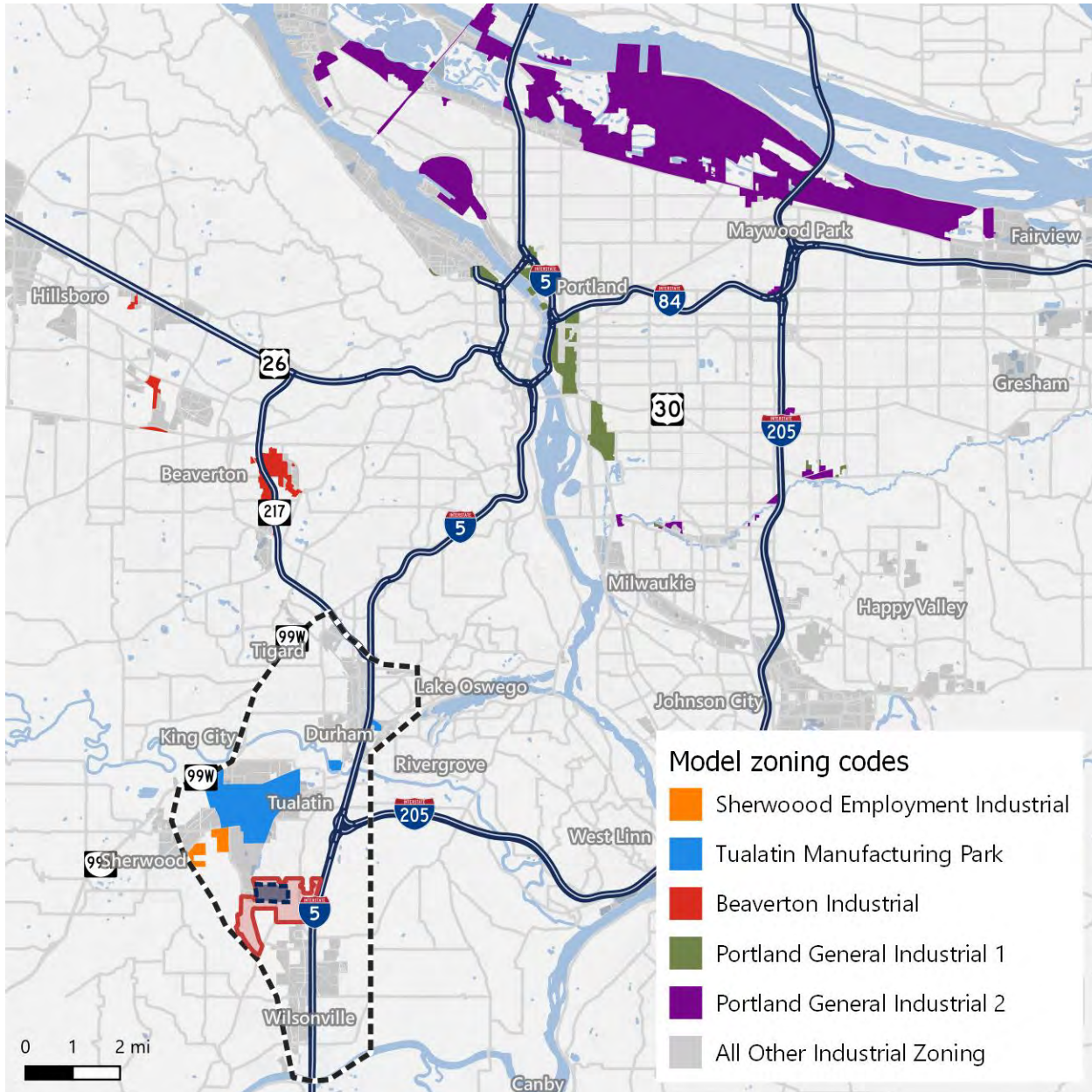
Model Industrial Zones

Several industrial zones throughout the Portland metropolitan area were identified by stakeholders as potential "model" zones. Model zones are those considered supportive of industrial development in keeping with economic trends and market dynamics. Model zones include:

- Sherwood Employment Industrial (EI) Zone,
- Tualatin General Manufacturing (MG) Zone,
- Portland General Industrial (IG1, IG2) Zones, and
- Beaverton Industrial (IND) Zone.

These zones are shown in the map below and the primary characteristics of each are summarized in the table that follows.

Figure 10. Model Zone Locations



Source: Metro RLIS, Leland Consulting Group

Table 3. Zone Comparison

Zone	Allowed Uses	Development Standards	Notable Restrictions
<p>Sherwood Industrial Employment EI</p>	<p>Manufacturing, distribution, warehousing, and storage (preferred: Clean Technology; Technology and Advanced Manufacturing; Outdoor Gear and Active Wear)</p> <p>Distribution and warehousing up to 150,000 square feet, provided product(s) are stored within an enclosed building.</p>	<p>Min 3 acre lots accommodating Large and medium-sized parcels for industrial campuses and other industrial sites that can accommodate a variety of industrial companies and related businesses.</p> <p>Setback: 20 feet (front), none rear or side.</p> <p>Bldg. height max: 50ft</p> <p>Landscaping standards vary greatly</p>	<p>Retail and commercial uses are allowed only when directly supporting area employers and employees.</p> <p>Distribution and warehousing uses greater than 150,000 square feet require a conditional uses permit.</p>
<p>Tualatin General Manufacturing MG</p>	<p>Light and heavy manufacturing, warehouse and freight movement (P/C), wholesale sales (P/C)</p>	<p>Min lot size: 20k sf</p> <p>Setbacks: 30-50 feet (front), 0-50 feet (side)</p> <p>Bldg. height max: 60ft</p> <p>Landscaping: 15% min of the total area</p>	<p>Conditional use required for warehousing of bldg. materials/suppliers; other warehousing uses permitted. Commercial uses are restricted to 20,000-60,000 sq. ft.</p>
<p>Portland General Industrial 1 IG1</p>	<p>Manufacturing, warehouse and freight movement, wholesale sales, industrial services, railroad yards, parks</p>	<p>Smaller lots, high building coverages</p> <p>No max bldg. height, bldg. coverage, or FAR restrictions</p> <p>Setbacks: 0 feet except next to R Zones</p> <p>Landscaping: no requirement</p>	<p>Commercial uses are limited to 20,000 sq. ft. or sq. ft. of the site area, whichever is less.</p>
<p>Portland General Industrial 2 IG2</p>	<p>Manufacturing, warehouse and freight movement, wholesale sales, industrial service, railroad yards, parks</p>	<p>Larger lots, irregular/ large block pattern, less developed</p> <p>No max bldg. height or FAR restrictions</p> <p>Setbacks: 25ft (front); none elsewhere except next to R Zones</p> <p>Landscaping: 15%</p>	<p>Commercial uses are limited to 20,000 sq. ft. or sq. ft. of the site area, whichever is less.</p>
<p>Beaverton Industrial IND</p>	<p>Manufacturing, distribution, industrial uses, and uses requiring processing, fabrication, and storage, including outdoor storage areas, heavy equipment, and other uses not compatible in an Office Industrial area.</p>	<p>No min/max requirements for lot size, FAR, lot dimensions</p> <p>Setbacks: 35 ft (front), 10 ft (side), 0 ft (rear); 75 feet from a residential zone</p> <p>Bldg. height max: 45ft</p> <p>Landscaping: 15% min of the total area</p>	<p>Very few restrictions related to industrial uses</p> <p>Individual retail businesses are restricted to 5,000 sq. ft.</p>

Stakeholders in the development community suggested that codes to avoid include Wilsonville's PDI zone, which is seen as an extreme example of use restrictions and design overlays. One stakeholder highlighted the example of DW Fritz, which approached Wilsonville around 2019 for a potential 80,000 square foot development but instead chose the Tonquin area because of the restrictions. DW Fritz now employs 120 people.

Tualatin: Tonquin Employment Area

Given its proximity to Basalt Creek, the timing of development (i.e., greenfield development following a UGB expansion), and site conditions (especially limited infrastructure), Sherwood's Tonquin Employment Area (TEA) is an appropriate comparison for Tualatin's Basalt Creek Manufacturing Park Zone. The TEA was brought into the Urban Growth Boundary by Metro in 2004 and the City of Sherwood completed a concept plan for the area in 2010.

The Plan included draft policies and implementation measures that support the growth of employment in the area, including a new Employment Industrial (EI) zoning district that regulates development in the Tonquin Employment Area. The EI zone was originally aimed at supporting high-tech manufacturing and traded sector job growth. However, the TEA remained largely unincorporated and undeveloped for many years following the plan's adoption in 2010.

Stakeholders interviewed for this project highlighted the challenges of developing in the TEA following the concept plan and UGB activity, citing a narrowly defined set of allowed uses in the zoning code, site constraints, and relatively restrictive development standards as reasons for the lack of initial development in the area.

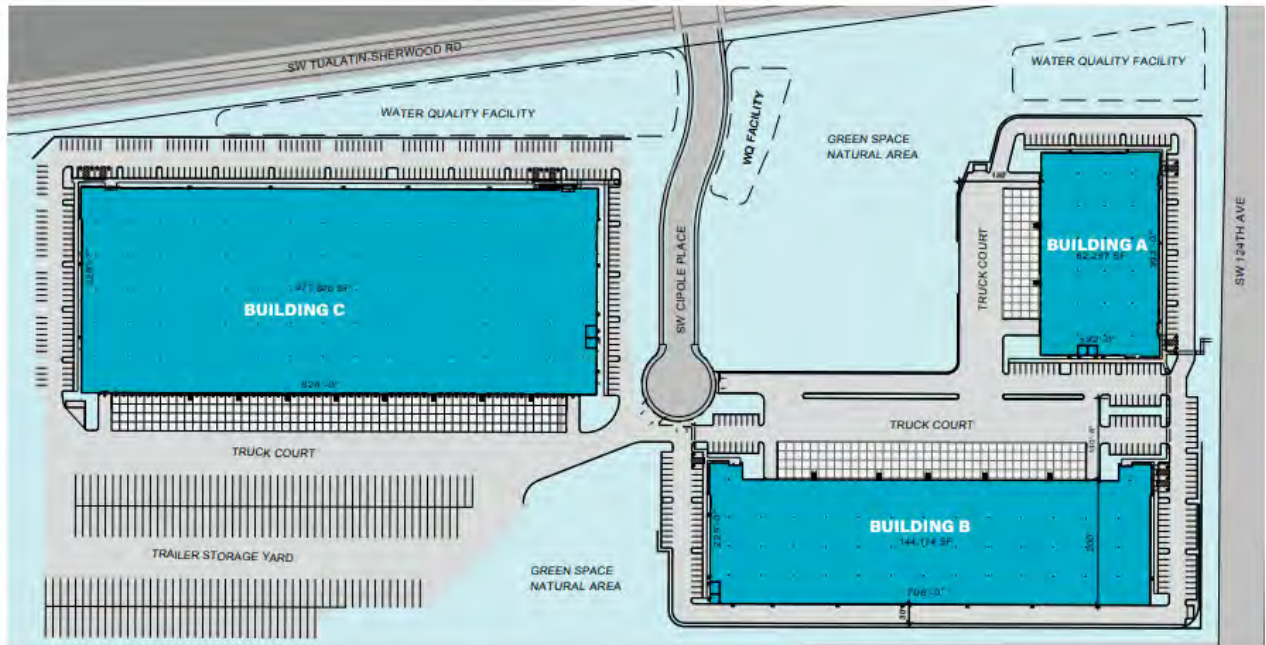
In 2014, the City of Sherwood embarked on an implementation plan that focused on infrastructure and financial tools and refined the focus of the EI Zone on "mid-size manufacturing and flex space." One of the main recommendations that came out of this process included expanding the allowed uses in the EI zone to attract more investment. Stakeholders cited this added flexibility to the EI zone as instrumental in facilitating the recent wave of new investment activity in the TEA.

In addition to broadening the uses, the City of Sherwood implemented additional restrictions (including size limitations) that balanced their goals with the opportunities in the market. The building size limitations were intended to mitigate the risk of getting undesirable uses, such as large distribution and fulfillment-type warehousing uses that may not achieve the target industry job growth envisioned in the 2010 Concept Plan. Warehousing uses below 150,000 square feet are allowed by right, while warehousing uses above 150,000 square feet require a conditional use permit.

Trammell Crowe recently underwent the conditional use permit process for a proposed building that exceeded the 150,000 square foot threshold in the T-S Corporate Park. According to staff, there was little pushback regarding the overall size of the building from the planning commission at the time, as commissioners are generally more focused on design standards, landscaping, and the style of development. If a developer cannot meet the baseline design standards, they can go through a discretionary process that incorporates additional standards relating to wages and jobs. City staff has acknowledged the challenges of enforcing criteria relating to jobs, density, and wages, and that this approach balances market realities with long-term economic goals.

Several industrial buildings totaling 535,000 square feet are now in various phases of planning and development at the T-S Corporate Park—the first project since the creation of the concept plan in 2010 (the site plan is presented below). Other projects are in the early stages of planning in the TEA, per the City, including plans for multiple multi-tenant flex industrial buildings (that also include distribution and manufacturing uses) totaling 900,000 square feet on 60 acres. Between these prospects and additional interest in new development in the TEA, there is reason to believe that most of the 200 acres of usable land in the TEA will be accounted for soon.

Figure 11. T-S Corporate Park Site Plan, Tonquin Employment Area, Sherwood



	BUILDING AREA (SF)	CLEAR HEIGHT	DOCK DOORS	DRIVE-IN DOORS	TRAILER PARKING	PARKING SPACES	DELIVERY DATE
BUILDING A	62,257	30'	14	2	-	87	July 2021
BUILDING B	144,174	34'	33	2	-	127	Nov 2021
BUILDING C	271,870	36'	50	2	191	303	April 2022

Source: Macadam Forbes

Conclusion and Recommendations

Overview. The City of Tualatin is poised to capture a significant share of industrial-focused employment growth over the next 20 years. Land supply is critically constrained. Land value has increased five times over since 2018 as a result and it is becoming increasingly difficult to develop in the Portland metro; many industrial users are now seeking industrial land outside of the Portland metro in places like Ridgefield and Salem. Demand for industrial space is at an all-time high, especially for warehousing, distribution, and logistics; however, these uses are not consistent with the existing Manufacturing Park zone in place in Basalt Creek, nor do they reflect the desires of the City of Tualatin as outlined in the 2018 Concept Plan.

Target Uses. Manufacturing buildings—the primary use currently allowed in the MP zone—have accounted for less than seven percent of all industrial development over the past 10 years in the I-5 South submarket (down from almost 19 percent historically). Meanwhile, warehouse and distribution buildings have continued to make up the largest share of new development, and multitenant and flex industrial buildings have accounted for more than one-fifth of recent investment (up two-fold from historical averages).

Demand for multi-tenant flex industrial buildings will continue to grow in the future. These buildings tend to be smaller, speculative developments (no more than 150,000 square feet) that cater to a wide variety of tenants—including tech, manufacturers, suppliers, wholesalers, services, contractors, as well as traditional distribution and warehousing tenants—

house relatively job-dense tenants from a broad market spectrum, and are well suited to the I-5 submarket given its locational advantages, historical land availability, and market diversity. These developments have also been in zones that allow warehousing and distribution. For example, most of the new tenants in the T-S Corporate Park are manufacturing-based companies but the zoning code also allowed warehousing and distribution space that allowed developers to build more speculative developers that could cater to the broadest spectrum of the market as possible.

Model Zones. The assessment of select industrial zones throughout the Portland metropolitan area found that the most suitable or “model” zones (per feedback from stakeholders) are generally less restrictive than the Manufacturing Park zone in Basalt Creek relative to the types of allowed uses, development standards (e.g., heights, setbacks, etc.), and landscaping requirements (typically no more than 15 percent of the total land area).

Development Feasibility. Given that Basalt Creek is undeveloped, lacks infrastructure, and requires annexation into the City of Tualatin, there are several challenges related to feasibility a developer must address before proceeding with any development. These challenges add a level of complexity and cost to the development that is further exacerbated by the narrowly defined list of allowed uses and some of the development standards in the existing Manufacturing Park zone.

While industrial land is highly constrained in the market, the City should not assume that developers will conform to existing standards simply because there is available land, as demonstrated by the increasing industrial development activity in historically secondary markets like Woodburn, Salem, and Newberg where there is more regulatory flexibility. Without revisions to the code and or other development standards, available land in Basalt Creek may stay vacant indefinitely, as developers may be reluctant to take on the risk of development in a zone that excludes vast segments of the market.

Recommended Actions. Specific actions to address the barriers and leverage regional opportunities described in this memorandum include:

- Expand the allowed use table to be more inclusive of other industrial uses and to be better aligned with market demand that includes flex, distribution, manufacturing, and warehouse space. Allowed uses should reflect the economic diversity of the South I-5 Corridor market. The industrial market is dynamic and moves quickly, so flexibility in the zoning code is critical to mitigate risk and attract investment over the long term.
- Revise development standards to reflect some of the model zones outlined in this memorandum. Landscaping requirements should total no more than 15 percent of the total land area, and setbacks should be reduced while continuing to provide additional buffers between industrial and residential areas with larger setbacks.
- In conjunction with expanding allowed uses, consider adding some restrictions—such as maximum building sizes—to maintain some control over future uses and likely tenants.



TRANSPORTATION PLANNING RULE EVALUATION

DATE: November 29, 2022

TO: Chris Green | HHPR Inc.

FROM: Jenna Bogert, P.E. | DKS Associates
Scott Mansur, P.E., PTOE | DKS Associates

SUBJECT: Tualatin Basalt Creek Area
Transportation Planning Rule Evaluation

P22057-000

This memorandum presents the findings of an evaluation of potential traffic impacts associated with the proposed zone change for the 156.43-acre Basalt Creek Planning Area in Tualatin, Oregon. The City desires to update the Manufacturing Park (MP) Zoning District to be consistent with the City's Basalt Creek Concept Plan. The desired zoning is Basalt Creek Employment (BCE).

The proposed zone change must be in accordance with Oregon Administrative Rule (OAR) 660-012-0060, the Transportation Planning Rule (TPR). The intent of the TPR (OAR 660-12-0060) is to ensure that future land use and traffic growth is consistent with transportation system planning and does not create a significant effect on the surrounding transportation system beyond currently allowed uses.

The definition of a significant effect varies by jurisdiction; however, no such definition is provided in the City of Tualatin code currently. According to the Oregon Highway Plan (OHP),¹ a net increase of 400 daily trips qualifies as a significant effect. While the OHP is not applicable to city streets, it provides a reasonable estimate of a significant effect for TPR analysis purposes.

This memorandum documents the expected trip generation of the reasonable worst-case development potential under the existing and proposed zoning, and whether the proposed zone change will create a significant effect on the transportation system.

¹ Action 1F.5, Oregon Highway Plan, Oregon Department of Transportation, Amended May 2015.

EXISTING ZONING (MP) TRIP GENERATION

Under the existing Manufacturing Park (MP) zoning there are several permitted land uses,² including the ones listed below. The MP zone allows development of modern, large-scale specialized manufacturing land uses and research facilities as well as a limited amount of commercial services.

- Manufacturing and assembly facilities
- Restaurants or delis
- Health or fitness facilities
- Trade or vocational school
- Child daycare
- Fire station
- Office
- Convenience store

For the purposes of identifying the reasonable worst case trip generation for the existing MP zoning, only the highest trip generation land uses were considered. A summary of the trip generation rates for different land uses permitted under the existing MP are presented in Table 1.

TABLE 1: TRIP GENERATION RATES FOR PERMITTED LAND USES UNDER MP ZONING

LAND USE (ITE CODE)	UNITS ^A	WEEKDAY TRIP GENERATION RATES ^B	
		DAILY	PM PEAK HOUR
MANUFACTURING (140)	KSF	4.75	0.74
HEALTH OR FITNESS CLUB (492)	KSF	31.10 ^C	3.11
TRADE/VOCATIONAL SCHOOL (540)	KSF	10.84 ^D	1.44
DAYCARE (565)	KSF	47.62	11.12
MEDICAL CLINIC (630)	KSF	37.60	3.69
OFFICE (710)	KSF	10.84	1.44
DRIVE-IN BANK (912)	KSF	100.35	21.01
FAST FOOD RESTAURANT WITH DRIVE-THROUGH WINDOW (934)	KSF	467.48	33.03
CONVENIENCE STORE (851)	KSF	762.28	49.11

^A KSF = 1,000 square-feet

^B Trip generation rates are from the Institute of Transportation Engineers Trip Generation Manual, 11th Edition.

^C Daily trip generation rate for Health or Fitness Club (492) is not provided in the ITE Manual. Rate shown in table is 10 times the PM peak hour rate.

^D Daily trip generation rate for Trade/Vocational School (540) is not provided in the ITE Manual. Rate shown in table is the same as "Office" (710).

² A list of permitted land uses for MP zoning can be found in the Tualatin Development Code, Chapter 62.

Based on size of 156.43-acre area, we have assumed that manufacturing space, fitness club, trade/vocational school, daycare, medical clinic, office, drive-in bank, fast food restaurants, and convenience store could be accommodated. Table 2 presents the daily and peak hour trip generation for the reasonable worst-case development scenario under MP zoning. As shown, the area would generate up to 20,466 weekday daily trips and 2,450 p.m. peak hour trips.

