

INTRODUCTION

This project is designed to provide foundational information at the regional level for participating jurisdictions to use in meeting the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements it (Oregon Administrative Rule (OAR) 660-009). A key component of that assessment is a buildable land inventory (see Appendix A).

The regional buildable land inventory uses tax lots as the unit of analysis. In the context of Goal 9, however, the measure of employment land is “sites.” A site is a parcel or group of parcels of land designated for uses that accommodate employment. Cities will have need for a variety of site types, sizes, and locations based on the amount and type of employment growth expected. Sites have varying characteristics, such as size, location, or topography, and may be suited to meet the land need for one or more types of employment.

Separate from, but related to, the technical aspects of the inventory process is an evaluation of the suitability of employment sites. Site “suitability” is a construct described in the Goal 9 Administrative Rule (OAR 660-009) and recognizes that not all land is suitable for employment uses for a range of reasons. Those reasons broadly fall into two categories: (1) environmental/development constraints; and (2) other site attributes. The first category – environmental/development constraints – is addressed in the buildable lands inventory which identifies and deducts lands with physical constraints from the inventory. The second includes a range of attributes which are not included in the geographic information systems data and which must be assessed on a site-by-site basis.

OVERVIEW OF STATE REQUIREMENTS

The requirement to assess site suitability is articulated in various sections of the Goal 9 Administrative Rule (OAR 660-009). Several of the definitions found in OAR 660-009-0005 have elements that relate to site suitability. Following are the key definitions (emphasis added).

(2) "Development Constraints" means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, cultural and

archeological resources, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

The definition of development constraints provides local flexibility in evaluating sites. Many of these constraints are already mapped and are deducted from the buildable lands inventory (BLI): wetlands, environmentally sensitive areas (Goal 5), and slope are all deducted from the BLI. To the extent data exist, the suitability assessment identifies environmental contamination and cultural and archeological resources. An evaluation of many of the other constraints is included in the site inventory.

(8) "Prime Industrial Land" means land suited for traded-sector industries as well as other industrial uses providing support to traded-sector industries. Prime industrial lands possess site characteristics that are difficult or impossible to replicate in the planning area or region. Prime industrial lands have necessary access to transportation and freight infrastructure, including, but not limited to, rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes. Traded-sector has the meaning provided in ORS 285B.280.

The definition is clear that access to major infrastructure is a key characteristic of prime industrial land.

(11) "Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

This definition adds size, configuration, and visibility to the list of potential criteria. Access to infrastructure is also address as a characteristic of prime industrial land.

(12) "Suitable" means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

This definition rolls all the characteristics into one concept: *suitability*.

Additional direction is provided in OAR 660-009-0020 with respect to employers that may have special siting needs.

(8) Uses with Special Siting Characteristics. Cities and counties that adopt objectives or policies providing for uses with special site needs must adopt policies and land use regulations providing for those special site needs. Special site needs include, but are not limited to large acreage sites, special site configurations, direct access to transportation facilities, prime industrial lands, sensitivity to adjacent land uses, or coastal shoreland sites designated as suited for water-dependent use under Goal 17. Policies and land use regulations for these uses must:

- (a) Identify sites suitable for the proposed use;
- (b) Protect sites suitable for the proposed use by limiting land divisions and permissible uses and activities that interfere with development of the site for the intended use; and
- (c) Where necessary, protect a site for the intended use by including measures that either prevent or appropriately restrict incompatible uses on adjacent and nearby lands.

In the context of this regional EOA, size, configuration, access to transportation, and adjacent land uses could be specific special siting criteria.

OAR 660-009 also establishes a requirement for MPOs to address “short-term” supply of land. The rule (OAR 660-009-0005) defines short-term supply as follows:

(10) "Short-term Supply of Land" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required. "Competitive Short-term Supply" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

The concept of short-term supply is relatively simple on its face, but the rule is less clear on how to determine “engineering feasibility.” For this analysis we relied on input from local staff to filter out lands that could not be made ready for construction within one year of a development application based on local knowledge of core infrastructure (water, wastewater, stormwater, and transportation).