TABLE 2: REASONABLE WORST-CASE TRIP GENERATION FOR MP ZONING

LAND USE (ITE CODE)	SIZE	AVERAGE WEEKDAY TRIP GENERATION	
		DAILY	PM PEAK HOUR
MANUFACTURING (140)	2,185 KSF	10,379	1,617
HEALTH OR FITNESS CLUB (492)	5 KSF	160	16
TRADE/VOCATIONAL SCHOOL (540)	10 KSF	108	14
DAYCARE (565)	5 KSF	238	56
MEDICAL CLINIC (630)	10 KSF	376	37
OFFICE (710)	20 KSF	217	29
DRIVE-IN BANK (912)	5 KSF	502	105
FAST FOOD RESTAURANT WITH DRIVE-THROUGH WINDOW (934)	2 x 5 KSF	4,675	330
CONVENIENCE STORE (851)	5 KSF	3,811	246
TOTAL TRIPS GENERATED		20,466	2,450

PROPOSED ZONING (BCE) TRIP GENERATION

Under the proposed Basalt Creek Employment (BCE) zoning, similar types of land uses are allowed as the Manufacturing Park (MP) zoning. However, this zoning also includes all retail sales and services, medical office, and prohibits drive-through establishments. For the purposes of identifying the reasonable worst case trip generation for the proposed BCE zoning, only the reasonable highest trip generation land uses were considered. A summary of the trip generation rates for different land uses permitted under the proposed BCE are presented in Table 3.

TABLE 3: TRIP GENERATION RATES FOR PERMITTED LAND USES UNDER BCE ZONING

LAND USE (ITE CODE)	UNITS ^A	WEEKDAY TRIP GENERATION RATES ^B	
		DAILY	PM PEAK HOUR
INDUSTRIAL PARK (130)	KSF	3.37	0.34
MANUFACTURING (140)	KSF	4.75	0.74
WAREHOUSING (150)	KSF	1.71	0.18
HEALTH OR FITNESS CLUB (492)	KSF	31.10 ^C	3.11
TRADE/VOCATIONAL SCHOOL (540)	KSF	10.84 ^D	1.44
DAYCARE (565)	KSF	47.62	11.12
OFFICE (710)	KSF	10.84	1.44
MEDICAL-DENTAL OFFICE (720)	KSF	36.00	3.93
STRIP RETAIL (822)	KSF	54.45	6.59
FOOD CART POD (926)	Food Cart	17.86 ^E	6.16
FAST FOOD RESTAURANT, NO DRIVE-THROUGH WINDOW (933)	KSF	450.49	33.21
COFFEE SHOP, NO DRIVE-THROUGH WINDOW (936)	KSF	438.01	32.29

^A KSF = 1,000 square-feet

^B Trip generation rates are from the Institute of Transportation Engineers Trip Generation Manual, 11th Edition.

^C Daily trip generation rate for Health or Fitness Club (492) is not provided in the ITE Manual. Rate shown in table is 10 times the PM peak hour rate.

^D Daily trip generation rate for Trade/Vocational School (540) is not provided in the ITE Manual. Rate shown in table is the same as "Office" (710).

^E Daily trip generation rate for Food Cart Pod (926) is not provided in the ITE Manual. Therefore, collected trip data from the Food Truck Pod on State Street in Salem was used to estimate daily trips.

^F Daily trip generation rate for Coffee Shop (936) is not provided in the ITE Manual. Rate shown in table is the PM peak hour rate multiplied by the ratio of the fast-food daily rate to the PM peak hour rate.

Based on size of 156.43-acre area, the reasonable worst-case development includes an industrial park, manufacturing facility, warehousing, fitness club, trade/vocational school, daycare, office, medical office, strip retail, and food and drink establishments.

Per the City zoning code for Basalt Creek Employment (BCE), the commercial and retail land uses (eating and drinking establishments, medical office, etc.) are limited to 5,000 square feet for an individual use or a total of 20,000 square feet for multiple uses on a site. They must also be located on a parcel that has frontage along Grahams Ferry Road. Because of these restrictions, the

size of existing parcels along Grahams Ferry Road, and the County’s access spacing standards for Grahams Ferry Road, the reasonable amount of expected commercial and retail development in this area is limited.

Table 4 presents the daily and peak hour trip generation for the reasonable worst-case development scenario under BCE zoning. As shown, the area would generate 20,416 weekday daily trips and 2,386 p.m. peak hour trips.

TABLE 4: REASONABLE WORST-CASE TRIP GENERATION FOR PROPOSED BCE ZONING

LAND USE (ITE CODE)	SIZE	AVERAGE WEEKDAY TRIP GENERATION	
		DAILY	PM PEAK HOUR
INDUSTRIAL PARK (130)	215.5 KSF	726	73
MANUFACTURING (140)	1,696 KSF	8,056	1,255
WAREHOUSING (150)	244.5 KSF	418	44
HEALTH OR FITNESS CLUB (492)	5 KSF	160	16
TRADE/VOCATIONAL SCHOOL (540)	5 KSF	54	7
DAYCARE (565)	8 KSF	381	89
OFFICE (710)	10 KSF	108	14
MEDICAL-DENTAL OFFICE (720)	10 KSF	360	39
STRIP RETAIL (822)	20 KSF	1,089	132
FOOD CART POD (926)	10 Carts	179	62
FAST FOOD RESTAURANTS, NO DRIVE-THROUGH WINDOW (933)	2 x 5 KSF	4,505	332
COFFEE SHOP, NO DRIVE-THROUGH WINDOW (936)	2 x 5 KSF	4,380	323
TOTAL TRIPS GENERATED		20,416	2,386

COMPARISON OF TRIP GENERATION

The previous sections show the reasonable worst-case development potential of the property under the existing zoning and the proposed zoning. As shown in the table below, a net decrease of 50 weekday daily trips and 64 PM peak hour trips would result from the zone change.

TABLE 5: COMPARISON OF NET NEW TRIP GENERATION

ZONING SCENARIO	AVERAGE WEEKDAY TRIP GENERATION	
	DAILY	PM PEAK HOUR
<i>Proposed (BCE Zoning) Trips (Table 4)</i>	20,416	2,386
<i>Existing (MP Zoning) Trips (Table 2)</i>	20,466	2,450
NET DIFFERENCE (PROPOSED – EXISTING)	-50	-64

TRANSPORTATION PLANNING RULE FINDINGS

After evaluating the reasonable worst-case development potential of both the existing (MP) and proposed (BCE) zoning, the proposed zone change will result in a net decrease of 50 trips per day and 64 PM peak hour trips. Because the zone change results in a net decrease of vehicle trips, the proposed zone change is not expected to have a significant effect on the surrounding transportation system and the Transportation Planning Rule requirements are satisfied.

SUMMARY AND RECOMMENDATION

The proposed zone change for the 156.43-acre property in Tualatin, Oregon, consists of rezoning from Manufacturing Park (MP) to a new zone, Basalt Creek Employment (BCE), and would result in an estimated reasonable worst-case trip **decrease of 50 daily trips and 64 PM peak hour trips**.

The requirements of Oregon Administrative Rule (OAR) 660-012-0060, the Transportation Planning Rule (TPR), must be met for proposed changes in land use zoning. The intent of the TPR (OAR 660-12-0060) is to ensure that future land use and traffic growth is consistent with transportation system planning and does not create a significant effect on the surrounding transportation system beyond currently allowed uses.

Based on the reasonable worst-case trip generation evaluation, it can be concluded that the proposed zone change will not significantly impact and would cause “no further degradation” to the City of Tualatin transportation system. Therefore, this application complies with TPR requirements.

Please let me know if you have any questions or comments.

BASALT CREEK INDUSTRIAL CODE PROJECT

EXHIBIT C4: PUBLIC OUTREACH SUMMARY

The project has included the following public outreach opportunities:

- July 27: Open House
 - A summary is included as Exhibits C1-3.
- September 25: Planning Commission Meeting
 - Staff presented PTA/PMA 22-000, and the Planning Commission made a motion to forward a recommendation of approval of the draft code and map amendments to City Council with minor amendments.
- September 29: Stakeholder Discussion
 - Stakeholders shared that draft code presented to Planning Commission is too aspirational. They feel that limiting uses, like warehousing and freight movement and wholesale sales, will preclude standard flex-space development.
- October 28: Stakeholder Discussion with City Manager & Economic Development Program Manager
 - Stakeholders reiterated their thoughts.
- November 9: Discussion with Citizen Involvement Organizations (CIOs)
 - Staff discussed including a food cart pod as a permitted use. Citizen group shared concerns of traffic impacts, particular that of last mile delivery fleets or large trucks.
- December 12: Continued Stakeholder Discussion
 - Staff took stakeholder feedback into consideration and presented a revised code (Exhibit A3: Scenario B) that expanded permitted uses to include Heavy Manufacturing, Warehouse and Freight Movement, and Wholesale Sales with use limitations. Stakeholders continue to share concerns that amendments would restrict development of their products.
- January 5 : Discussion with the Chamber, Stakeholders, and Business Community
 - Stakeholders share continued dissatisfaction over project and seek Chamber support. Staff shares that the project aims to balance council direction and goals, with feedback received from the stakeholder groups. A driving purpose of the development code is to discourage what the community views as undesirable development, as opposed to relying on the market to provide desirable development without code limitations. Staff feels that the project offers greater flexibility for industrial uses over current code and continue to work with stakeholders on various code scenarios.
- January 19: Planning Commission Meeting
 - Staff returned to the Planning Commission to provide an update based on stakeholder feedback that the draft code that flexibility to accommodate market needs. In response, staff worked collaborative with the stakeholders to craft four code scenarios for the Commission to review and make a recommendation to Council on. These code scenarios ranged from highly aspirational and potentially restrictive to being more flexible while ensuring some level of desired development.
 - The Commission made a motion to approve a two-part recommendation to Council:
 - If Council favors limiting warehouses, then approve Scenario A1 (Exhibit A1).

- If Council is open to expand uses that encourage flex space, then approve Scenario C (Exhibit A2).
- February 2: Continued Discussion with the Chamber, Stakeholders, and Business Community
 - Staff returns with an update on the project discussion with the Planning Commission, and ask the business community for their continued support of the project.

BASALT CREEK INDUSTRIAL CODE PROJECT

OPEN HOUSE: JULY 27, 2022

Public Comments Record

- **What coordination is being done with the county for roads and utilities in the area?**

The Basalt Creek Comprehensive Plan amended the City's existing TSP to identify the future road network to serve the area. The system of Arterial, Collector, and Local roadways has been evaluated against future projected trip generation of the various urban zones. The City is also considering a future update to our TSP. As part of the process, the City will work with Washington County and the Oregon Department of Transportation (ODOT).

The public water and sewer plan maps were also updated as part of the Comprehensive Plan amendment to show planned infrastructure for the Basalt Creek area. At present, public water and sewer lines are generally not available in this area and will need to be extended in order to support future urbanization.

The City adopted an Urban Renewal Area in 2021, which sets goals for developing transportation and utility infrastructure in the Basalt Creek Planning Area to facilitate development of employment lands. The financing mechanism used by the URA depends on increased tax revenues from new development to fund infrastructure projects, over a thirty-year period. Without development activity in the early years of the district, the URA may find itself challenged to fund infrastructure projects.

- **PGE transmission corridor and topography are additional challenges for development**
- **The Basalt Creek Plan shows a grid...future street grid. The metro area is in need of larger industrial sites. Are these future local streets actually going to be required?**

As stated above, the City's existing TSP has been amended to identify the future road network to serve the Basalt Creek Area. This plan guides the work of City staff in planning and building transportation in Tualatin. As new development occurs, City staff use this document to require improvements. That said, the City is considering an update to our TSP, and it is possible that this work may recommend updates to the adopted future street grid.

- **Is flooding/pooling water an issue?**

New development would be required to submit a Stormwater report that evaluates the potential downstream impacts of the proposed development. The City will also require that these impacts are mitigated with an appropriately sized water quality and stormwater detention facility.

- **Can we do a meeting like this where Engineering discusses their plan to address infrastructure? Some of the improvements are capital improvement projects.**
- **What about noise? Walls won't be built. Will these newcomers have to build to reduce noise in their buildings?**

The Tualatin Development Code [Chapter 63](#) puts limits on noise level that results from industrial uses by recognizing noise limitations set by the city [Municipal Code 6-14](#) and the state- [Department of Environmental Quality](#). It's possible that that the City may consider incorporating development standards for sound barrier construction, similar to [TDC 60.310\(3\)](#).

- **Will the Basalt Creek Parkway Extension noise be a problem?**

The Basalt Creek Parkway Extension project is being led by Washington County and was subject to a noise report. For more information, please visit the following website:

<https://www.co.washington.or.us/LUT/TransportationProjects/basalt-creek-parkway-extension.cfm>

- **Please considering reducing landscape percentages. They are high compared to other standards in the region.**
- **Interest in smaller footprint/flexible format**
- **What about craft industrial?**

Craft industry is typically defined as the production of handmade items, and is commonly described as manufacturing with tools but not automation. Some characteristics of craft industry may be found in the [Light Manufacturing](#) use category, and include the production of food and beverage items, the manufacture of furniture or cabinets, and the production of textiles. The City is considering adding Light Manufacturing as a permitted use with limitations. The City is also exploring the opportunity of permitting retail sale areas for goods produced on-site.

- **Is the process being driven by land owners or the City?**

This project is driven by the City based on priorities adopted in the recent Economic Opportunities Analysis (EOA) and the Southwest and Basalt Creek Development Area Plan...

- **Is the goal to combine parcels for large development or facilitate development on the smaller parcels?**
- **From a market perspective, would it be helpful to have an understanding of recent lease activity in Tualatin, and/or examples of built product that could help explain a possible vision of the proposed code changes? The PacTrust development at Koch Corporate Center and recent new construction projects along TS Rd. seems to be a good indication of building sizes and the range of end-users that would likely be interested in this area.**
- **Have you considered a form-based code for this area, such as Wilsonville has in the Coffee Creek Industrial Area, as a means to making the area more human scale and pedestrian/bicyclist friendly?**

We are in the preliminary stages of exploring what amendments might look like and have had discussions on how to encourage pedestrian/bicyclist friendly development. An entirely form-based chapter would contrast with our existing code chapters, but there could be benefits or opportunities there. As an example, we are exploring some form-based principles with our setbacks.

- **What about a combination of zones, with lower intensity manufacturing/warehousing/distribution next to residential areas and more intense use to the south and west near the Basalt Creek Parkway?**
- **Where in the analysis is trip generation considered? Manufacturing Park was the assumed use with 725 trips (7.80 trips per acre; Table 5 of the BC Concept Plan). If a different zone is applied to this area, how will that affect trip generation and will Tualatin still be within their assumed portion of trips?**

From: [Steve Koper](#)
To: [Luxhoj, Cindy](#); [Erin Engman](#)
Cc: [Bateschell, Miranda](#)
Subject: RE: RE: Basalt Creek Industrial Code Project
Date: Tuesday, January 17, 2023 12:17:30 PM
Attachments: [image001.png](#)

Hi Cindy,

Please see below for responses. We appreciate your comments; we'll share them with our Planning Commission and City Council. We plan to meet with our City Council at the end of February. We'd be happy to set up a meeting to provide you with an update on the project before we go through to adoption if there's interest in that.

Best,

-Steve

Steve Koper, AICP

Assistant Community Development Director
City of Tualatin | Planning Division
503.691.3028 | www.tualatinoregon.gov

From: Luxhoj, Cindy <luxhoj@ci.wilsonville.or.us>
Sent: Tuesday, January 17, 2023 10:58 AM
To: Erin Engman <eengman@tualatin.gov>
Cc: Steve Koper <skoper@tualatin.gov>; Bateschell, Miranda <bateschell@ci.wilsonville.or.us>
Subject: RE: RE: Basalt Creek Industrial Code Project

Hi Erin,

I hope you're year is off to a great start!

Thank you for sending the announcement about the Planning Commission meeting this Thursday about the Basalt Creek Employment (BCE) Zoning District. Will the meeting be recorded and available for viewing afterward? I'm on vacation this Thursday and Friday, but would like to watch the recording next week if possible.

After the open house last July, I sent you a few questions, which I've listed below. You were going to think about them and get back to me, but I don't recall hearing from you. I looked through the Planning Commission packet and made some notes/revisions to my questions, but I'd appreciate confirmation from you or any additional information you think would be helpful:

- Have you considered a form-based code for this area, such as Wilsonville has in the Coffee Creek Industrial Area, as a means to making the area more human scale and pedestrian/bicyclist friendly?

○ Notes:

- *The scenarios appear use-based rather than form-based. Is this accurate?*

RESPONSE: Yes.

- *It looks as though commercial and retail uses, as well as a mobile food unit, are being allowed on SW Grahams Ferry Road. Is this correct? Was this anticipated in the Basalt Creek Concept Plan for this area? If not, how are changes in trip generation/transportation impact being addressed?*

RESPONSE: Employment dense uses were envisioned in the Concept Plan. The MP zoning code, as applied, has limits on commercial uses greater than what is allowed under Metro's Title 4 for employment areas. The draft code expands the code to allow commercial uses up to those limits, but allows only some of those uses in the Grahams Ferry Corridor.

- What about a combination of zones, with lower intensity manufacturing/warehousing/distribution next to residential areas and more intense use to the south and west near the Basalt Creek Parkway?

○ Notes:

- *It doesn't appear this is the case; however, it looks like landscaping and variation in setbacks are used to provide buffering and separation. Is this accurate or is there gradation in intensity that I'm not seeing?*

RESPONSE: Yes.

- Where in the analysis is trip generation considered? Manufacturing Park was the assumed use with 725 trips (7.80 trips per acre; Table 5 of the BC Concept Plan). If a different zone is applied to this area, how will that affect trip generation and will Tualatin still be within their assumed portion of trips?

○ Notes:

- *I see that a Transportation Planning Rule Evaluation was completed in November 2022, and there is mention of the Transportation Refinement Plan (on page 3) in the evaluation report. However, I don't see discussion of how a change to the new zoning will affect the trip calculation/analysis in the Transportation Refinement Plan. Could you provide more information about this?*

RESPONSE: The 2012 Transportation Refinement Plan was part of the Concept Plan. The Concept Plan identified zoning designations that would apply in the Basalt Creek Planning Area. The TPR analysis for the Comprehensive Plan Amendments was based on planning horizon for allowed uses for the zoning designations identified in the Concept Plan. The TPR analysis for this project will compare reasonable worst case development scenarios for the planning horizon for the existing MP zone with reasonable worst case development scenarios for the planning horizon for the proposed Basalt Creek Employment (BCE) zone. Our draft analysis concludes that the proposed BCE zone would have a slight reduction in total trips over the planning horizon. I don't know what the numbers in Table 5 refer to but they don't seem to represent the planning period given they are so small. For example, the multifamily zoning (RH) which allows 25 du/ac and was recently approved for 116 units says 42 trips, that is below the built year daily PM peak hour trips for that use...

I'm still interested in your responses.

Please let me know if you have questions or need clarification.

Thanks again,

Cindy Luxhoj AICP

Associate Planner
City of Wilsonville

503.570.1572

luxhoj@ci.wilsonville.or.us

www.ci.wilsonville.or.us

[Facebook.com/CityofWilsonville](https://www.facebook.com/CityofWilsonville)



29799 SW Town Center Loop East, Wilsonville, OR 97070

The Community Development Department has implemented a new online application and payment system. You can now apply and pay for most applications online. You can register for and access the new system for application and payment at <https://www.ci.wilsonville.or.us/Online-Portal>. If there are additional questions, please reach out to City staff.

Disclosure Notice: Messages to and from this e-mail address may be subject to the Oregon Public Records Law.

From: Luxhoj, Cindy <luxhoj@ci.wilsonville.or.us>

Sent: Thursday, July 28, 2022 5:00 PM

To: eengman@tualatin.gov

Cc: skoper@tualatin.gov; Bateschell, Miranda <bateschell@ci.wilsonville.or.us>

Subject: RE: Basalt Creek Industrial Code Project

Hi Erin,

Here are some links to Coffee Creek standards:

- Planned Development Industrial – Regionally Significant Industrial Area Zone is [Section 4.135.5 of the Code](#)
- Coffee Creek Industrial Design Overlay District is [Section 4.134 of the Code](#)
- [Coffee Creek Industrial Design Overlay District Pattern Book](#)
- [Web page](#) with other Final Adoption Documents for the Coffee Creek Industrial Area Form-Based Code

There are two approved projects in the Coffee Creek DOD and one more in completeness review.

Here are links to the project pages for the two approved projects:

- [Black Creek Group Industrial Project](#)
- [Coffee Creek Logistics Center](#)

Please let me know if you have questions or I can provide any other information.

Thanks,

Cindy Luxhoj AICP

Associate Planner

City of Wilsonville

503.570.1572

luxhoj@ci.wilsonville.or.us

www.ci.wilsonville.or.us

[Facebook.com/CityofWilsonville](https://www.facebook.com/CityofWilsonville)



29799 SW Town Center Loop East, Wilsonville, OR 97070

The Community Development Department has implemented a new online application and payment system. You can now apply and pay for most applications online. You can register for and access the new system for application and payment at <https://www.ci.wilsonville.or.us/Online-Portal>. If there are additional questions, please reach out to City staff.