This definition also introduces the concept of “competitive short-term supply” which allows cities the ability to designate multiple sites with similar characteristics to accommodate employers. Note that competitive

short-term supply is about more than the number of sites: it also needs to consider all of the other suitability criteria. This should include adoption of a fiscally constrained public facilities plan and transportation system plan, an SDC schedule and a utility rate plan as part of the strategies to prepare the land supply for development, and for replacing the short-term supply as it develops. For unserviced sites or sites included in UGB expansion areas, it is important to ensure that the resulting sites can be competitively priced and available for the anticipated use.

Finally, OAR 660-009-0025(7) adds availability as a potential criteria for evaluating the suitability of short term supply. This allows cities flexibility in discounting sites that may not be available for development at the time the plan is conducted. The availability criteria are better suited to particular classes of sites (for example, large industrial sites).

(7) Availability. Cities and counties may consider land availability when designating the short-term supply of land. Available land is vacant or developed land likely to be on the market for sale or lease at prices consistent with the local real estate market. Methods for determining lack of availability include, but are not limited to:

- (a) Bona fide offers for purchase or purchase options in excess of real market value have been rejected in the last 24 months;
- (b) A site is listed for sale at more than 150 percent of real market values;
- (c) An owner has not made timely response to inquiries from local or state economic development officials; or
- (d) Sites in an industrial or other employment land category lack diversity of ownership within a planning area when a single owner or entity controls more than 51 percent of those sites.

FRAMEWORK AND METHODS FOR THE SITE SUITABILITY ANALYSIS

The regional buildable land inventory uses tax lots as the unit of analysis. In the context of Goal 9, however, the measure of employment land is “sites.” A site is a parcel or group of parcels of land designated for uses that accommodate employment. Cities will have need for a variety of site types, sizes, and locations based on the amount and type of employment growth expected. Sites have varying characteristics, such as size, location, or topography, and may be suited to meet the land need for one or more types of employment.

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This section provides an explanation of why the suitability factors described in the Goal 9 Administrative Rule are important. It begins with a discussion of how land status is a key determinate of suitability. It then describes the definitions and methods used for the suitability analysis.

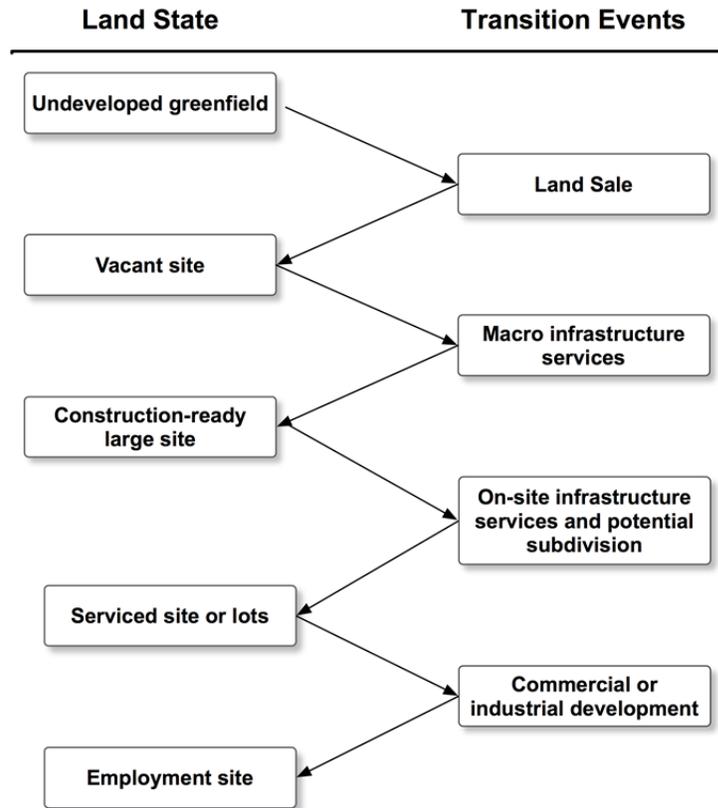
Land status is a key determinate of suitability

While this section is about supply, it is worth reviewing some key demand concepts to better understand the relationship between supply and demand. The demand for land is a derived demand for built space. An implication is that the demand for buildable *land* is, in part, influenced by the supply of built *space*.

Growth in a metropolitan area means that several correlated things are growing: economic activity, employment, population, development (residential, industrial, commercial, and civic space, and the infrastructure and public facilities they require). Some types of economic growth can occur without physical development, but a combination of more activity and people with physical and functional obsolescence eventually leads to a need for new development in a growing metropolitan area.

That development manifests itself primarily as building, and secondarily as transportation corridors, which spring up on land that was previously in natural resource or agricultural uses. Understanding how land changes from pastoral to built provides some context for the suitability analysis. Figure 1 provides a schematic of the land development process by describing different states of land and the transitional events that move land from one state to another. Note that the transition process is linear and sequential. It is uncommon for lands to transition from more developed to less developed states.

Figure C-1. The commercial and industrial land development process



Source: Adapted from Knaap, 2001, *Land Market Monitoring for Smart Urban Growth*, page 245.

Figure C-1 starts with undeveloped land. In this example, the undeveloped land is brought into the UGB and sold to a developer which changes it to a vacant employment site that could be available for development in the future. Development, however, cannot occur until macro infrastructure services such as sewer trunk lines and transportation arterials are extended to the site. Such backbone services can be thought of as “off-site improvements” that make development possible. The macro infrastructure services transition the vacant site to a construction-ready site. Depending on the capacity of the off-site improvements, land in this state would generally fall into the Goal 9 category of short-term land supply. Moreover, depending on other characteristics of the site, tracts may be appropriate for major “traded sector” employers.

At this point, the developer could subdivide the site for a use such as a business park. The approval of the subdivision plat by the local government creates new subdivided lots. Regardless of subdivision, micro infrastructure services such as sewer, water, roads, and electricity must be developed on the site (on-site improvements). This changes the state of the land to serviced sites. The issuance of a building permit by the local

government then allows construction which transitions the state of the land to a developed site.

While the availability of infrastructure is not the only criteria used to develop site suitability, it is a key factor. Each transitional step adds value to land and makes it more attractive for employers – provided that the land meets other suitability requirements and is free from constraints. This fact was recognized in the Governor’s Industrial Land Conversion Study, which concluded that infrastructure was a key factor contributing to the value of employment lands.⁶²

The next section describes the analytical framework ECO developed for this project with assistance from the Technical Advisory Committee (TAC), the Department of Land Conservation and Development, and City staff.

Analytical Framework: Definitions used in the Suitability Analysis

The previous section described the challenges and potential strategies to meeting Goal 9 in a way that helps policy makers manage employment land. This approach is consistent with the “required site types” provision in OAR 660-009-0015(2) (emphasis added):

Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.

As well as the “needed sites” provision in OAR 660-009-0025(1) (emphasis added):

Identification of Needed Sites. The plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies. Plans do not need to provide a different type of site for each industrial or other employment use. Compatible

⁶² Promoting Prosperity: Protecting Prime Industrial Land for Job Growth, Industrial Conversion Study Committee & Department of Land Conservation and Development in conjunction with the Economic Revitalization Team, November 2004.

uses with similar site characteristics may be combined into broad site categories. Several broad site categories will provide for industrial and other employment uses likely to occur in most planning areas. Cities and counties may also designate mixed-use zones to meet multiple needs in a given location.