Disclosure Notice: Messages to and from this e-mail address may be subject to the Oregon Public Records Law.

From: Erin Engman

Sent: Thursday, July 28, 2022 4:21 PM

To: Luxhoj, Cindy

Cc: Steve Koper

Subject: RE: Basalt Creek Industrial Code Project

[This email originated outside of the City of Wilsonville]

Hi Cindy-

It was good to see you at the open house last night! And thanks for reaching out with your questions, which I have added to our comment record.

I'd like to spend some time on your questions, and will follow up with you soon. I'll also take a look at the Coffee Creek area that you mentioned. Do you have particular form-based standards that have worked well or developed examples to share?

I'm also happy to set up a follow-up conversation. I hope your summer is going well.

Erin Engman

Senior Planner

City of Tualatin | Planning Division

503.691.3024 | www.tualatinoregon.gov

From: Luxhoj, Cindy <luxhoj@ci.wilsonville.or.us>

Sent: Wednesday, July 27, 2022 6:36 PM

To: Erin Engman <eengman@tualatin.gov>

Subject: Basalt Creek Industrial Code Project

Hi Erin,

I'm following up on tonight's open house.

I had some questions, but hesitated to ask. I thought they might be too specific or technical for the audience and that it would be best to email you directly.

Here are some that came to mind during the presentation:

- Have you considered a form-based code for this area, such as Wilsonville has in the Coffee Creek Industrial Area, as a means to making the area more human scale and pedestrian/bicyclist friendly?
- What about a combination of zones, with lower intensity manufacturing/warehousing/distribution next to residential areas and more intense use to the south and west near the Basalt Creek Parkway?
- Where in the analysis is trip generation considered? Manufacturing Park was the assumed use with 725 trips (7.80 trips per acre; Table 5 of the BC Concept Plan). If a different zone is applied to this area, how will that affect trip generation and will Tualatin still be within their assumed portion of trips?

Thanks,

Cindy Luxhoj AICP

Associate Planner

City of Wilsonville

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Disclosure Notice: Messages to and from this e-mail address may be subject to the Oregon Public Records Law.

From: [Tim N.](#)
To: [Ext - Planning](#)
Subject: Follow up - Planning Commission Meeting 1/19/23
Date: Thursday, January 19, 2023 8:33:53 PM

Hello,

I just wanted to write and thank the planning commission for the thoughtful considerations for the Basalt Creek Employment zone. I greatly appreciated the discussions regarding the pros and cons of the potential scenarios.

To represent the concerns of the current Byrom CIO residents, the main concerns are traffic, noise, and pollution. Traffic concerns could be partially alleviated by road enhancement projects being completed at a more rapid timeline than proposed in the Basalt Creek Master Plan. When considering industrial traffic, there is also additional concern on the quality of our roads. With more frequent heavy truck traffic, it will be important for the city to also consider the increased cost and frequency of road upkeep and repaving. Regarding noise and pollution, I believe residents will be minimally impacted SO LONG AS the final decision sets high standards for outdoor noise, environmental standards, light pollution, the designation of heavy or light industrial does not matter. I believe it was referenced that LAM Research park was created with above-the-norm environmental and noise standards, and that sounds like a great model to follow. I also believe residents would be in great support of requirements that ensured all manufacturing occurred in an enclosed building, to further effectively manage environmental and noise impacts. In terms of environment, as Tualatin is the City of Trees, I believe residents would strongly support the comments regarding having 60 - 85 foot landscaped greenspace setbacks and quality fencing, especially if these greenspaces included requirements for heavy vegetation and tree plantings, as well as sidewalk space and trails.

In terms of what would seem to be of best benefit to Tualatin, manufacturing space seems more desirable than warehouse space. Ideal manufacturing employers stand a greater chance at higher numbers of employees, compensated at a rate that affords them to also become comfortable as residents of Tualatin. I believe ideally, this plan should encourage individuals who want to work, and live, in Tualatin.

Overall, scenario A or 1A seem ideal for current and future residents, possibly scenario B with modifications, so long as the above thoughts are incorporated.

Lastly, I would like to reiterate my comments on adding more commercial space into the basalt creek master plan. To be of the greatest benefit to current residents, new residents, and new employees in the Basalt Creek Employment Zone, the plan needs to incorporate commercial space. All these individuals would benefit from a grocery and restaurants locally, otherwise they would need to commute. I strongly believe in creating local, walkable communities, and incorporating commercial space, as recommended by city council last fall, would greatly enhance the quality of life of residents and employees, and could help attract employers to the area.

Again, I greatly appreciated the thoughtful discussion. I appreciated the planning commission expressing awareness of the concerns of residents, and I look forward to further discussion with the planning commission!

-Tim Neary
Byrom CIO Interim President

From: [G Lucini](#)
To: [Erin Engman](#); [Council](#); [Frank Bubenik](#); [Maria Reyes](#); [Christen Sacco](#); [Bridget Brooks](#); [Cyndy Hillier](#); [Octavio Gonzalez](#); [Valerie Pratt](#); [Ext - Planning](#)
Subject: PROPOSED CHANGES TO BASALT CREEK EMPLOYMENT ZONING DISTRICT PTA 22-0001 AND PMA 22-0001
Date: Saturday, January 21, 2023 2:42:30 PM

DATE 1-21-2023

FOR THE PUBLIC RECORD TO:

RE: Tualatin Planning Commission Meeting 1-19-2023 Agenda Item:

CONSIDERATION OF PROPOSED CHANGES TO BASALT CREEK EMPLOYMENT ZONING DISTRICT PTA 22-0001 AND PMA 22-0001

The need for thoughtful, well-planned development in the Basalt Creek Area should be the primary concern of the City of Tualatin to obtain long term success for the City, local communities, and for the provision of quality of life to all citizens. The Land Use Process should be transparent, should be based upon facts, and the municipality should seek engagement of all Citizens in all phases as part of Citizen Involvement in proposing a major Land Use Change impacting significantly large numbers of acres and various communities.

1. A Land Use Planning process concern became apparent during the Tualatin Planning Commission Meeting (TPC) on 1-19-23 regarding Commission's recommendations to be submitted to the City Council. During the Public Meeting of the TPC, despite the efforts of the Commission Chair, the Commission members were unable to successfully generate a clearly stated recommendation to submit to the Tualatin City Council regarding the various proposed Code changes for the Basalt Creek Area. The Chair commented he would call each member after the meeting to determine the recommendation the Commission would forward to the City Council- "if it is legal".

A clearly stated recommendation from the Commission to be presented to the City Council- was not proposed / voted upon prior to the closing of the agenda item during this Public Meeting of the Planning Commission. Yet it appears the Planning Commission's recommendations on the proposed Land Use changes are intended to be presented to the City Council on 2-27-23.

These actions raise significant concerns regarding this decision-making process, Public Transparency, and determination of the recommendations of the Planning Commission to be forwarded to the City Council for the Council's consideration and guidance-being conducted outside of a Public Meeting.

It should be noted, the City Council will be the Decision-Making Body regarding the adoption of any of the proposals, and the Planning Commissions recommendations are an integral part in the direction and ultimate outcome in this policy making process.

2. There are substantial questions as to the need for immediate Land Use Actions, or zoning changes to be taken to jumpstart economic stimulus and development in the Basalt Creek Area due to existing conditions.

The City of Tualatin has known of the difficulties for industrial development within the Basalt Creek Area for many years. It should not be a surprise that development within the Basalt Creek industrial area would be a relatively slow process.

- The zoning designations identified in the Basalt Creek Concept Plan were extensively debated for years prior to adoption. The zoning designations adopted during the Basalt Creek Concept Planning- were not "aspirational" as stated by City staff and also stated on a City slide presentation during the 1-19-23 Planning Commission Meeting. The zoning designations adopted as part of the Basalt Creek

Concept Plan and restated in the City of Tualatin Basalt Creek Comprehensive Plan are legally binding Land Use Planning Documents.

- The City has had knowledge for many years of multiple constraints and limitations for development in the Basalt Creek Area as identified in the Basalt Creek Concept Plan. In addition, during the City of Tualatin Basalt Creek Concept Planning process and adoption, multiple property owners provided testimony to the City of Tualatin as to the constraints and limitations of industrial development within the Basalt Creek Area would delay development in the Basalt Creek Area, and consequently requested the “Tualatin Sub Area” be zoned for residential. The City of Tualatin even brought these issues to a Metro Hearing.

3. Statements expressed on 1-19-23 about the financial impact to the Basalt Creek Urban Renewal Bond --if the proposed Land Use changes are not enacted--should be questioned.

- The City of Tualatin’s SW Basalt Creek SW Industrial Urban Renewal Bond is a **30-year bond**. The bond is less than 2 years into the 30-year life of the bond.
- During the drafting of this Urban Renewal Bond, when questioned by the Basalt Creek Urban Renewal Bond Task Force, the City staff responded that the forecasting for economic success of the bond did include assessments of impacts occurring from economic and business changes during 2019 to 2022.
- When drafting the Urban Renewal Bond for the Southwest and Basalt Creek Area, the City was provided information that development may not be early or rapid in the Basalt Creek Area. The City’s Basalt Creek Urban Renewal Bond Task Force identified multiple factors which may hamper development in the Basalt Creek Area including:
 - a. Basalt Creek geology, topography would be difficult and would increase construction costs.
 - b. Basalt Creek Area lacks proximity to existing City infrastructure and would be dependent on development and connectivity from the north.
 - c. Development in the southern portion of the Basalt Creek Area by the City of Wilsonville would generate from the south and may be later to develop along their northern border with Tualatin.
 - d. The Task Force also discussed the City’s lack of an adopted State mandated Stormwater Management Plan (SWMP) for the Basalt Creek Area. A well written SWMP is used as a significant part of Land Use Planning and development to ensure the effective provision of this Public Service in a timely manner (OAR 660-011-0000). Yet, the City has not yet adopted a SWMP for the Basalt Creek Area, which inhibits the ability to effectively evaluate and determine potential negative impacts of development or changes to Land Use Codes in the Basalt Creek Area, nor effectively evaluate and plan coordinated and integrated stormwater infrastructure, effectively budget for major stormwater projects for the Basalt Creek Area, nor integrate the Stormwater Plan into effective planning to prevent Natural Hazards from flooding or landslides within an area with steep Canyon slopes.
 - e. The Urban Renewal Task Force also discussed the City’s requirements to protect and conserve various Natural Resources in the Basalt Creek Area, yet the City’s adopted Natural Resource Maps - Maps 72-1 and 72-3 Significant Natural Resource Map and the City’s Map of Protected Natural Resources contain inadequate clear standardized memorialization of Goal #5 Resources which exists in the Basalt Creek Area. For example, these maps even lack identification of 14+ acres of wetlands within the Basalt Creek Canyon which

is a major constraint for Land Use Planning in the Basalt Creek Area.

Inadequate documentation within the City's adopted Natural Resource Maps has significant ramifications for safe and effective Land Use and development due to potential stormwater flooding, erosion control issues, derogation of tree canopy in wetlands & water quality concerns locally and downstream within the Willamette Basin. As City Codes reference these maps for development and enforcement – the lack of inclusion and memorialization of multiple Natural Resources known to exist in the Basalt Creek Area within City's Natural Resource/Protection Maps 72-1 and 72-3 should be of significant concern.

4. While the City should be responsive to the needs of local businesses, it should not be the goal of a local municipality to modify existing Land Use Plans to ensure the speculative investments of developers will be able to turn a profit in a short time span.

Requests to change land use designations to benefit a large developer should not nullify years of prior Land Use Planning at the possible expense of potential negative impacts to quality-of-life elements for local employees and/or residents- including traffic congestion, noise pollution, light pollution, air pollution, impacts upon Natural Resources, or noxious odors from enclosed buildings generated by a manufacturing business.

- A large developer and their equally large Engineering and Consulting Firm should have known of the existing zoning and developmental/construction limitations through appropriate due diligence prior to purchase. Apparently, many of the properties within the Snitzer development proposal were purchased within the last year or two, when the existing Land Use designations were already adopted.
- During the Planning Commission Meeting, the Snitzer development consultant commented their proposal:
 - *Would have minimal negative traffic impact to the local residents-*
- yet did not address the traffic impacts to SW Boones Ferry Road nor into the at the I-5 and Elligsen Road (exit #286) interchange from their proposed Land Use changes.
 - and made comments regarding traffic flow in the Basalt Creek Area which assumed the proposed Washington County Basalt Creek Parkway Extension would be completed and functional. This proposed major Washington County transportation project is not fully designed nor is this project fully funded.
 - *Would have minimal negative impacts to Natural Resources due to the distance from the Basalt Creek Canyon Area*
- yet the scope of the proposed Land Use changes extend east of Grahams Ferry Road with land in close proximity to the Basalt Creek Canyon where high valued habitat and wetlands may be downstream.
 - the consultant did not provide information as to the extent of grading and removal of rock, soil and habitat would need to be removed on land east of SW Grahams Ferry Road to achieve building plats with grades appropriate for proposed Land Use Changes.

5. As resident property owners adjacent to the Basalt Creek Industrial area, we only recently learned of the proposed Land Use Changes through other citizens. The City's presentation to the Planning Commission on 1-19-23 included multiple comments about inclusion of Stakeholders within this Land Use process and identified various prior meetings with Stakeholders. It is unknown how or when the City selected the members to represent the Stakeholder Group. The members or composition of the Stakeholder

group was not identified during the 1-19-23 presentation, nor is it clear the proportion of developers vs. Basalt Creek property owners who actually live on the surrounding lands within the Stakeholder Group. The large numbers of acres within the scope of the proposals are significant, and should be considered a major Land Use Action and for which the City's outreach and Citizen Involvement should be representatively large.

If the City's intent was to be inclusive within Public Outreach and to effectively meet the State's required Citizen Involvement goals, as property owners directly adjacent to the proposed Land Use changes, we were not contacted for input, nor notified of Public Meetings regarding the potential land use changes to the adjacent to our property. The list of Public Notice of addresses the City sent Notices of Public Meetings regarding the proposed Land Use Changes (which was included within the Informational Packet for this meeting) did not include property owners off of SW Boones Ferry Road- although many of these properties, like ours borders on the eastern edge of the lands which would undergo Land Use Changes. Our properties being adjacent properties--are obviously within feet of the lands under consideration for these proposed Land Use changes which may result in indirect impacts to our properties.

The City has our contact information. We have been very active in seeking and participating in Citizen Involvement opportunities in the development of any and all Land Use projects within the Basalt Creek Area being conducted by the City.

This is not the first-time local Basalt Creek residential property owners in the unincorporated Washington County, who are not absentee landlords but actually live on their property and may feel the impact of the proposed Land Use Actions. We have been marginalized from participation in all phases of proposed Land Use Actions impacting the Basalt Creek area... The City and the Planning Commission has been notified for years that the City's existing Citizen Involvement Program for Land Use Actions-----, excludes Washington County Basalt Creek property owners from membership within the City's "CIO's" which is the City's stated "Citizen Involvement Program" (Oregon Land Use Planning Goal #1 for Citizen Involvement OAR 660-015-0000(1) .

As the City of Tualatin also states the Tualatin Planning Commission is the City's identified "CCI" and fulfills the Goals #1 Requirements per OAR 660-015-0000(1), there is concern that the Tualatin Planning Commission during the 1-19-23 meeting did not seek information on the types of Public Outreach being conducted, or inquire as to the composition of the Stakeholder Group the City has selected to utilize and engage in the development of proposed Land Use Code Changes--- to ensure all citizens are encouraged and able to participate in all phases of the development of Land Use Actions in the Basalt Creek Area.

Prior to entertaining the desires of various developers to reduce planned Land Use limitations in order they may more easily and quickly develop their financial speculations, the City of Tualatin should focus on their responsibilities to develop and ensure effective Land Use Planning in the Basalt Creek Area.

The City of Tualatin has already become a property owner of over 7 acres identified for future park and Natural Area adjacent to the lands included in the proposed Land Use Changes for future park use directly adjacent to the lands under consideration for Code Changes. The City has indicated the goal to obtain additional lands within the Central Basalt Creek Area for more park uses.

Rather than make large Land Use Changes in the Basalt Creek Area a few years after adopting the Basalt Creek Comprehensive Plan, it would seem it would be in the best interests of the City, Citizens and the environment to ensure the City has fully and

conscientiously completed mandated assessments and analysis of the Basalt Creek Area which assist in the effective evaluation and successful planning of future development in the Basalt Creek Area (i.e. #3d and #3e listed above)... leading to effective comprehensive Land Use Planning for the Basalt Creek to generate successful short- and long-term outcomes to benefit all.

Due to the lack of a direct email address to the Tualatin Planning Commission, we request the Planning Department forward this submission to the members of the Planning Commission.

Respectfully submitted,
John and Grace Lucini

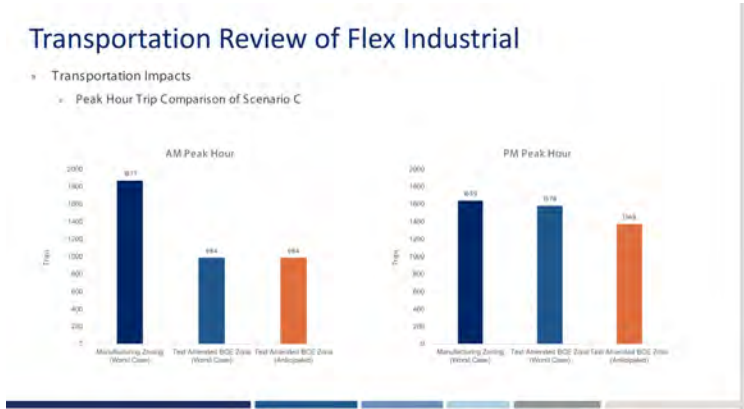
From: [Chris McReynolds](#)
To: [Erin Engman](#)
Cc: [Steve Koper](#)
Subject: Re: No High Rise Zone on Norwood: BCE Project
Date: Monday, January 23, 2023 10:54:03 AM
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[image.png](#)
[image.png](#)
[image.png](#)

Erin,

I also echo the City of Wilsonville's planning department sentiments and questions.

The provided traffic impact study by the stakeholder is all speculation. The stakeholder also indicated the percentages of use/zones would vary. In general truck traffic is also much different than conventional vehicles as you already know and will cause a compounding issue to the existing traffic problems.

Stakeholder speculation is based on the use of "Flex" space that is not really clearly defined. They cannot determine that trip generation will be lower than an MP zone based on their assumptions.



If you take the peak trip traffic shown here this would exceed Tualatin allotment per Cindy's statements.

This trip distribution is speculative.



I agree with Cindy's comments.

From: Luxhoj, Cindy <luxhoj@ci.wilsonville.or.us>
Sent: Wednesday, July 27, 2022 6:36 PM
To: Erin Engman <eengman@tualatin.gov>
Subject: Basalt Creek Industrial Code Project
Hi Erin,
I'm following up on tonight's open house.

I had some questions, but hesitated to ask. I thought they might be too specific or technical for the audience and that it would be best to email you directly.
Here are some that came to mind during the presentation:

- Have you considered a form-based code for this area, such as Wilsonville has in the Coffee Creek Industrial Area, as a means to making the area more human scale and pedestrian/bicyclist friendly?
- What about a combination of zones, with lower intensity manufacturing/warehousing/distribution next to residential areas and more intense use to the south and west near the Basalt Creek Parkway?
- Where in the analysis is trip generation considered? Manufacturing Park was the assumed use with 725 trips (7.80 trips per acre; Table 5 of the BC Concept Plan). If a different zone is applied to this area, how will that affect trip generation and will Tualatin still be within their assumed portion of trips?

Thanks,
Cindy Luxhoj AICP
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[Facebook.com/CityofWilsonville](https://www.facebook.com/CityofWilsonville)

Thanks,

-Chris

On Mon, Jan 23, 2023 at 10:26 AM Erin Engman <eengman@tualatin.gov> wrote:

Hi Chris-

Thank you for your testimony and follow up comments.

Hope you had a good weekend,

Erin Engman

Senior Planner

City of Tualatin | Planning Division

503.691.3024 | www.tualatinoregon.gov

From: Chris McReynolds <chris.mcreeynolds1@gmail.com>

Sent: Friday, January 20, 2023 7:16 AM

To: Steve Koper <skoper@tualatin.gov>

Cc: Sherilyn Lombos <slombos@tualatin.gov>; Ext - Planning <Planning@tualatin.gov>; Catherine Holland <tualatincio@gmail.com>; Nicole J. Morris <NMorris@tualatin.gov>; Megan George <mgeorge@tualatin.gov>; Keith Leonard <kleonard@tualatin.gov>; Betsy Ruef <bruef@tualatin.gov>; Teresa Ridgley <tridgley@tualatin.gov>; Frank Bubenik <fbubenik@tualatin.gov>; Maria Reyes <mreyes@tualatin.gov>; Christen Sacco <csacco@tualatin.gov>; Bridget Brooks <bbrooks@tualatin.gov>; Cyndy Hillier <chillier@tualatin.gov>; Nancy Grimes <ngrimes@tualatin.gov>; Valerie Pratt <vpratt@tualatin.gov>; Kim McMillan <kcmillan@tualatin.gov>; Madeleine Nelson <mnelson@tualatin.gov>; Erin Engman <eengman@tualatin.gov>; Cody Field <cfield@tualatin.gov>; Octavio Gonzalez <ogonzalez@tualatin.gov>; Holly Goodman <holly@tualatinlife.com>; mike@tualatinlife.com; mmiller@pamplinmedia.com; amesh@wweek.com

Subject: Re: No High Rise Zone on Norwood

Dear Tualatin Planning Department Members, Planning Commission, City Council Members, and Mayor Frank Bubenik;

After attending the planning commission meeting yesterday regarding the land use changes for the Basalt Creek MP zone, it saddens me to see that when a developer flashes money, individuals in the planning department gush at the first opportunity and are willing to change code language to make it happen. I hope the commission and council really think about my testimony on record. As commissioner Bachhuber mentioned, why accept the first development plan? The land is extremely valuable. During the meeting the commission even indicated the immense challenges with traffic, environment and local residents.

I also want to remind everyone of all the housing projects that have already been approved. Please slow down and address the obvious concerns we all see in this city. Please do not white wash them for bullying developers. There will always be an opportunity. The Basalt Creek Urban renewal plan is a 20-year plan, not a today plan...

Council, please do not let developers do the same on Norwood Rd. Do not let them bully you into a zone change just because they have money. As I said before, do not let developers run our city.

Say no to a plan/text amendment change on Norwood Rd.

Sincerely,

-Chris McReynolds



TUALATIN
CHAMBER of COMMERCE

27 February 2023

City of Tualatin
Attn: Mayor and City Council
18880 SW Martinazzi Avenue
Tualatin, Oregon 97062

Dear Mayor and Councilors:

The Tualatin Chamber of Commerce, its Board of Directors and Business Advocacy Council respectfully submit this letter in support of the City Planning Department's submission of Stakeholder Scenario C, recommended by the City Planning Commission, for the development of the Basalt Creek Employment Zone (BCEZ).

We strongly urge the City to recognize the need for flexibility in considering allowed uses for this new industrial/commercial area. We are very aware of the shortage of available wholesale and warehouse space currently in Tualatin. We hear from our members of the frustrations of not being able to build, find space or expand their businesses and the BCEZ, especially under Stakeholder Scenario C, would alleviate most of those issues.

We also appreciate that a private developer is willing to come into Tualatin and invest in our community as outlined thus saving the City important dollars that can be used elsewhere for other projects and planned urban redevelopment. In this post Covid era, it is important to plan to increase our ability to provide industrial/commercial space and job opportunities to continue to keep Tualatin as a viable and attractive business market.

As a business member organization and partner in continuing to enhance the quality of doing business in Tualatin, we thank you for this opportunity to provide testimony in support of Stakeholder Scenario C.

Sincerely,

Anneleah Jaxen
CEO
Tualatin Chamber of Commerce

Skip Stanaway
Chair
Board of Directors

Susan Noack
Chair
Business Advocacy Council



City of Tualatin
Attn: City Council
18880 SW Martinazzi Avenue
Tualatin OR 97062

RE: Basalt Creek Industrial Code Update – Support for Stakeholder’s Scenario C

Dear Councilors,

We are reaching out to you as both a member of the Tualatin business community and as a stakeholder in the Basalt Creek area. As you know, the City is currently developing new zoning code for the industrial designated area known as the Basalt Creek Employment Zone (BCE) Code Project. Per the City’s website the intent of the effort is *“to create greater flexibility for landowners to develop their industrially designated property in the Basalt Creek area based on employment and market trends.”*

Over the last several months the stakeholders have been studying the employment and market trends, the economic outcomes and the traffic implications to determine what the appropriate mix of uses should be in the BCE zone that would meet the City’s intent of providing greater flexibility while also ensuring manufacturing uses are included, large warehouse uses are minimized and supporting commercial uses are allowed on a limited basis. The result of these efforts is the proposed code scenario known as the Stakeholder’s Scenario C.

The mix and allowances of uses promote a balanced and flexible employment zone that can accommodate the diversity of businesses in Tualatin and adapt as trends in the industrial market change overtime. Conversely, restrictions on uses increases the risk of not being able to lease space too high to obtain financing, rendering private investment and development infeasible.

The Stakeholder’s Scenario C will stimulate additional benefits to the Basalt Creek area and local business community. Those benefits are further summarized below.

BUSINESS EXPANSION AND RETENTION:

- Industrial space in Tualatin is currently very low at just 1.5% vacancy. In other words, there is no available space today and Tualatin needs more industrial space for all industrial uses.
- More flex industrial space allows more businesses the opportunity to locate in Tualatin and for existing businesses to stay and grow in Tualatin.
- The mix and allowances of uses above promote a balanced and flexible employment zone that can accommodate the diversity of businesses in Tualatin and adapt as trends in the industrial market change overtime.
- The mix of uses and flexibility are important to the greater industrial ecosystem of the SW corridor and to the broader business community in the City of Tualatin.



ECONOMIC BENEFITS:

- The ability to provide the mix and allowances of uses with flexibility encourages financing for private investment and development.
- Private investment and development stimulates growth in Urban Renewal funding.
- Private sector led infrastructure and new industrial development creates a catalyst for the greater district.
- Over the long term, the Stakeholder Scenario C provides more funding (approximately \$20 million more) to the Urban Renewal Area than restricting scenarios.
- The Stakeholder Scenario C mix and allowances of uses are comparable employment density and wages between manufacturing, wholesale and warehouse uses.

REDUCED TRAFFIC AND FUNDED TRAFFIC IMPROVEMENTS:

- Less vehicle trips and truck trips with expanded use allowances.
- New road and signal improvements to the area will be paid for by private development which allows the City to spend Urban Renewal dollars on other infrastructure projects in the area which would not be built by private development.

Based on the benefits outlined above, the stakeholder's Scenario C provides the stakeholders of the Basalt Creek area and the City of Tualatin a balanced and flexible employment zone that can accommodate a diversity of businesses and that can feasibly be realized.

Thank you for your consideration on this matter. We would appreciate your support for the stakeholder's Scenario C.

Sincerely,



Ryan Schera
AVP, Development





To: BAC, Tualatin Chamber of Commerce

RE: Basalt Creek Industrial Code Update-Support for Stakeholder's Scenario C

Dear BAC Members,

I am writing this letter in support of the above mentioned cause. Allowing for a flexible zoning allows the property to be developed in an orderly manner by Developers that will create an industrial campus that will not only look homogeneous but will provide for much better traffic mitigation and landscaping. Limiting the uses will likely allow for piecemeal development of incongruent uses that will not only exacerbate traffic issues but also will defeat the desired industrial campus effect that is much more pleasing to the surrounding neighborhoods.

As has been demonstrated the intent of stakeholder's scenario is not to build colossal distribution facilities but to create an industrial campus that appeals to multiple tenants of varying activities. Nondenominational studies have been conducted that note this type of development provides for less vehicle and truck traffic than other contemplated uses and makes for living wage employment among the likely occupants of the contemplated development.

I have been leasing and selling industrial properties in the SW I-5 corridor for years. I have seen many architecturally uninteresting developments constructed that are done by national out of town companies that do not have long term ownership goals. The stakeholder's scenario will allow for a first class campus like complex developed by a local company that cares for their facilities as only one with their goals in mind can. This is a chance for the Basalt Creek employment area to set the standard for development that is pleasing to the eye and meets the goals that have been defined in the district.

In addition, new road and signal improvements will allow the city to focus Urban Renewal dollars on other projects in areas that will not be financeable by private development. Further the development of the area will be done sooner and the realization of tax dollars business licenses, etc. will increase the city's tax base much sooner than waiting for piecemeal development as well as fund the Urban Renewal Bond

Congruent development of an area can only be achieved by developers that develop fist class facilities.. Both city staff and the Tualatin Chamber BAC have seen examples of the quality of the product that is this scenario afford and can attest to the quality of the buildings, landscaping and overall appearance of how these properties are maintained . They are local to our region, develop own and manage their own properties, unlike most developers who build and sell to institutional investment funds domiciled in major financial centers.

Tualatin has lost business's to migration to other areas of the city where there are campuses such as the one contemplated herein. Lam Research, Nuance Systems, DW Fritz Automation are all examples of heavy employers who have expanded/relocated elsewhere due to the lack of Tualatin based product to handle their growing needs.

Thanks for the opportunity to present the case for this fine development/developer and I urge you to support the Stakeholder's Scenario C.

Best Regards

A handwritten signature in black ink, appearing to read 'Stu Peterson', with a large, stylized flourish extending to the right.

Stu Peterson
Partner Macadam Forbes



City of Tualatin
Attn: City Councilors
18880 SW Martinazzi Avenue
Tualatin OR 97062

Dear Councilors,

Thank you allowing me to submit this testimony as a stakeholder in support of the code update allowing for more flexible industrial space in the Basalt Creek Employment area (Scenario C). I submit this testimony on behalf of the members of Westside Economic Alliance (WEA) and stakeholders. We are a member-based association that advocates for a healthy economy on the Westside of the metro Portland region. We represent nearly 200 organizations who employ thousands of workers.

Our membership brings together large corporations like Intel, Comcast, PGE and NW Natural, major hospitals systems including Kaiser, Legacy, Providence and OHSU as well as banks, property management companies, developers, engineering firms, and more. In addition to our private sector members, we are unique in also representing public sector members including all thirteen cities in Washington County plus West Linn, as well both Washington and Clackamas counties are members. We represent special districts including fire and rescue, parks and recreation, water and school districts. Finally, we have non-profit members who provide direct services from mental health to substance use disorder to housing development throughout the region.

WEA support the city's effort to update the Basalt Creek Industrial District zone for the Basalt Creek industrial area to allow more flexibility in allowed uses, specifically allowing for wholesale uses and warehouse uses in addition to manufacturing uses. Specifically, warehousing and wholesale sales to be in combination up to 70% of the building square footage. This change is important to address the shortage of available space and the buildable industrial land supply within the region, as demonstrated by the very low vacancy rates. Our region has business demand that will create employment and tax revenue to benefit the broader economic engine of the Westside. We understand that there has been concern about increased job density and traffic impacts that might result from this shift to flexible industrial space. With the studies completed by the stakeholders and the City's own consultant, it's clear these concerns are misplaced. The job density and wages are comparable between manufacturing, warehouse and whose sale uses. As identified in both the City's traffic study and the stakeholders' traffic study, with the mix of uses, traffic is actually reduced. Additionally, city code already has provisions for setbacks, screening, landscaping and other similar issues raised.

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Westside Economic Alliance believes we need to identify and support smart investments that grow our regional in thoughtful and sustainable ways. We believe this code change will allow for increased employment opportunities in an urban area by encouraging private investment, providing more funding to the Urban Renewal Area over the long term.

Thank you for the opportunity to provide this testimony.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Mazzara Myers".

Elizabeth Mazzara Myers, Executive Director

Steve Koper

From: Ryan Schera <ryans@schnitzerproperties.com>
Sent: Friday, November 18, 2022 4:52 PM
To: Steve Koper
Cc: Stu Peterson; Erin Engman
Subject: RE: Basalt Creek Employment potential code changes
Attachments: Draft Code - Stakeholder Comments.docx

Importance: High

Steve,

Thank you for the follow up and consideration on the schedule and draft code revisions per our last conversation. We acknowledge the project intent and directive as you stated below and are supportive of this code update effort and of a broader code update project in the future. With that said, our goal is to get to an updated BCE zone that we can develop to and can meet your goals and our preference is to address the BCE update fully now rather than partially.

Per your request, below we have provided our initial feedback to your questions and latest revisions:

- **Machine Shops and Metal Fabrication:** We agree with your changes to remove “machine shop” as a prohibited light manufacturing use and to add metal fabrication under heavy manufacturing. Machine shops and metal fabrication are such an integral function of many manufacturers, and we agree conducting these uses indoors is appropriate. To provide a little more clarification we have provided draft definitions for both machine shops and metal fabrication (see attached).
- **Further refine or limit the uses listed in the “heavy manufacturing”:** The current description is very specific. We would propose going with a general description combined with specific prohibitions of undesirable uses (see below and attached).
- **Environmental impacts due to what they produce and/or noise/glare/vibration impacts even when conducted in a building:** The existing code under Chapter 63 in combination with the proposed requirements for sound barrier construction and landscape buffers adjacent to residential uses in the draft BCE should address most of the concerns regarding impacts. We would propose reiterating compliance with Chapter 63 in the BCE code section (see attached).
- **Wholesale sales uses are not very job dense and do not lend themselves to high AV buildings:** We have commissioned a study to analyze the economic impact to the Basalt Creek URA by introducing wholesale sales and warehousing uses in conjunction with manufacturing versus light manufacturing only as outlined in the previous BCE draft presented to the PC.

The preliminary findings are:

- There are no compromises with regard to wages or employment density. Flex industrial space is forecasted to provide employment equal to or better than the 20 jobs per acre identified in the Basalt Creek Concept Plan. Modern flex industrial parks offer a high density of employment through offering a mix of spaces suitable for a broad range of light industrial, office, wholesale, warehousing, and related sectors.

- Total TIF revenue to the URA of \$57.6M by including wholesale sales and warehousing vs. \$38.0M for light manufacturing only (BCE draft presented to PC).
- Once the study is complete will be provide you a copy.
- **Wholesale Sales uses:** We agree, the example you show below is very limited. The complication seems to be the extreme limitation. Being this is an employment zone slightly broadening the types of wholesale uses (see below) would open up more opportunities to more businesses in that sector and would provide a mix of employers.
- **Warehousing & distribution limitation:** We can't agree to a per building limitation. This would create too much of a hinderance to leasing. Flex space doesn't lease in predetermined amounts of square footage by use (that would make it inflexible). Flex space leases with the demand of uses in the market. We would also lose the flexibility to place similar uses in a single building or area of the site. By utilizing a percentage % of use for the entire development we can be flexible and lease as space becomes available while still not exceeding the limitation. We also will need the ability to request a conditional use for exceeding the limitation if market trends change or if a high-profile tenant were to come along. We also will require the initial limitation to be a minimum of 35%. This is a huge risk to us with the potential of having our buildings 30% vacant if a manufacturing use never came along.
- **Wholesale Sales limitation:** We can't agree to a per building limitation. This would create too much of a hinderance to leasing. Flex space doesn't lease in predetermined amounts of square footage by use (that would make it inflexible). Flex space leases with the demand of uses in the market. We would also lose the flexibility to place similar uses in a single building or area of the site. By utilizing a percentage % of use for the entire development we can be flexible and lease as space becomes available while still not exceeding the limitation. We also will need the ability to request a conditional use for exceeding the limitation. We also will require the initial limitation to be a minimum of 35%. This is a huge risk to us with the potential of having our buildings 30% vacant if a manufacturing use never came along.

INDUSTRIAL USE CATEGORIES		
Heavy Manufacturing	P (L)	<p>Advanced manufacturing uses limited to:</p> <ul style="list-style-type: none"> • Casting or fabrication of metals, including electroplating. • Manufacture, assembly, processing, or packaging of the following types of products: batteries; bicycles; boilers; bottles; brick, tile or terra-cotta; cans; chainsaws; dryers; electric generators; electric motors; electric transformers; engines, larger gasoline or diesel; freezers; heating and cooling equipment; industrial gases, excluding chlorine; ladders; lawnmowers; manufactured dwellings; marine pleasure craft; motor vehicles; paint; pet food; prefabricated building or structural members for buildings; sashes and doors; signs and display

		<p>structures; refrigerators; rototillers; vending machines; washing machines; and windows.</p> <ul style="list-style-type: none"> • Manufacturing, processing, fabrication, packaging, or assembly of goods. Natural, man-made, raw, secondary, or partially completed materials may be used. Products may be finished or semi-finished and are generally made for the wholesale market, for transfer to other plants, or to order for firms or consumers. Goods are generally not displayed or sold on site, but if so, they are a subordinate part of sales. Relatively few customers come to the manufacturing site. • Other similar advanced manufacturing uses as determined by application of TDC 31.070. <p>Prohibited uses include the manufacturing of: Batteries, glass, bricks, gasoline or diesel fuel, slaughterhouses, meat packing, feed lots and animal dipping, lumber mills, pulp and paper mills, concrete batching and asphalt mixing.</p> <p>Permitted uses subject to Chapter 63.</p>
Light Manufacturing	P (L)/C	<p>Conditional uses limited to trade and industrial school or training center. Truck driving schools are prohibited</p> <p>All other uses Permitted outright except:</p> <ul style="list-style-type: none"> • Machine shop; and • Building, heating, plumbing and electrical contractor's offices, with on-site storage of equipment or materials. <p>Permitted uses subject to Chapter 63.</p>
Warehouse and Freight Movement	P (L)/C	<p>Subject to TDC 65.210(4) and (5).</p>
Wholesale Sales	P (L)	<p>Permitted uses subject to TDC 65.210(6) and limited to:</p> <ul style="list-style-type: none"> • Sales of industrial products primarily sold wholesale to other industrial firms or industrial workers. • Sale or rental of machinery, equipment, building materials, special trade tools, welding supplies, machine parts, electrical supplies, janitorial supplies, restaurant equipment, and store fixtures; mail order houses; and wholesalers of food, clothing, parts, building or office hardware and office supplies. • Sale, lease, or rent of products primarily intended for industrial, institutional, or commercial businesses. Sales to the general public are limited as a result of the way in which the firm operates.

Products may be picked up on site or delivered to the customer.

TDC 65.210. Additional Limitations on Uses.

[...]

- (4) Warehouse and Freight Movement. *Except as provided in TDC 65.210.5, all uses must be conducted wholly in conjunction with a Permitted light manufacturing use on the same lot, parcel or site, and facilitate the storage and distribution of goods produced on-site.*
- (a) *Permitted Uses.* Uses may not exceed more than 50% of the gross floor area of the Permitted light manufacturing use.
- (b) *Conditional Uses.* A conditional use permit is required for uses in excess of 200% of the gross floor area of the Permitted light manufacturing use.
- (5) Warehouse and Freight Movement.
- (a) *Permitted Uses.* Warehouse and Freight Movement uses may not exceed **the greater of 35% or 25,000 square feet** of the gross floor area **with an individual building** on a development site. Small sites under 9 acres in size are exempt. **More than one building on a development site may have a Warehouse and Freight Movement use up to this limit.**
- (b) *Conditional Uses.* A conditional use permit is required for uses in excess of 35% of the gross floor area of all buildings on a development site.
- (6) Wholesale Sales.
- (a) *Permitted Uses.* Limited Wholesale Sale uses may not exceed **the greater of 35% or 25,000 square feet** of the gross floor area **with an individual building** on a development site. Small sites under 9 acres in size are exempt. **More than one building on a development site may have a Warehouse and Freight Movement use up to this limit.**
- (b) *Conditional Uses.* A conditional use permit is required for uses in excess of 35% of the gross floor area of all buildings on a development site.

After you have had a chance to digest lets set up a time to talk.

Thank you and have a good weekend.

Ryan Schera

AVP, Development

Schnitzer Properties

Formerly Harsch Investment Properties

Phone 503.973.0258 Cell 503.327.3240

Email RyanS@SchnitzerProperties.com

Web www.SchnitzerProperties.com

1121 SW Salmon Street • Portland, OR 97205

From: Steve Koper <skoper@tualatin.gov>
Sent: Thursday, November 10, 2022 3:38 PM
To: Ryan Schera <ryans@schnitzerproperties.com>

Cc: Stu Peterson <stu@macadamforbes.com>; Erin Engman <eengman@tualatin.gov>

Subject: RE: Basalt Creek Employment potential code changes

[EXTERNAL]

Hi Ryan,

It was nice talking with you this past Monday. We agreed that we can push the discussion out to the Planning Commission’s January meeting (January 19th). Erin and I are happy to meet with you after you’ve had a chance to digest the below-proposed changes. It would be most beneficial to all if you could provide us with any proposed changes you’d like us to consider in advance of our meeting. Please also feel free to give me a call if you’d like to chat.

At a high level, I do want to reiterate that the project intent and directive of this code update is to make an incremental improvement to the existing MP zoning code and is not a total update of all of our industrial codes or definitions, many of which are entangled together. As expected, this project has “day-lighted” several ways in which Tualatin’s industrial and commercial development code is sorely in need of a broad update. One of the goals for *this* project has, from day one, been to show our Council that we can accomplish a small-scale update in order to serve as a “test case” in support of a broader code update. We hope that you will support this code update now and that you will also help to be a voice championing a broader code update project in the future.

Below are a couple of potential tweaks to the code based on our conversation. We’ve removed “machine shop” as a prohibited light manufacturing use (making it outright permitted, but still as with all uses subject to the requirement that it be conducted indoors). Under heavy manufacturing, we’ve added metal fabrication as well as the list of heavy manufacturing uses that already exist in Chapter 39 which is a general-use chapter that applies to all zones.