The approach that ECONorthwest proposes for the Salem-Keizer Regional EOA is to distinguish between land needed by businesses with special land requirements and general employment land needed by most businesses. Consistent with OAR 660-009-0015(2) and OAR 660-009-0025(1) we used the following classifications:

- **General employment land** – the most flexible employment land category. It includes land that is zoned for a variety of employment uses such as industrial, commercial and institutional. There will be a variety of site sizes and locations. Some may be legacy sites that lack important characteristics or are constrained in some way that reduces modern market interest. General employment sites may be best suited for a mix of uses depending on the local context. It is worthwhile to set a few minimal suitability standards for the general employment land category to get the junk out of the inventory. For industrial uses this may include access to freight routes via arterials that do not pass through school zones or unsignalized rail crossings at grade.
- **High value employment land** – land with special characteristics that make it highly desirable as an employment development site. This includes sites that are appropriately sized, shaped, flat, dry, buffered, accessible, proximate, visible, assembled and available. It also may include sites with significant public investment in infrastructure to serve employment uses. It should be managed and protected for the intended use; this is required if a UGB is expanded to include this category of land. That means enforceable local policies to protect the identified characteristics that made the sites high value employment land.
- **Unique attribute employment land** – employment land with unique, valuable or difficult to replicate attributes important to particular uses or users. This includes sites near port access, rail sidings, high capacity power and gas, existing uses or specialized work force. Unique attribute employment land may also be high-value employment land, or not. It should be managed and protected for the intended use; this is required if a UGB is expanded to include this category of land. Unique attribute employment land is land that

meets the OAR 660-009-0005(8) definition of “Prime Industrial Land.”

The categories of land above discuss the attributes of land, which can be divided into two categories: (1) physical characteristics of the land and (2) infrastructure services available at the site. Table C-1 presents a summary of these characteristics.

Table C-1. Employment land attributes

Physical Characteristics	Infrastructure Characteristics
Site size and configuration (shape)	Access to I-5
Land ownership	Access to state highways and local roads
Topography	Rail
Other physical constraints (e.g., wetlands)	Water
Location within the city or region	Wastewater
Visibility	Electricity
Proximity to other businesses	Natural gas
Amenities (i.e., a good view, parks, etc.)	Telecommunications
Compatibility with surrounding uses	Alternative transportation modes

It is important to note that businesses in similar industries may require more than one of the above categories of land. For example, a small local distribution center may find many sites within the “general land” category appropriate, while a major regional distribution center may require “high value” or “special attribute” land.