It would be appreciated if you can help us further refine or limit the uses listed in the “heavy manufacturing”. The Planning Commission as well as a group of citizens I recently met with have expressed concern about being too broad with the uses that are allowed, particularly those that could have environmental impacts due to what they produce and/or noise/glare/vibration impacts even when conducted in a building. Council has previously shared those concerns (as you can see from the limited list of uses allowed currently in MP) So, while we are prepared to offer this to the Planning Commission as a supported modification, it is not necessarily one that will be accepted.

We’ve also updated the warehousing & distribution limitation to be a per-building limitation (rather than per site), which would allow multiple buildings with a warehouse tenant/us/component on a site up to the per-building limit.

In regard to our conversation about wholesale sales. We hear you that this is a desired land use. This is a trickier subject as it is prohibited or significantly limited in most zones. Not to mention it is harder to square against the job density and high AV goals of the existing policy documents. Here is an example of one of the more expansive allowances of this use (which is very limited):

Wholesale Sales	P/C (L)	Permitted uses limited to: <ul style="list-style-type: none"> • Sales of industrial hand tools, industrial supplies such as safety equipment and welding equipment, t • Sale, service and rental of construction and industrial equipment to contractors and industrial firms o Conditional use required for wholesale sales of building materials and supplies
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The use is simply not allowed in MP or Manufacturing Business Park the latter of which is the other zone that is within the Basalt Urban Renewal district. Again, staff is concerned that many wholesale sales uses are not very job dense and do not lend themselves to high AV buildings, which is something we need to make the case for in order to meet our existing adopted policy documents as we justify uses, particularly ones that we add that were not previously allowed. As an example, the most recent stand-alone wholesale sales use we approved was a conditional use and included about

4,000 square feet of building on a 5-acre site. Clearly not job-dense and not high AV compared to how much land it would have used.

All that is to say, while we are not necessarily opposed to adding the use, the best way to justify the addition of the use, similar to warehousing & distribution would be to limit it. One obvious idea would be to simply allow it subject to the same limitation as warehousing & distribution. See below for a draft. This would allow wholesale sales as a tenant in a flex-space building.

INDUSTRIAL USE CATEGORIES		
Heavy Manufacturing	P (L)	<p>Advanced manufacturing uses limited to:</p> <ul style="list-style-type: none"> • Casting or fabrication of metals, including electroplating. • Manufacture, assembly, processing, or packaging of the following types of products: batteries; bicycles; boilers; bottles; brick, tile or terra cotta; cans; chainsaws; dryers; electric generators; electric motors; electric transformers; engines, larger gasoline or diesel; freezers; heating and cooling equipment; industrial gases, excluding chlorine; ladders; lawnmowers; manufactured dwellings; marine pleasure craft; motor vehicles; paint; pet food; prefabricated building or structural members for buildings; sashes and doors; signs and display structures; refrigerators; rototillers; vending machines; washing machines; and windows. • Other similar advanced manufacturing uses as determined by application of TDC 31.070.
Light Manufacturing	P (L)/C	<p>Conditional uses limited to trade and industrial school or training center. Truck driving schools are prohibited</p> <p>All other uses Permitted outright except:</p> <ul style="list-style-type: none"> • Machine shop; and • Building, heating, plumbing and electrical contractor's offices, with on-site storage of equipment or materials.
Warehouse and Freight Movement	P (L)/C	Subject to TDC 65.210(4) and (5).
Wholesale Sales	P (L)	<p>Permitted uses subject to TDC 65.210(6) and limited to:</p> <ul style="list-style-type: none"> • Sales of industrial products primarily sold wholesale to other industrial firms or industrial workers.

TDC 65.210. Additional Limitations on Uses.

[...]

(4) Warehouse and Freight Movement. *Except as provided in TDC 65.210.5, all uses must be conducted wholly in conjunction with a Permitted light manufacturing use on the same lot, parcel or site, and facilitate the storage and distribution of goods produced on-site.*

(a) *Permitted Uses.* Uses may not exceed more than 50% of the gross floor area of the Permitted light manufacturing use.

(b) *Conditional Uses.* A conditional use permit is required for uses in excess of 200% of the gross floor area of the Permitted light manufacturing use.

(5) Warehouse and Freight Movement.

(a) Permitted Uses. Warehouse and Freight Movement uses may not exceed the greater of 25% or 25,000 square feet of the gross floor area with an individual building on a development site. More than one building on a development site may have a Warehouse and Freight Movement use up to this limit.

(6) Wholesale Sales.

(a) Permitted Uses. Limited Wholesale Sale uses may not exceed the greater of 25% or 25,000 square feet of the gross floor area with an individual building on a development site. More than one building on a development site may have a Limited Wholesale sale use up to this limit.

Best,

-Steve

Steve Koper, AICP

Assistant Community Development Director
City of Tualatin | Planning Division
503.691.3028 | www.tualatinoregon.gov

From: Steve Koper

Sent: Friday, November 4, 2022 3:25 PM

To: 'ryans@schnitzerproperties.com' <ryans@schnitzerproperties.com>

Cc: 'Stu Peterson' <stu@macadamforbes.com>; Erin Engman <eengman@tualatin.gov>

Subject: Basalt Creek Employment potential code changes

Hi Ryan,

This email is a follow-up to staff's recent meeting with Sherilyn, our City Manager, and Jonathan, our Economic Development Manager.

What Sherilyn and Jonathan communicated to us was that when they met with you and Stu, they reiterated that the Council would be unlikely to support stand-alone Warehousing and Distribution uses. Jonathan also brought to our attention the differences between the way the state economic development agency views advanced manufacturing as one use category versus how our development code differentiates manufacturing uses into "light" versus "heavy."

With that background and what Erin and I think we heard from our last group meeting, we drafted the below changes to the existing draft code, which we'd appreciate your input on. Drawing on our conversation with Sherilyn and Jonathan, we feel that these changes could be expressly supported by staff as being consistent with Planning Commission and Council feedback. At the same time, these changes would help to increase the flexibility we believe we heard a desire for from the group.

The changes are in red. The addition of Heavy Manufacturing as a limited use would allow for metal fabrication as an advanced manufacturing use, which we believe aligns with what we heard at our meeting and from Jonathan. The addition to warehousing and distribution uses is based on the Wilsonville Commerce Center development. We feel that this configuration could still meet the jobs and employment density goals of the underlying plans, while meeting the demand for flex space. We also believe this would alleviate Planning Commission and Council’s concerns about having warehousing and distribution become a dominant use if standalone uses were allowed.

As of now, we are still on track to present an update to the Planning Commission on November 17th. To reiterate, staff would be comfortable presenting a recommendation in support of these changes and make the case to the Planning Commission that these changes are consistent with community interest and the adopted plans. Please let us know by **Friday, November 11th**, if you have any feedback.

INDUSTRIAL USE CATEGORIES		
Heavy Manufacturing	P (L)	Advanced manufacturing uses limited to: <ul style="list-style-type: none"> • Casting or fabrication of metals, including electroplating. • Other similar uses as determined by application of TDC 31.070.
Light Manufacturing	P (L)/C	Conditional uses limited to trade and industrial school or training center. Truck driving schools are prohibited All other uses Permitted outright except: <ul style="list-style-type: none"> • Machine shop; and • Building, heating, plumbing and electrical contractor's offices, with on-site storage of equipment or materials.
Warehouse and Freight Movement	P (L)/C	Subject to TDC 65.210(4) and (5).

TDC 65.210. Additional Limitations on Uses.

[...]

(4) Warehouse and Freight Movement. *Except as provided in TDC 65.210.5, all uses must be conducted wholly in conjunction with a Permitted light manufacturing use on the same lot, parcel or site, and facilitate the storage and distribution of goods produced on-site.*

(a) *Permitted Uses.* Uses may not exceed more than 50% of the gross floor area of the Permitted light manufacturing use.

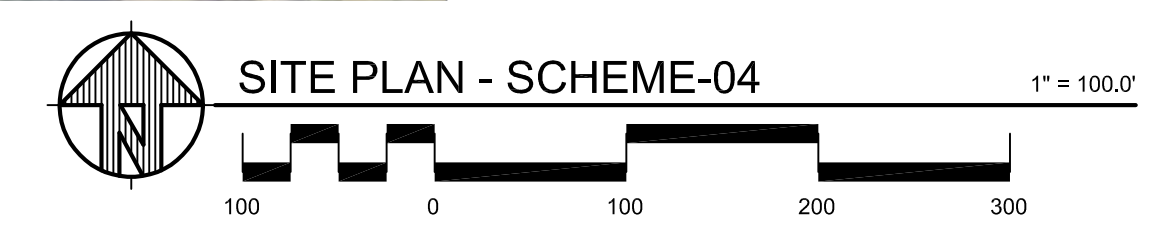
(b) *Conditional Uses.* A conditional use permit is required for uses in excess of 200% of the gross floor area of the Permitted light manufacturing use.

(5) Warehouse and Freight Movement.

(a) *Permitted Uses.* Uses may not exceed more than 25% of gross floor area on a single development site, up a maximum of 25,000 square feet.

Best,
-Steve

Steve Koper, AICP
Assistant Community Development Director



GENERAL NOTES:

- PROPERTY LINE BEARINGS AND DISTANCES AS WELL AS SITE AREA CALCULATIONS ARE PROVIDED FOR ZONING AND PERMIT REVIEW ONLY. REAL PROPERTY LEGAL DESCRIPTIONS AND AREA CALCULATIONS ARE TO BE PROVIDED BY A REGISTERED PROFESSIONAL SURVEYOR.

PLANNING AND ZONING REVIEW:

JURISDICTION: CITY OF TUALATIN, OREGON

AREA SUMMARY:

GROSS SITE AREA:	2,034,482 SQFT.	46.71 ACRES (+/-)
DEDICATION AREA:	16,311 SQFT.	0.37 ACRES (+/-)
NET DEVELOPED AREA:	2,018,171 SQFT.	46.34 ACRES (+/-)

BUILDING A:	88,400 SQFT.	4.4% COVERAGE
BUILDING B:	70,000 SQFT.	3.5% COVERAGE
BUILDING C:	98,000 SQFT.	4.9% COVERAGE
BUILDING D:	69,056 SQFT.	3.4% COVERAGE
BUILDING E:	77,000 SQFT.	3.8% COVERAGE
BUILDING F:	70,000 SQFT.	3.5% COVERAGE
BUILDING G:	50,000 SQFT.	2.5% COVERAGE
BUILDING H:	55,000 SQFT.	2.7% COVERAGE
TOTAL	577,456 SQFT.	28.6% COVERAGE

Tonquin Road Development
DECEMBER 2022

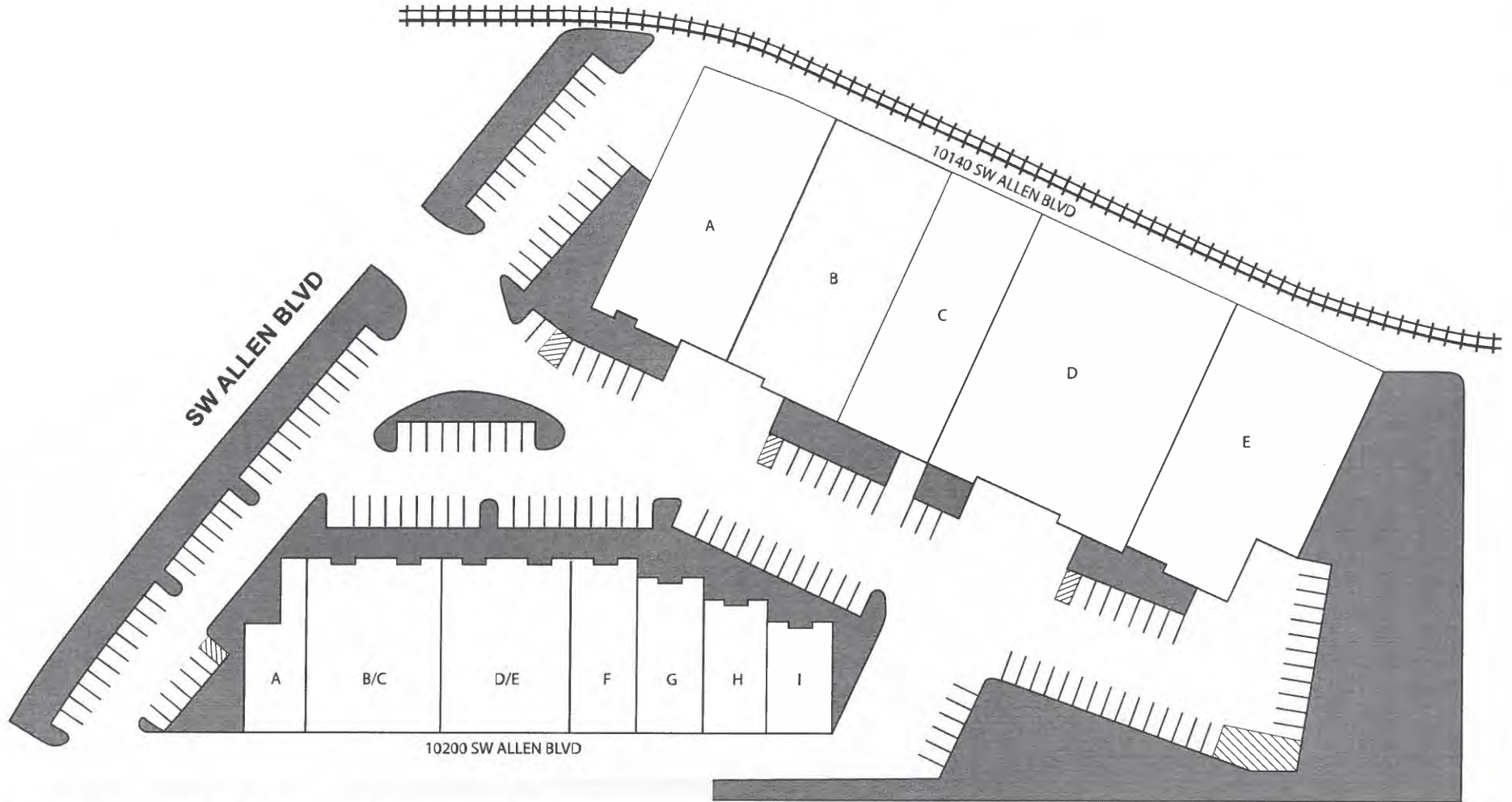
Schnitzer PROPERTIES

VLMK
ENGINEERING + DESIGN
503.222.4453
www.vlmk.com

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ALLEN WEST BUSINESS PARK

Beaverton, Oregon

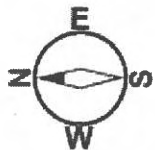
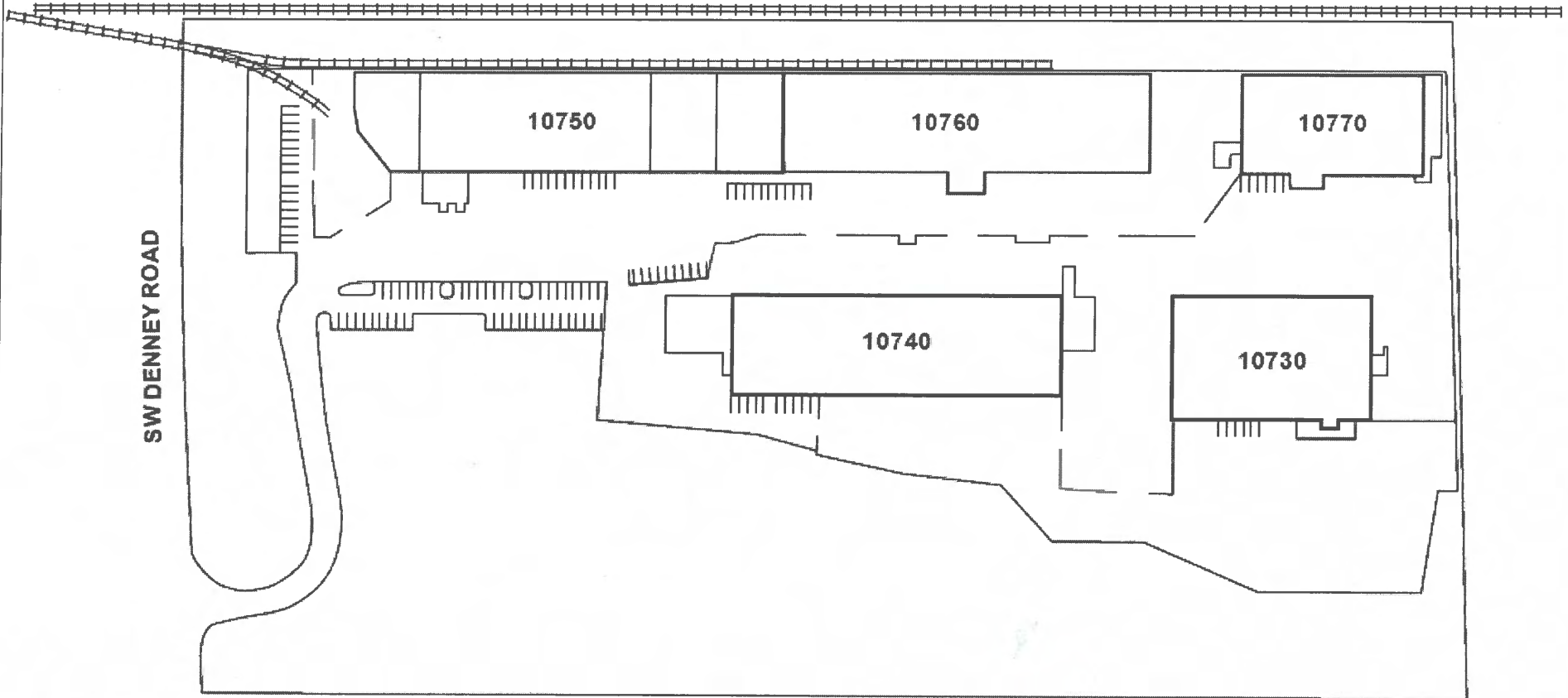


Infinity Financial	7,899 SF	Financial services
Apantac	6,256 SF	Design/development imaging equipment
Cedar House Media	3,740 SF	Media
CBOE Office Technology	3,506 SF	Printer/laptop assembly
Brooks Pest Control	3,300 SF	Exterminators
Pro Drain & Rooter Serv.	2,860 SF	Plumbers
Cote d'Or Imports	2,420 SF	Wine storage
All Points Media	22,572 SF	Outdoor advertising
CNW, Inc.	17,214 SF	Consignment furniture sales
Epiq Class Action	10,673 SF	Document storage

DENNEY ROAD INDUSTRIAL

Beaverton, Oregon

HIGHWAY 217



Circus Trix	33,528 SF
Tillamook Country Smoker	75,082 SF
Ness & Campbell Crane	27,200 SF
Shift Operations	36,200 SF
Arizona Tile	48,000 SF

Family amusement center
Food production
Crane/rigging/large equipment
Auto service and reconditioning
Tile, stone, quartz showroom & distr.

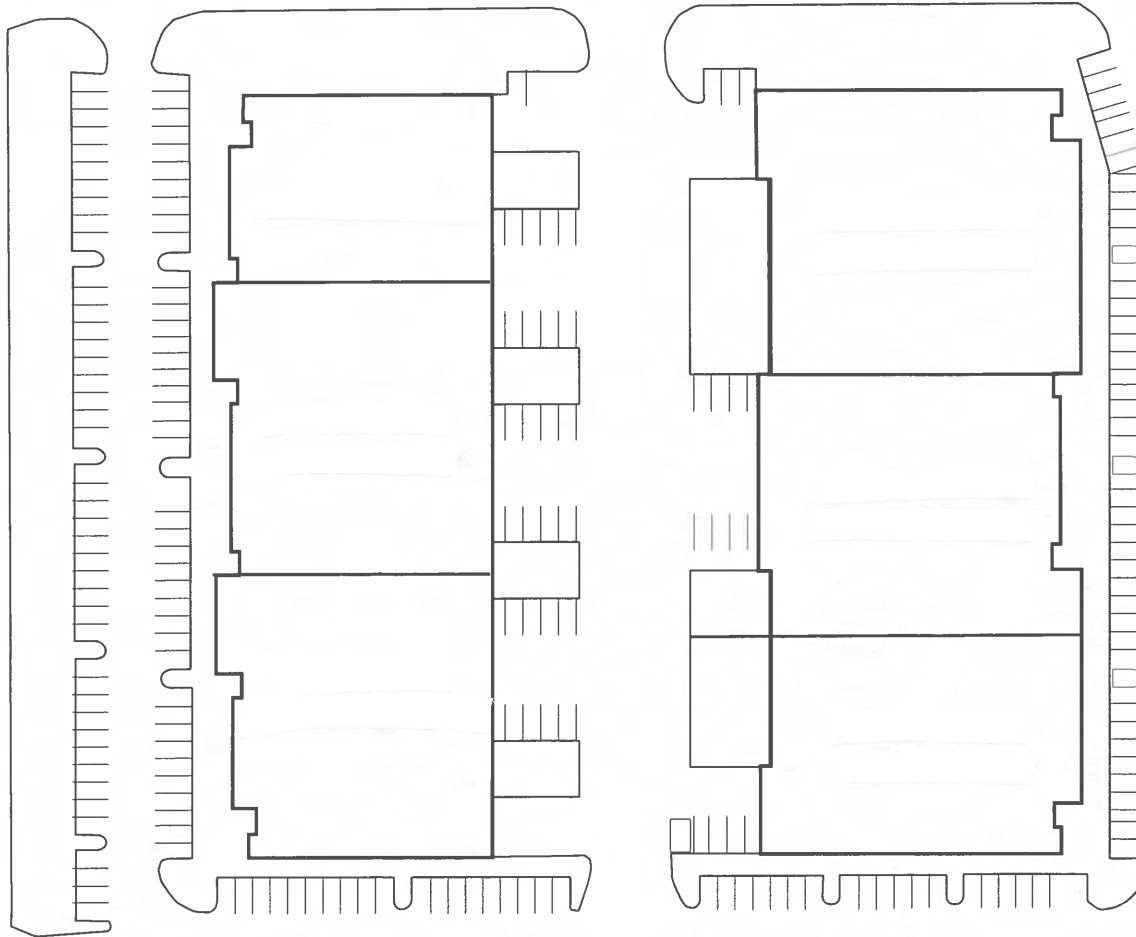
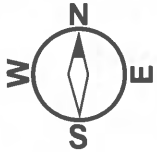
WILSONVILLE COMMERCE CENTER

27120-27180 SW 95th Avenue, Wilsonville, 97070

SW NIKE DRIVE

SW 95TH AVE

WEST FRONTAGE ROAD



Mitchell, Lewis & Staver	21,724 SF
Allied Technologies	21,012 SF
Commercial Furniture Dist.	19,663 SF
Century Wheel & Rim	23,524 SF
Proctor Sales	19,665 SF

Pumping equipment & service
High-tech manufacturing
Furniture warehousing/distribution
Auto/truck/trailer parts & accessories
Boiler/steam/hydraulic product sales



Schnitzer
PROPERTIES



MEMORANDUM

DATE: December 7, 2022

TO: SCHNITZER PROPERTIES
1121 SW Salmon Street
Portland, OR 97205

FROM: Brendan Buckley
Johnson Economics, LLC

SUBJECT: Analysis of Industrial Development Alternatives for the Basalt Creek Plan Area in Tualatin

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I. INTRODUCTION

JOHNSON ECONOMICS has conducted an alternative use analysis on an industrial site of roughly 82 total acres located in Tualatin, Oregon. The total acreage consists of 15 tax lots which are bisected by two public streets (SW Grahams Ferry Rd. and SW Tonquin Rd.) forming three separate contiguous sites.

The site is located within the Southwest and Basalt Creek urban renewal (UR) area and is currently zoned as Manufacturing Park (MP). The MP zone is currently under consideration to be replaced by a new Basalt Creek Employment District (BCE) zone.

The purpose of this analysis is to examine how a hypothetical potential development under the current draft of the BCE zone¹ (the “BCE Use”) compares to a flexible industrial park development

¹ This analysis is based upon the September 14, 2022 version of the draft BCE zone.



(the “Flex Use”) that includes some uses that are not currently allowed in the BCE zone. The scenarios are comprised of:

- BCE Use: a light-industrial facility of over 1 million square feet across 6 buildings, with the use mix dominated by manufacturing uses, with some accompanying office space. See Figure 4.1 for more detail.
- Flex Use: a flex industrial park of over 1 million square feet across 12 buildings, internally subdivided into a range of potential tenanted spaces for small to large-sized businesses, in a variety of sectors. Businesses include light manufacturing and office, as well as uses that are not currently permitted in the draft BCE zone, such as wholesale sales and warehousing. See Figure 3.3 for more detail.

The key metrics of comparison between the two scenarios are level of property investment, tax revenues, urban renewal impacts, and employment. The developed square footage and total estimated investment value within each scenario is the same. As detailed below, due to market demand, the prospective timing of development differs, with the Flex Use expected to develop sooner than the BCE Use.

II. EXECUTIVE SUMMARY

The following findings and conclusions are based on the analysis that follows in this report.

- The Flex Use would be home to a range of business types including light manufacturing, wholesale, and warehouse businesses. Some spaces would be suitable for creative office or flex industrial/office use. As planned, the development would be able to accommodate businesses from small to large.
- As proposed, the BCE zone would not allow some categories of uses that are generally compatible with the low-impact light industrial uses envisioned for the zone. Some of these restricted uses, including warehouse and wholesale sales, would be appropriate for the Flex Use, while also supportive of the goals of the BCE zone and Basalt Creek Plan Area in general. They can also be designed to be compatible with nearby residential uses.
- A City funded and directed economic analysis prepared in conjunction with the zoning update found that manufacturing, while an important component of on-going industrial growth, is growing more slowly than other types of industrial uses, and this is projected to continue.
- The City funded and directed economic analysis recommended allowing a broader range of land uses in the BCE zone to encourage the most rapid and robust build out of industrial areas including flex, manufacturing, wholesale, and warehouse space. Stakeholders in the



industrial planning and the real estate market likewise recommended codes with greater flexibility and allowed uses as models, while pointing to restrictive codes as what to avoid.

- When compared to the BCE Use, the Flex Use is projected to result in greater taxable value, with significantly greater revenue benefits to the Urban Renewal Area (URA).
- The Urban Renewal (UR) Plan forecasted an average annual growth of 6% in the assessed value, resulting in \$4.5M in URA revenue over the 30-year life of the district. The Flex Use is estimated to result in over \$58M in revenue over the same period, or 13 times higher than the forecast in the UR Plan.
- The BCE Use, a speculative light industrial campus introduced after an additional 10 years, would generate a cumulative TIF revenue of \$38M over three years, or roughly 65% of the forecasted revenue from the Flex Use.
- As the recruitment other major employers such as high-tech and advanced manufacturing companies to the Basalt Creek area remains speculative, the Flex Use at the subject site has the potential to provide significant UR revenue in the early years of the district to finance identified UR projects.
- The Flex Use would also provide off-site improvements with extensive public benefits to other users and the City, including improving streets, intersections, trails, water and sewer infrastructure in the immediate area.
- The Flex Use would include a roughly \$29M total investment in improved public infrastructure, which would contribute substantially to extending services to other portions of the Basalt Creek Plan Area and facilitate further development of additional employment uses in the area. This investment would be contributed to the development of the URA without requiring urban renewal funding.
- Modern flex industrial parks, such as the Flex Use, offer a high density of employment through offering a mix of spaces suitable for a broad range of light industrial, office, wholesale, warehouse, and related sectors. At the assumed density of 20 jobs per acre, the Flex Use would support an estimated 1,640 jobs.
- There is no compelling reason to predict a significant difference between the realized employment density of a development under the City's draft BCE zone as proposed (e.g. the BCE Use) vs. the employment density under revised zoning standards with an expanded list of allowable uses such as those proposed in the Flex Use.



- This mixture of business sectors included in the Flex Use feature high average wages beyond those found in manufacturing alone (the BCE Use). The mix of sectors included in the Flex Use is likely to support many family-wage, skilled, blue-collar jobs, at a comparable employment density to that expected in the limited diversity of uses in the BCE Use.
- Our analysis concludes that as compared to development allowed under the proposed BCE zone, an expanded list of allowable uses in the BCE zone would support comparable levels of employment density and wages in the area, potentially generate greater taxable value and urban renewal revenue, include significant investment in off-site public infrastructure, while remaining compatible with neighboring uses.

III. HYPOTHETICAL FLEX USE DEVELOPMENT PROGRAM

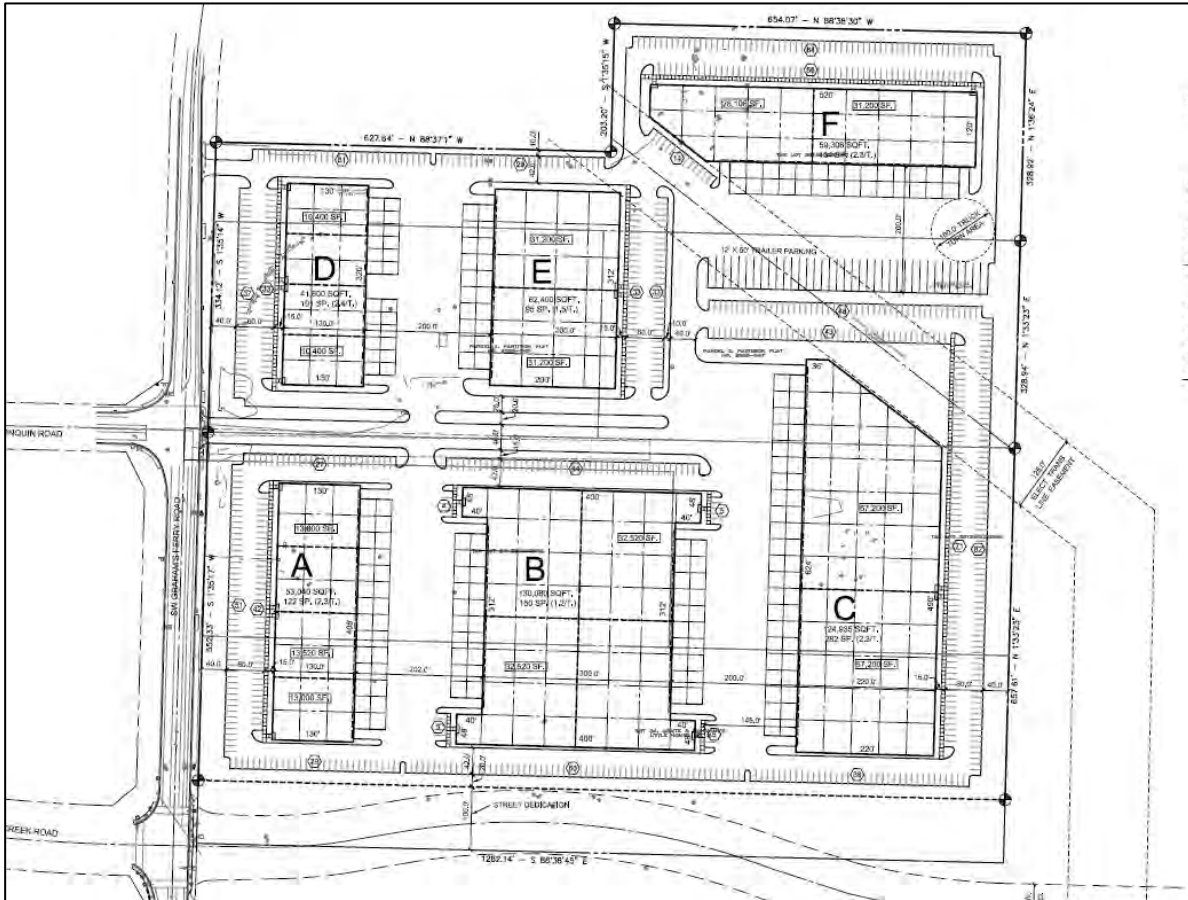
Figures 3.1 & 3.2 show a preliminary site plan² for the Flex Use that forms the basis of the assumptions in this analysis. The layouts shown below are broken into the east and west sections as divided by SW Graham's Ferry Road.

The east section is located to the east of SW Graham's Ferry Road, and north of the planned extension of Basalt Creek Drive. It consists of six buildings totaling 471k square feet.

² This site plan is potentially subject to change during the planning process, but this is representative of the eventual planned use and scale.



FIGURE 3.1: SUBJECT SITE EASTERN SECTION, PRELIMINARY SITE PLAN (SUBJECT TO CHANGE)

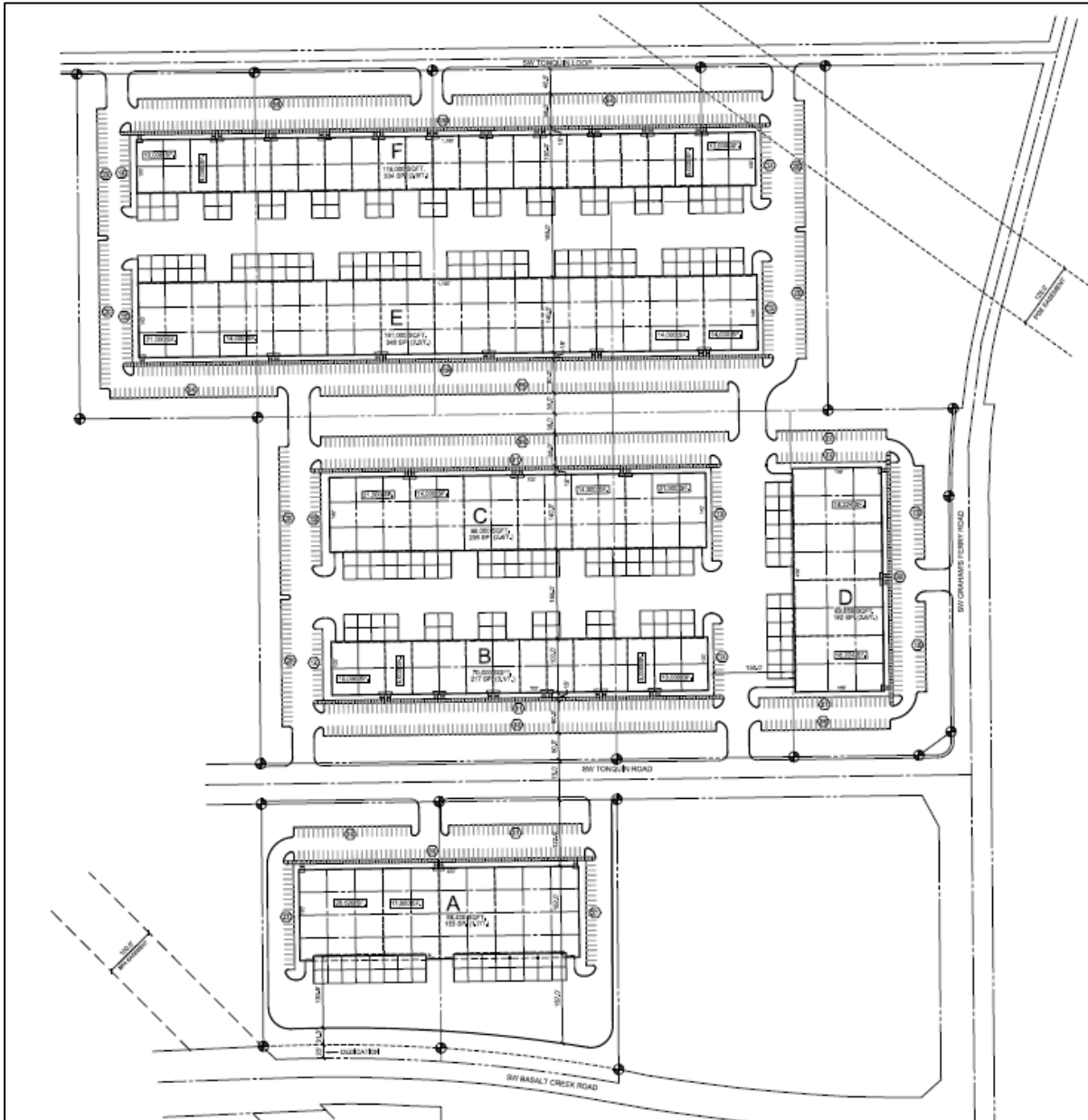


Source: VLMK Engineering and Design

The west section is located to the west of SW Graham's Ferry Road, north of Basalt Creek Drive, and bisected by SW Tonquin Rd. It consists of six buildings totaling 601k square feet.



FIGURE 3.2: SUBJECT SITE WESTERN SECTION, PRELIMINARY SITE PLAN (SUBJECT TO CHANGE)



Source: VLMK Engineering and Design

Figure 3.3 presents the preliminary Flex Use development plan and estimated value of capital improvements at the site for a flex industrial development. These estimates form the basis for projected tax revenue generation from the development, as discussed in following sections. Overall, this facility will have an estimated future value of over \$232 million in real property and equipment.



FIGURE 3.3: PRELIMINARY DEVELOPMENT PLAN AND ESTIMATED CAPITAL INVESTMENT

East Site		Estimated Capital Investment Value		
Flex Ind. Facility	Built Area (Square Feet)	Real Prop. Value/s.f.	Real Prop. Value	Total Value
Building A	53,040	\$217	\$11,510,000	\$11,510,000
Building B	130,080	\$217	\$28,227,000	\$28,227,000
Building C	124,935	\$217	\$27,111,000	\$27,111,000
Building D	41,600	\$217	\$9,027,000	\$9,027,000
Building E	62,400	\$217	\$13,541,000	\$13,541,000
Building F	59,306	\$217	\$12,869,000	\$12,869,000
TOTAL:	471,361	\$217	\$102,285,000	\$102,285,000

West Site		Estimated Capital Investment Value		
Flex Ind. Facility	Built Area (Square Feet)	Real Prop. Value/s.f.	Real Prop. Value	Total Value
Building A	88,400	\$217	\$19,183,000	\$19,183,000
Building B	70,000	\$217	\$15,190,000	\$15,190,000
Building C	98,000	\$217	\$21,266,000	\$21,266,000
Building D	69,056	\$217	\$14,985,000	\$14,985,000
Building E	161,000	\$217	\$34,937,000	\$34,937,000
Building F	115,000	\$217	\$24,955,000	\$24,955,000
TOTAL:	601,456	\$217	\$130,516,000	\$130,516,000

PROPOSED FLEX INDUSTRIAL		Estimated Capital Investment Value		
Flex Ind. Facility	Built Area (Square Feet)	Real Prop. Value/s.f.	Real Prop. Value	Total Value
TOTAL:	1,072,817	\$217	\$232,801,000	\$ 232,801,000

Source: VLMK Engineering and Design, Schnitzer Properties, CoStar, Johnson Economics

Tenants and Land Uses: The Flex Use would be home to a range of business types including light manufacturing, wholesale sales, and warehousing. Some spaces would be suitable for creative office or flex industrial/office use. As planned, the development would be able to accommodate businesses from small to large.

These assumptions are used to model the potential tax revenue and employment generation from this development, discussed more in the following sections of this report.



IV. HYPOTHETICAL BCE USE PROGRAM

To compare the impacts of the Flex Use with what might happen the proposed BCE zone in the area, we have modeled the BCE Use as a hypothetical light industrial development. The light industrial development would be largely manufacturing based, with a limited office component in keeping with the limitations of the BCE zone as currently drafted.

Proposed Basalt Creek Employment District (BCE) Zone: Purpose and Permitted Uses

Currently, the City of Tualatin is considering the replacement of the Manufacturing Park (MP) zone, that currently overlays the subject properties, with the newly defined BCE zone. The draft BCE zone is intended to meet the goals of the plan through supporting a mix of employment uses that are compatible with nearby residential uses. Preliminary *draft* code language describes the zone's potential purpose as currently conceived:

The purpose of this district is to implement the goals of the Basalt Creek Concept Plan, to provide an environment conducive to the development and protection of employment uses that contribute to the local economy and support nearby residential uses. Such permitted uses must not cause objectionable noise, smoke, odor, dust, noxious gases, vibration, glare, heat, fire hazard or other wastes emanating from the property. The emphasis of the zone is on providing a variety of light manufacturing, office, and incubator space for established and emerging businesses, typically in a low-rise, flex-space development pattern. Retail uses are allowed but limited in intensity to maintain adequate employment development opportunities.

[Tualatin Comprehensive Plan, Chapter 10 (9/14/22 draft language)]

Like the MP Zone before it, the BCE would place limitations on most land use categories, including many industrial uses. Retail, commercial services, and office uses are either limited to auxiliary or secondary uses to light industrial or limited in square footage as the primary use.

As drafted, the BCE zone does not allow some categories of uses that are generally compatible with light industrial uses and would be appropriate for a flex industrial park like the Flex Use, including some machine shops, metal fabrication, wholesale trade, most warehousing, and storage of fleet vehicles associated with on-site employers.

As discussed more below, these uses would likely be beneficial to the goals of the BCE and Basalt Creek Plan Area in general and can be compatible with the low-impact light industrial uses envisioned for the zone, and nearby residential uses.

BCE Use Development Scenario

Figure 4.1 presents a hypothetical development plan and estimated value of capital improvements at the site for a light industrial development at the site, consisting largely of manufacturing with some secondary office uses, the BCE Use. The BCE Use development is assumed to be accommodated in fewer buildings (six) in more of a campus-style design.



For the sake of comparison, the assumed FAR of 0.3 remains the same, meaning the overall square footage of space is assumed to be the same between the two scenarios, as well as the total estimated investment value (\$232M). The main difference between the two scenarios is assumed to be the prospective timing of development, as discussed in the following section.

FIGURE 4.1: HYPOTHETICAL BCE USE PLAN AND ESTIMATED CAPITAL INVESTMENT

East Site		Estimated Capital Investment Value		
Manufacturing Facility	Built Area (Square Feet)	Real Prop. Value/s.f.	Real Prop. Value	Total Value
Building A	183,120	\$217	\$39,737,000	\$39,737,000
Building B	166,535	\$217	\$36,138,000	\$36,138,000
Building C	121,706	\$217	\$26,410,000	\$26,410,000
TOTAL:	471,361	\$217	\$102,285,000	\$102,285,000

West Site		Estimated Capital Investment Value		
Manufacturing Facility	Built Area (Square Feet)	Real Prop. Value/s.f.	Real Prop. Value	Total Value
Building A	158,400	\$217	\$34,373,000	\$34,373,000
Building B	167,056	\$217	\$36,251,000	\$36,251,000
Building C	276,000	\$217	\$59,892,000	\$59,892,000
TOTAL:	601,456	\$217	\$130,516,000	\$130,516,000

ALTERNATIVE SCENARIO		Estimated Capital Investment Value		
Manufacturing Facility	Built Area (Square Feet)	Real Prop. Value/s.f.	Real Prop. Value	Total Value
TOTAL:	1,072,817	\$217	\$ 232,801,000	\$ 232,801,000

Source: CoStar, Johnson Economics

Land Use: As noted, the BCE Use is expected to be largely manufacturing based, with some accompanying office space. This alternative does not include the variety of uses envisioned in the Flex Use, because the proposed BCE zone limits are restricts many flex industrial uses.

The assumptions presented in Figure 4.1 are used to model the potential tax revenue and employment generation from this development, discussed more in the following sections of this report.

V. INDUSTRIAL MARKET TRENDS IMPACTING DEVELOPMENT



Aside the mix of businesses, the two development scenarios will differ in the prospects for actually being realized in the near term based on the current industrial real estate environment. The Flex Use is actively looking to move forward, whereas a prospective campus-style business park for one or a few large users presented in the BCE Use is more speculative.

This section reviews market conditions for new industrial development that will impact the pace of development, and therefore the timing of employment growth, benefits to the tax base, Urban Renewal Area, and off-site public infrastructure improvements.

Economic Analysis of the Zone Update Project

As part of the Basalt Creek MP Zone Update project, the City funded and directed an economic analysis that was prepared by Leland Consulting Group (Leland Analysis) to assess the “market-based development and employment opportunities”³ in the area. After examining industrial market conditions and trends in the Portland region and SW Metro submarket, ***the analysis recommended allowing a broader range of land uses in the updated zone*** (i.e. the BCE zone) in order to encourage the most rapid and robust build out of industrial areas. Some key findings from the analysis:

- In general, the analysis finds that manufacturing, while an important component of on-going industrial growth, is growing more slowly than other types of industrial uses, and this is projected to continue. “While the manufacturing sector as a whole is projected to have some recovery-driven employment growth, it also contains 11 of the 20 industries projected to have the most rapid employment declines, and annual manufacturing employment growth is just 0.15 percent. Factors contributing to the loss of manufacturing jobs include continued global competition and the adoption of productivity-enhancing technologies such as robotics.” (Pg. 7)
- On the regional level, manufacturing employment growth is expected to be somewhat more robust than nationally, but still trail other industrial growth: “...manufacturing jobs in the Portland metropolitan area are projected to grow by 0.99 percent annually through 2030. Transportation and warehousing jobs are similarly projected to grow rapidly at 1.64 percent annually, and wholesale trade jobs are projected to grow at 1.11 percent annually.” (Pg. 7)
- “For Basalt Creek, the ULI Survey suggests in the near-term developers are more likely to invest in new fulfillment and warehousing projects than manufacturing” (Pg. 6), and “[m]anufacturing (i.e. buildings exclusively used for manufacturing uses) has accounted for

³ Basalt Creek MP Zone Update Economic Analysis, Chris Zahas and Sam Brookham, Leland Consulting Group, 2022.



significantly less development in recent years, which appears a broader market trend...” (Pg. 11)

- These findings support an approach of allowing manufacturing uses while maintaining flexibility for other uses that can also offer employment density and good wages, while better taking advantage of economic cycles.

As part of the analysis, Leland Consulting met with various stakeholders in the industrial planning and real estate market who recommended potential model zones on which to base the new BCE zone.

- Five model zones in the Portland region were suggested. What the zones have in common is flexibility and a range of allowed uses. Meanwhile, stakeholders suggested that zoning codes which are overly restrictive should be avoided.
- A case study of the Tonquin Employment Area in Sherwood noted that:

“The EI zone was originally aimed at supporting high-tech manufacturing and traded sector job growth. **However, the TEA remained largely unincorporated and undeveloped for many years** following the plan’s adoption in 2010.

“Stakeholders interviewed for this project highlighted the challenges of developing in the TEA following the concept plan and UGB activity, **citing a narrowly defined set of allowed uses in the zoning code**, site constraints, and relatively restrictive development standards as reasons for the lack of initial development in the area.

“In 2014, the City of Sherwood embarked on an implementation plan that focused on infrastructure and financial tools and **refined the focus of the EI Zone on “mid-size manufacturing and flex space.” One of the main recommendations that came out of this process included expanding the allowed uses in the EI zone to attract more investment.** Stakeholders cited this added flexibility to the EI zone as instrumental in facilitating the recent wave of new investment activity in the TEA.” [Emphasis added] (Pg. 16)

The economic analysis reaches similar conclusions, recommending flexibility in allowed uses in the updated zone:

“Manufacturing buildings—the primary use currently allowed in the MP zone—have accounted for less than seven percent of all industrial development over the past 10 years in the I-5 South submarket (down from almost 19 percent historically). Meanwhile, warehouse and distribution buildings have continued to make up the largest share of new development, and multitenant and flex industrial buildings have accounted for more than one-fifth of recent investment (up two-fold from historical averages).

“Demand for multi-tenant flex industrial buildings will continue to grow in the future. These buildings tend to be smaller, speculative developments (no more than 150,000 square feet) that cater to a wide variety of tenants—including tech, manufacturers, suppliers, wholesalers, services, contractors, as well as traditional distribution and warehousing tenants house relatively job-dense tenants from a broad market spectrum, and are well suited to the I-5 submarket....



“[T]he most suitable of ‘model’ zones (per feedback from stakeholders) are generally less restrictive than the Manufacturing Park zone in Basalt Creek.” (Pg. 20-21)

Recommendations: Ultimately, the City funded and directed economic analysis recommends expanding the allowed use table in the MP zone to be more inclusive of other industrial uses and to be better aligned with market demand that includes flex, distribution, manufacturing, and warehouse space (pg. 21). This recommendation for the updated BCE zone can be accomplished while still ensuring compatibility with nearby residential uses.

Summary of Economic Conditions

The City funded and directed economic analysis prepared as part of drafting the BCE zone supports the finding that a more flexible zone with a greater variety of allowed uses is likely to encourage more rapid development, with greater public benefits to the tax base and Urban Renewal Area, without sacrificing employment density or wage levels. The following sections address these impacts.



VI. FORECAST OF TAXABLE VALUE AND TIF REVENUE POTENTIAL

Southwest and Basalt Creek Development Area (Urban Renewal Area)

The subject property is located within an urban renewal area (URA). The UR Plan (2021) identifies goals for the URA and implementing UR projects. The URA goals include to encourage “high density employment opportunities” and “encourage land development that strengthens the local tax base”. Other goals include the provision of transportation and utility infrastructure to support this vision for the build-out of the URA. The Flex Use can support these goals and help build taxable value within the UR district *without requiring expenditure of UR resources*.

The feasibility study prepared prior to adoption of the UR Plan forecasted revenue to the URA of between \$28.4 million and \$55.5 million, for the Basalt Creek area over 30 years (a separate feasibility study was prepared for the north part of the district.) The study applied a general annual inflation factor of 3% to all properties and then an additional factor of 1% to 3% annually for new development. Therefore, the total forecasted rate ranged between 4% (low) to 6% (high).

For the sake of this analysis, Johnson Economics applied these rates to the roughly 82-acre subject site. The subject site consists of 15 taxlots, with a total assessed value of \$5,371,350 in the 2021/22 tax year. This is assumed to be the “frozen base” value for the purposes of urban renewal, above which the taxable value from any appreciation and newly added value is assigned to the URA.

Applying the methodology of the feasibility analysis (a 4% to 6% annual growth rate) to this property as-is leads to a forecast of modest TIF revenue potential. Modeling the Flex Use results in high assessed value beginning in 2024 (Figure 5.1). The estimated total investment in the 12-building facility is roughly \$232.8 million, based on the preliminary development plan and assumptions outline below. (This development program is preliminary and may change over time, as will estimates of development costs. This is a best estimation at the time of this analysis and should be considered a rough or “order-of-magnitude” forecast to give an idea of the scale of the Flex Use and potential valuation.)

The hypothetical BCE Use is assumed to have the same square footage of space, over a fewer number of buildings, and the same valuation. The total estimated values are reproduced below for reference.

Timing of development: Figure 6.1 (following page) presents forecast of tax increment (TIF) revenue that goes to the URA over the 30-year period of the district. Phase I of the Flex Use is projected to happen in the near term, with the high taxable value being added to the tax roles in 2025, with two more phases being completed in two-year increments.

The development of a large industrial campus, based on manufacturing, in the BCE Use is speculative and reliant on recruitment of one or more major industrial employers to the area. The modeling here



demonstrates the impact of this BCE Use if it occurred in two phases, with the later east side of the development taking place after ten years and the west side after twenty years.

The timing of the BCE Use scenario is purely speculative, but as the economic analysis prepared for the zone change study points out, attracting large employers such as advanced manufacturers or high-tech industry to a zone with limited allowed uses can be a long-term prospect, or not happen at all. More flexible zoning is expected to have better prospects in the near term, as demonstrated by the Flex Use.

Figure 6.1 compares the taxable valuation and TIF revenue forecasts for the baseline UR Plan scenario (6% annual growth), the Flex Use and BCE Use.



FIGURE 6.1: FORECASTED TAX INCREMENT FINANCING REVENUE GROWTH, SUBJECT PROPERTY
(SCENARIOS: URA PLAN (6% AGR) / PROPOSED FLEX INDUSTRIAL / BCE USE)

YEAR	Estimated RMV		New Taxable Value			Tax Rate (88.49)	Annual TIF Revenue (Net)*			Cumulative TIF Revenue (Net)					
	Frozen Base	Baseline AV (3% Growth)	Flex Use Development	BCE Use Development	UR Plan High Growth (6%)		Flex Use Development	BCE Use Development	UR Plan High Growth (6%)	Flex Use Development	BCE Use Development	UR Plan High Growth (6%)	Flex Use Development	BCE Use Development	
	2021	\$5,371,350	\$5,371,350												
2022	\$5,371,350	\$5,797,690			\$322,281			14.89							
2023	\$5,371,350	\$5,971,621			\$663,899			14.89	\$4,799						
2024	\$5,371,350	\$6,150,769			\$1,026,014			14.89	\$9,391						
2025	\$5,371,350	\$6,335,292	\$70,624,000		\$1,409,856	\$66,216,592		14.89	\$14,513	\$19,943	\$936,667	\$28,703	\$48,647	\$936,667	
2026	\$5,371,350	\$6,525,351	\$68,345,806		\$1,816,728	\$64,128,458		14.89	\$19,943	\$25,699	\$907,129	\$48,647	\$74,345	\$1,843,796	
2027	\$5,371,350	\$6,721,112	\$126,033,103		\$2,248,013	\$122,011,515		14.89	\$14,513	\$31,799	\$1,725,914	\$28,703	\$106,144	\$3,569,710	
2028	\$5,371,350	\$6,922,745	\$121,967,519		\$2,705,174	\$118,147,564		14.89	\$19,943	\$38,266	\$1,671,256	\$48,647	\$144,410	\$5,240,966	
2029	\$5,371,350	\$7,130,427	\$220,318,083		\$3,189,766	\$216,705,810		14.89	\$25,699	\$45,121	\$3,065,412	\$74,345	\$189,531	\$8,306,378	
2030	\$5,371,350	\$7,344,340	\$213,211,048		\$3,703,433	\$209,812,688		14.89	\$31,799	\$52,387	\$2,967,905	\$106,144	\$241,918	\$11,274,284	
2031	\$5,371,350	\$7,564,670	\$206,333,272		\$4,247,920	\$203,155,243		14.89	\$19,943	\$60,089	\$2,873,732	\$144,410	\$302,007	\$14,148,016	
2032	\$5,371,350	\$7,791,611	\$199,677,360		\$4,825,076	\$196,726,271		14.89	\$25,699	\$68,253	\$2,782,791	\$189,531	\$370,260	\$16,930,808	
2033	\$5,371,350	\$8,025,359	\$193,236,155		\$5,436,862	\$190,518,814		14.89	\$31,799	\$76,907	\$2,694,984	\$8,306,378	\$447,167	\$19,625,791	
2034	\$5,371,350	\$8,266,120	\$187,002,731	\$130,515,952	\$6,085,354	\$184,526,150	\$128,039,372	14.89	\$19,943	\$86,080	\$2,610,215	\$19,625,791	\$533,248	\$22,236,006	\$1,811,181
2035	\$5,371,350	\$8,514,103	\$180,970,385	\$126,305,760	\$6,772,756	\$178,741,788	\$124,077,163	14.89	\$25,699	\$95,804	\$2,528,392	\$22,236,006	\$629,052	\$24,764,398	\$3,566,314
2036	\$5,371,350	\$8,769,526	\$175,132,630	\$122,231,381	\$7,501,403	\$173,159,457	\$120,258,207	14.89	\$31,799	\$106,111	\$2,449,427	\$24,764,398	\$735,163	\$27,213,825	\$5,267,427
2037	\$5,371,350	\$9,032,612	\$169,483,191	\$118,288,433	\$8,273,768	\$167,773,103	\$116,578,345	14.89	\$19,943	\$117,037	\$2,373,234	\$27,213,825	\$852,199	\$29,587,060	\$6,916,486
2038	\$5,371,350	\$9,303,590	\$164,015,991	\$114,472,677	\$9,092,475	\$162,576,881	\$113,033,567	14.89	\$25,699	\$128,618	\$2,299,731	\$29,587,060	\$980,817	\$31,886,791	\$8,515,402
2039	\$5,371,350	\$9,582,698	\$158,725,152	\$110,780,010	\$9,960,305	\$157,565,151	\$109,620,008	14.89	\$31,799	\$140,893	\$2,228,838	\$31,886,791	\$1,598,916	\$34,115,629	\$10,066,032
2040	\$5,371,350	\$9,870,179	\$153,604,986	\$107,206,461	\$10,880,204	\$152,732,465	\$106,333,940	14.89	\$19,943	\$153,906	\$2,160,477	\$34,115,629	\$1,550,630	\$37,111,179	\$11,570,179
2041	\$5,371,350	\$10,166,285	\$148,649,987	\$103,748,188	\$11,855,297	\$148,073,571	\$103,171,773	14.89	\$25,699	\$167,699	\$2,094,575	\$37,111,179	\$1,504,147	\$40,101,739	\$13,029,595
2042	\$5,371,350	\$10,471,273	\$143,854,826	\$100,401,473	\$12,888,896	\$143,583,399	\$100,130,046	14.89	\$31,799	\$182,320	\$2,031,059	\$40,101,739	\$1,459,416	\$42,533,298	\$14,445,985
2043	\$5,371,350	\$10,785,411	\$139,214,348	\$97,162,715	\$13,984,511	\$139,257,059	\$97,205,427	14.89	\$19,943	\$197,818	\$1,969,861	\$42,533,298	\$1,416,390	\$44,950,011	\$15,821,004
2044	\$5,371,350	\$11,108,974	\$134,723,562	\$196,313,771	\$15,145,862	\$135,089,836	\$196,680,045	14.89	\$25,699	\$214,246	\$1,910,913	\$44,950,011	\$1,375,019	\$47,325,030	\$17,196,008
2045	\$5,371,350	\$11,442,243	\$130,377,641	\$189,981,069	\$16,376,895	\$131,077,184	\$190,680,612	14.89	\$31,799	\$231,659	\$1,854,152	\$47,325,030	\$2,282,138	\$49,607,168	\$18,677,126
2046	\$5,371,350	\$11,785,510	\$126,171,910	\$183,852,647	\$17,681,790	\$127,214,721	\$184,895,457	14.89	\$19,943	\$250,118	\$1,799,516	\$49,607,168	\$2,697,273	\$51,304,441	\$20,073,252
2047	\$5,371,350	\$12,139,075	\$122,101,849	\$177,921,917	\$19,064,978	\$123,498,224	\$179,318,292	14.89	\$25,699	\$269,684	\$1,746,944	\$51,304,441	\$2,615,439	\$53,920,080	\$21,588,500
2048	\$5,371,350	\$12,503,248	\$118,163,080	\$172,182,500	\$20,531,158	\$119,923,627	\$173,943,048	14.89	\$31,799	\$290,423	\$1,696,380	\$53,920,080	\$2,536,547	\$56,456,627	\$22,817,000
2049	\$5,371,350	\$12,878,345	\$114,351,367	\$166,628,226	\$22,085,308	\$116,487,012	\$168,763,871	14.89	\$19,943	\$312,408	\$1,647,767	\$56,456,627	\$2,460,511	\$59,917,138	\$24,067,120
2050	\$5,371,350	\$13,264,695	\$110,662,613	\$161,253,122	\$23,732,708	\$113,184,609	\$163,775,117	14.89	\$25,699	\$335,711	\$1,601,053	\$59,917,138	\$2,387,249	\$62,304,387	\$25,322,269
2051	\$5,371,350	\$13,662,636	\$107,092,852	\$156,051,408	\$25,478,951	\$110,012,788	\$158,971,345	14.89	\$31,799	\$360,413	\$1,556,186	\$62,304,387	\$3,391,991	\$65,696,378	\$26,584,260
2052	\$5,371,350	\$14,072,515	\$103,638,244	\$151,017,492	\$27,329,969	\$106,968,059	\$154,347,307	14.89	\$19,943	\$386,596	\$1,513,117	\$65,696,378	\$2,697,273	\$68,393,651	\$27,857,420

Source: Washington County Assessor, CoStar, Johnson Economics, VLMK Engineering and Design

* Tax loss adjustment (-5%)



Tax Revenue Generation: Findings

- Growth of the current assessed value at 6% would yield an estimated cumulative TIF revenue generation of \$4.5M over 30 years from the subject property (Figure 6.1). In comparison, the estimated taxable value of the Flex Use, introduced in the year 2025, would yield cumulative TIF revenue of \$58M over 30 years, or 13 times higher than high end of the forecast from the UR feasibility study.
- The BCE Use, a speculative light industrial campus introduced after 10 years, would generate a cumulative TIF revenue of \$38M over three years, or roughly 65% of the forecasted revenue from the Flex Use.
- This difference reflects that the timing of development is a critical factor for revenue generation in an urban renewal district. A development earlier in the district's planning period will generate much greater cumulative TIF revenue before the district's expiration than an equivalent development completed in the middle of the district's planning period.
- Clearly, the Flex Use has the potential to greatly outperform the valuation and tax revenue generation assumptions included in the original UR feasibility analysis. The forecasted revenue from the UR Plan was \$55.5 million at the high end of the forecast range, meaning the revenue from the Flex Use alone has the potential to exceed the total forecasted revenue for the entire UR district.
- As the recruitment other major employers such as high-tech and advanced manufacturing companies to the Basalt Creek area remains speculative, the Flex Use at the subject site has the potential to provide significant UR revenue in the early years of the district to finance identified UR projects.

Off-Site Improvements in the Basalt Creek Area

AKS Engineering has prepared rough order of magnitude (ROM) cost estimates for the potential off-site improvements that would accompany the Flex Use at the expense of the developer⁴. These improvements will provide extensive public benefits to other users and the City by improving streets, intersections, trails, water and sewer infrastructure in the immediate area. The following is a summary of these preliminary ROM estimates:

⁴ "Tualatin Basalt Creek Public Infrastructure ROM Cost Review", AKS Engineering, Darko Simic PE, 10/21/2022



Full and three-quarter street improvements:	\$17.8M
Pedestrian Trail Improvements:	\$150,000
Public Water Infrastructure Improvements:	\$3.6M
Public Sewer Infrastructure Improvements:	\$7.4M
TOTAL Estimated Improvements:	\$29.0M

These projects, which might total a combined \$29M in investment in improved public infrastructure would contribute substantially to extending services to other portions of the Basalt Creek Plan Area and facilitate further development of additional employment uses. This investment would be contributed to the development of the URA without requiring urban renewal funding.

VII. EMPLOYMENT DENSITY AND WAGES

Employment Density

The Basalt Creek Concept Plan forecasts the area currently zoned MP may accommodate nearly 1,900 jobs at a density of 20 jobs per acre. This is roughly 650 s.f. of built space per job at an assumed FAR of 0.3.

The Flex Use consisting of flex industrial space is forecast to provide employment at this density or better. Modern flex industrial parks offer a high density of employment through offering a mix of spaces suitable for a broad range of light industrial, office, wholesale, warehousing, and related sectors. At the assumed 20 jobs per acre of the MP zone, the Flex Use (which includes most, but not all, of the BCE zoned area) would support an estimated 1,640 jobs.

Comprehensive and reliable data on employment density across various categories of industrial users is unfortunately not available, with significant variation among different studies and reporting of individual companies. In general, employment density for office, creative, and high-tech enterprises is estimated to be the highest, while manufacturing and distribution uses are estimated to feature lower job densities.

With a mix of these users in a multi-tenant flex business park like the Flex Use development, the employment density would be expected to be equal to or higher than a manufacturing-heavy light industrial development such as the BCE Use. A multi-tenant development such as the Flex Use is also likely to feature increased employment concentration via offering smaller leasable spaces per business.



In recent years, industrywide trends have included a decrease in employment density in manufacturing businesses, and an increase in employment density in some categories that were traditionally thought of as having low employment density, including warehouse and distribution.⁵

This shift is because investment in automation in modern industries is, on the one hand, decreasing the number of employees needed in sophisticated manufacturing plants relative to growing production lines and robotics. On the other hand, investment in equipment is increasing the vertical density of operations like storage and distribution, meaning less floor area is required per employee. These two trends are increasing the parity among industrial users over time. (As noted, any real-world company is likely to feature unique operating characteristics that can vary widely from any average estimate of density.)

Nevertheless, there is not a compelling reason to predict a significant difference between the realized employment density of a development under the currently proposed BCE zone, vs. the employment density under a revised zoning standards that allows additional uses such as those proposed in the Flex Use development.

Industrial Wage Levels

The following figure shows average annual wage rates among the major industry sectors that might locate in a multi-tenant flex business park like the Flex Use. Traditionally, manufacturing like what may be developed in the BCE Use has been emphasized as an industrial employment sector that pays uniquely high wages relative to other industrial users. While this may be true in relation to some sectors such as construction or transportation, these are not anticipated to be major users at the Flex Use.

The mix of users in the Flex Use is likely to include various categories of manufacturing including advanced manufacturing and fabrication, as well as wholesale trade, warehousing, and some mix of business services or high-tech industries, such as software. As shown in Figure 7.1, this mixture of business sectors that could be included in the Flex Use features high average wages beyond those in the manufacturing alone sector alone in the BCE Use. A mix of these sectors in the Flex Use is likely to support many family-wage blue-collar jobs, at a comparable employment density to the density envisioned in the Basalt Creek Concept Plan and in the draft BCE zone.

⁵ “Brave New World,” Kim Moore, Oregon Business, November 2017.

“Growth Trends for Occupations Considered at Risk from Automation,” US Bureau of Labor Statistics, July 2022.

[Bls.gov/opub/](https://www.bls.gov/opub/)

“The Evolution of the Warehouse: Trends in Technology, Design, Development and Delivery,” NAIOP, October 2020.

https://en.wikipedia.org/wiki/Fourth_Industrial_Revolution



FIGURE 7.1: AVERAGE WAGE LEVELS IN RELEVANT SECTORS, WASHINGTON CO., 2021

Industry	Avg. Annual Wage
All Washington County Employment	\$86,181
Manufacturing	\$121,315
Wholesale trade	\$116,706
Transportation, warehousing & utilities	\$50,020
Blended Avg. of Proposed Uses:	\$96,014

Source: Oregon Employment Department, QCEW Data, Washington County 2021

VIII. CONCLUSIONS

The analysis presented in the preceding sections of this report support the following findings and conclusions:

- The Flex Use would be home to a range of business types including light manufacturing, wholesale, and warehouse businesses. Some spaces would be suitable for creative office or flex industrial/office use. As planned, the development would be able to accommodate businesses from small to large.
- As proposed, the BCE zone would not allow some categories of uses that are generally compatible with the low-impact light industrial uses envisioned for the zone. Some of these restricted uses, including warehouse and wholesale sales, would be appropriate for the Flex Use, while also supportive of the goals of the BCE zone and Basalt Creek Plan Area in general. They can also be designed to be compatible with nearby residential uses.
- A City funded and directed economic analysis prepared in conjunction with the zoning update found that manufacturing, while an important component of on-going industrial growth, is growing more slowly than other types of industrial uses, and this is projected to continue.
- The City funded and directed economic analysis recommended allowing a broader range of land uses in the BCE zone to encourage the most rapid and robust build out of industrial areas including flex, manufacturing, wholesale, and warehouse space. Stakeholders in the industrial planning and the real estate market likewise recommended codes with greater flexibility and allowed uses as models, while pointing to restrictive codes as what to avoid.



- When compared to the BCE Use, the Flex Use will result in greater taxable value, with significantly greater revenue benefits to the Urban Renewal Area (URA).
- The Urban Renewal (UR) Plan forecasted an average annual growth of 6% in the assessed value, resulting in \$4.5M in URA revenue over the 30-year life of the district. The Flex Use is estimated to result in over \$58M in revenue over the same period, or 13 times higher than the forecast in the UR Plan.
- The BCE Use, a speculative light industrial campus introduced after an additional 10 years, would generate a cumulative TIF revenue of \$38M over three years, or roughly 65% of the forecasted revenue from the Flex Use.
- As the recruitment of other major employers such as high-tech and advanced manufacturing companies to the Basalt Creek area remains speculative, the Flex Use at the subject site has the potential to provide significant UR revenue in the early years of the district to finance identified UR projects.
- The Flex Use would also provide off-site improvements with extensive public benefits to other users and the City, including improving streets, intersections, trails, water and sewer infrastructure in the immediate area.
- The Flex Use would include a roughly \$29M total investment in improved public infrastructure, which would contribute substantially to extending services to other portions of the Basalt Creek Plan Area and facilitate further development of additional employment uses in the area. This investment would be contributed to the development of the URA without requiring urban renewal funding.
- Modern flex industrial parks, such as the Flex Use, offer a high density of employment through offering a mix of spaces suitable for a broad range of light industrial, office, wholesale, warehouse, and related sectors. At the assumed density of 20 jobs per acre, the Flex Use would support an estimated 1,640 jobs.
- There is no compelling reason to predict a significant difference between the realized employment density of a development under the City's draft BCE zone as proposed (e.g. the BCE Use) vs. the employment density under revised zoning standards with an expanded list of allowable uses such as those proposed in the Flex Use.
- This mixture of business sectors included in the Flex Use feature high average wages beyond those found in manufacturing alone (the BCE Use). The mix of sectors included in the Flex Use is likely to support many family-wage, skilled, blue-collar jobs, at a comparable employment density to that expected in the limited diversity of uses in the BCE Use.



- Our analysis concludes that as compared to development allowed under the proposed BCE zone, an expanded list of allowable uses in the BCE zone would support comparable levels of employment density and wages in the area, potentially generate greater taxable value and urban renewal revenue, include significant investment in off-site public infrastructure, while remaining compatible with neighboring uses.

Technical Memorandum

December 12, 2022

Project# 28420

To: Ryan Schera, Schnitzer Properties
From: Kristine Connolly, PE, Carla Kleynhans, and Diego Arguea, PE
Project: Basalt Creek Industrial Park
Subject: Trip Generation and Distribution Study

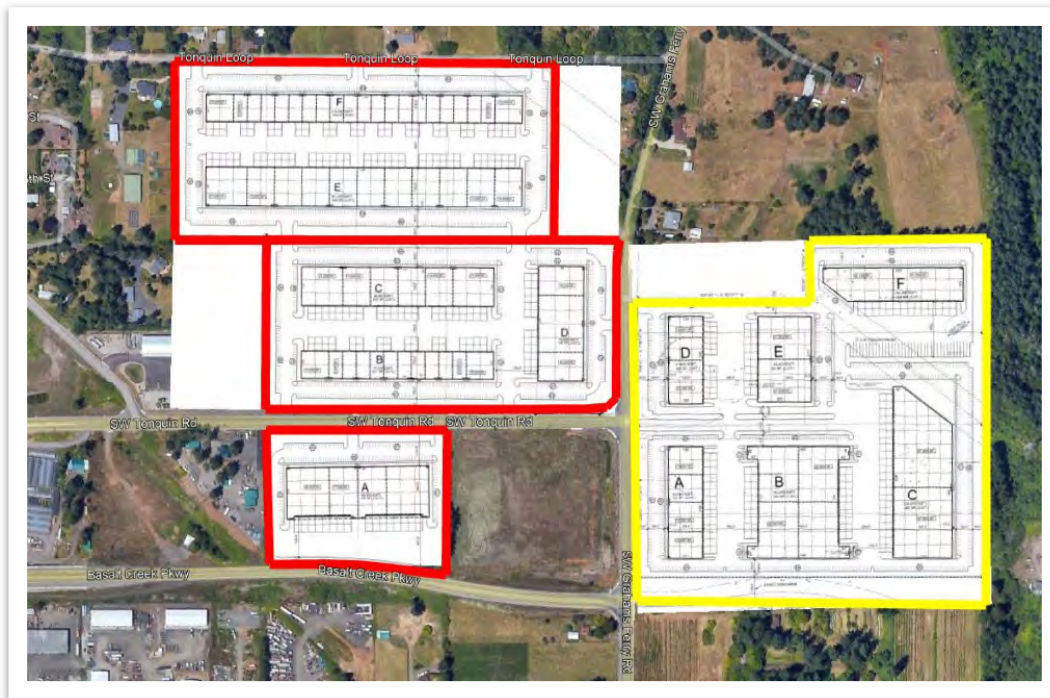
Basalt Creek Industrial Park is a proposed industrial park development located to the north of Basalt Creek Parkway and on both the eastern and western sides of SW Grahams Ferry Road. The current future zoning of the area is Manufacturing Park (MP). The development would like to broaden their allowable uses to include a mixture of wholesales, warehousing, and light manufacturing uses with a limitation on both warehousing and wholesales of 35% of the gross floor area on a development site allowed outright and a conditional use permit requirement to exceed the 35% limitation for each use. The broadened zoning currently being developed is referred to as the Basalt Creek Employment (BCE) Zone. However, this zoning still contains a size limitation to certain land uses. The proposed Basalt Creek development is thus proposing a text amendment to the draft BCE zoning.

This letter documents the comparison of the worst-case trip generation potential, the expected truck trip generation and assignment associated with the proposed development. This will be used as a supporting document for text amendment. **As shown below, the BCE text amendment worst-case trip generation will generate less trips compared to the MP trip generation.**

BASALT CREEK INDUSTRIAL PARK

Exhibit 1 is a concept layout for the proposed development. This layout was used to obtain an estimate of the Gross Floor Area required to determine the worst-case trip generation of the proposed industrial park. Based on the concept layout the development can be divided into several sites varying from two to twelve sites. The overall trip generation comparison outcome will remain the same however the number of trips generated, and the trip rate will increase the more sites there are. For simplicity, it is assumed that the industrial park will be developed as two separate sites. The areas indicated in red as the western site and the area in yellow as the eastern site.

Exhibit 1: Concept Layout



DEVELOPMENT CODES

The use categories and their limitations for the MP zone is based on the City of Tualatin Development Code Chapter 62 TDC 62.200 and TDC 62.210. An extract of these sections has been included in Appendix A. The land uses listed in the use categories table are the land use trip rates that were compared to obtain the worst-case trip rate combination. The main land use limitation is the size restriction, restricting all commercial uses to a total of 20,000 square feet allowed on site.

Ordinance 1418-19 relates to the Basalt Creek Concept Plan, amending various City of Tualatin development code chapters. This Ordinance is included in Appendix B and a draft version of the BCE zone is included in Appendix C. Similar to the MP Development Code, this draft provides the use categories and their limitations for the BCE zone and will form part of the City of Tualatin Development Code Chapter 65. The main difference between the MP development code and the BCE development code is the permitted use categories.

The MP permits:

- Eating and drinking establishment uses limited to a restaurant or deli
- Retail sales and services uses limited to:
 - sale of good produced on site
 - child day care
 - food or convenience store, mailing operations, reproductions or photo coping services, bank and medical service
- Light manufacturing uses limited to:
 - Manufacture and assembly of electronic or optical instruments, equipment, devices, musical instruments, toys, and sporting goods
 - Production of textiles or apparel
 - Printing, publishing, and lithography shops

- o Research and development laboratories
- o Primary processing of organic materials such as tanning of leather is prohibited.

The BCE permits:

- Eating and drinking establish without drive up or drive-through facilities
- Mobile food unit development
- Medical offices
- Retail sales and services uses limited to:
 - o child day care center
 - o all other retail sales and services uses without drive-up or drive-through facilities
- Light manufacturing uses except:
 - o Machine shop
 - o Building, heating, plumbing and electrical contractor’s offices with on-site storage of equipment or materials
 - o Casting or fabrication of metals
 - o Trade or industrial schools where industrial vehicles and equipment are operated
- Warehousing and freight movement uses limited to storage and distribution of goods produced on-site

BCE ZONE TEXT AMENDMENT

The proposed development is recommending various text amendments to the industrial land use categories in terms of land uses permitted and size limitations. The text amendment will allow for a mixture of wholesales, warehousing, and light manufacturing uses with a limitation on both warehousing and wholesales of 35% of the gross floor area on a development site allowed outright and a conditional use permit requirement to exceed the 35% limitation for each use.

TRIP GENERATION

The *Trip Generation Manual, 11th Edition* published by the Institute of Transportation Engineers in 2021, provides trip rates for various land uses. The average trip generation rates were used for the land uses indicated in the tables below, except were indicated differently.

Existing MP Zoning Trip Generation

The land uses with the highest trip rates per zone were combined to identify the worst-case trip generation. This combination was restricted by the maximum allowable size of certain land uses based on the development code. Refer to Table 1 for the estimated trip generation for the MP zone.

Table 1: Estimated Trip Generation for MP zone

Land Use	ITE Code	Size (sq ft)		AM Peak Hour		PM Peak Hour	
		West Site	East Site	Rate	Trips	Rate	Trips
Eating and Drinking Establishment	933	5,000	5,000	43.18	432	33.21	332
Health and Fitness Facility	492	12,000	12,000	1.31	31	3.45	83
Convenience Store	851	3,000	3,000	62.54	375	49.11	295
Research and Development	760	581,456	451,361	1.03	1,064	0.98	1,012
Total		601,456	471,361	1.74	1,871	1.53	1,639

Proposed Text Amendment BCE Trip Generation

The land uses with the highest trip rates per zone were combined to identify the worst-case trip generation per zone. This combination was not restricted by the size limitation as that is one of the text amendments proposed. Refer to Table 2 for the estimated trip generation for the text amended BCE zone.

Table 2: Estimated Trip Generation for the text amended BCE zone – Worst Case

Land Use	ITE Code	Size (sq ft)		AM Peak Hour		PM Peak Hour	
		West Site	East Site	Rate	Trips	Rate	Trips
Eating and Drinking Establishment	933	5,000	5,000	43.18	432	33.21	332
Health and Fitness Facility	492	5,000	5,000	1.31	13	3.45	35
Medical Office Building ¹	720	10,000	10,000	-	57	-	78
Light Manufacturing	140	377,946	293,385	0.68	457	0.74	497
Wholesales	860	203,510	157,976	0.55	199	1.76	636
Warehousing	150	0	0	0.17	0	0.18	0
Total		601,456	471,361	0.92	984	1.47	1,578

¹The trip rate equation was used to calculate the trip generation

Trip Generation Comparison

All the worst-case trip generation options were described above. Comparing the estimated trip generations for the different zonings it can be concluded that the MP will generate the highest number of trips. The text amended BCE will generate 887 fewer trips during the AM peak hour and 61 fewer trips during the PM peak hour compared to the MP zone.

TRUCK TRIP GENERATION

The expected truck trip generation is based on data obtained from the project team and supplemented by data collected in February 2019 at the 115th Street Industrial Park. This data is available in Appendix D. The industrial park land uses are well comparable to the land uses proposed by the Basalt Creek Industrial Park. The truck percentages and estimated truck trips per zoning type is indicated in Table 4.

Table 4: Estimated Truck Trip Generation

Land Use	Total AM Peak Hour		Total PM Peak Hour	
	Percentage	Trips	Percentage	Trips
MP Zoning	13%	243 trips	8%	131 trips
Text Amended BCE Zoning – Worst Case		128 trips		126 trips

It was estimated that up to 128 truck trips will be generated in the AM peak hour and 126 truck trips will be generated in the PM peak hour with the BCE text amendment in place. **This is lower than the truck trips generated with the MP zoning.**

TRIP DISTRIBUTION

The truck and vehicle distribution patterns will be different based on the trip origins and destinations.

The anticipated weekday AM and PM **vehicular** trip distributions are as follows:

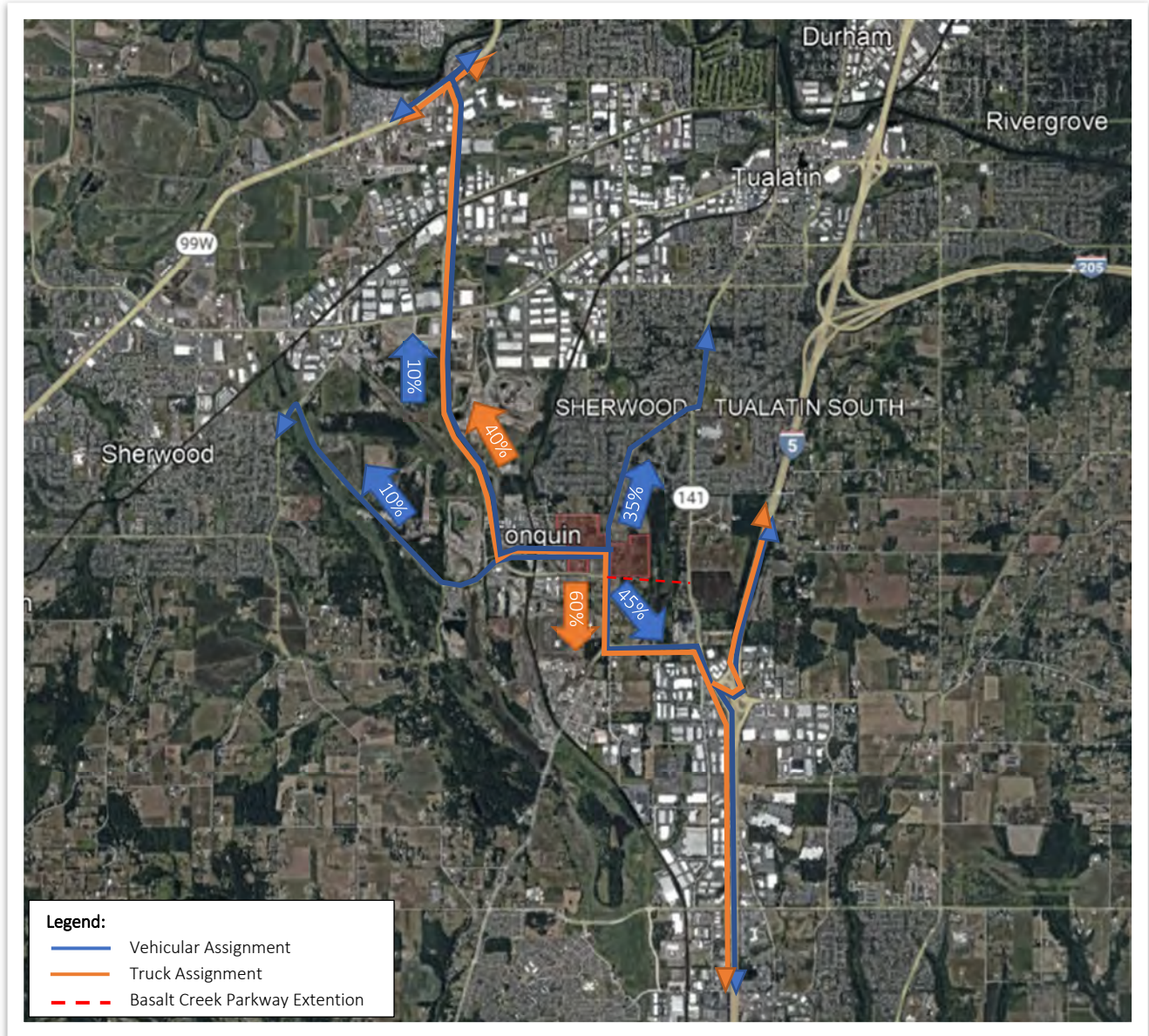
- 35% to the north via SW Grahams Ferry Road to Sherwood – Tualatin South
- 45% to the south via SW Grahams Ferry Road to the I-5 interchange
- 10% to the west via SW Tonquin Road to Sherwood – Tualatin North
- 10% to the west via SW 124th Avenue to Pacific Highway W

The anticipated weekday AM and PM **truck** trip distributions are as follows:

- 60% southwards via SW Grahams Ferry Road to the I-5 interchange
- 40% westwards via SW 124th Avenue to Pacific Highway W

The Basalt Creek Parkway Extension is proposed from Grahams Ferry Road to Boones Ferry Road. This will provide two routes to the I-5 interchange.

Exhibit 2: Trip Distribution



FINDINGS AND RECOMMENDATION

After comparing the worst-case trip generation for MP zoning, BCE zoning and BCE text amendment, it was concluded that the MP will generate the highest number of trips. **The BCE text amendment will generate the least number of trips and thus also generate the lowest number of truck trips.**

Please contact us if you have any questions or need further information.

Appendix A MP Zoning Extract

Appendix B Ordinance 1418-19

Appendix C BCE Draft Zoning

Appendix D Truck Trip
Generation Data