Analytical Framework: Methods

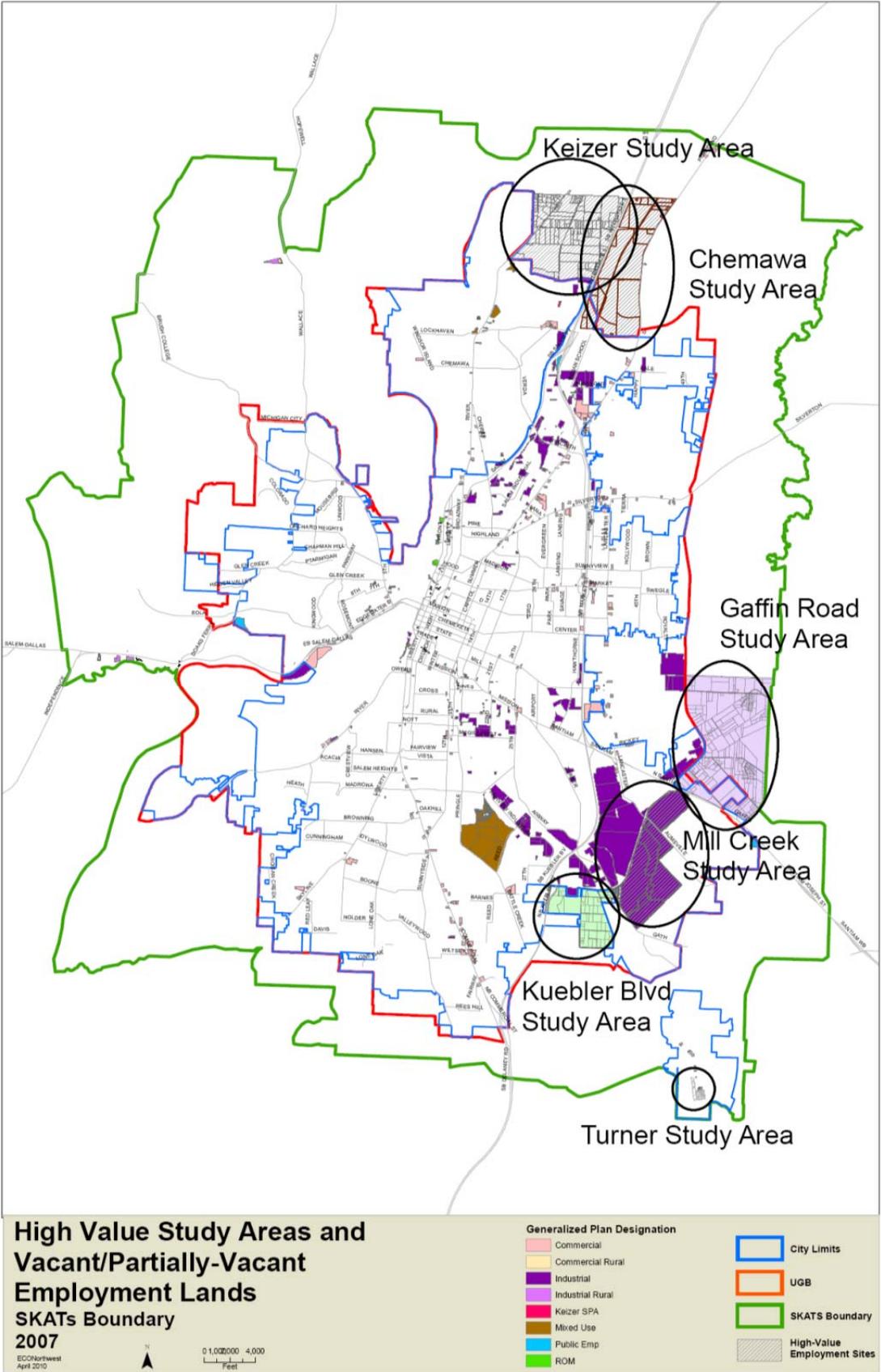
The purpose of the suitability analysis is twofold: (1) to classify all lands within the study area into one of the three categories (general, high-value, or special characteristics); and (2) to summarize the characteristics sites classified as high value or with special characteristics.

The classification of lands uses the framework described above and relies on a combination of empirical analysis and subjective assessment. In short, the classification of employment lands that are of high-value or with special characteristics is a local determination.

To make the determination, ECO facilitated a mapping exercise with the TAC at the June 2010 meeting. That exercise was essentially a brainstorming exercise that provided a first brush assessment of lands that might be classified as high-value or with special characteristics. ECO subsequently reviewed the preliminary assessment with the individual jurisdictions and prepared a refined list of sites that were carried forward into this analysis. ECO then evaluated each of the sites for consistency with the definition of high value or unique attribute land.

Figure C-2 shows the location of general, high-value, and special characteristic employment study areas.

Figure C-2. Employment land by classification, SKATs study area, 2010



The suitability analysis begins with vacant or partially vacant employment land as identified in the buildable lands inventory. Thus, any lands identified as having development constraints (as identified in the BLI) are, by definition, considered unsuitable for employment use. As a practical matter, that means that the unconstrained portion of tax lots are the initial basis of the suitability analysis.

MANAGING EMPLOYMENT LAND

As described in the state requirements section of this appendix, cities and counties are charged by Goal 9 with providing serviceable and suitable land for employment uses to meet projected land needs for a 20-year planning period (OAR 660-009-0025(2)). The technical analysis in the EOA should identify the number of and characteristics of sites reasonably expected to be needed to accommodate the expected employment growth (OAR 660-009-0015(2)).

One of the key issues that Goal 9 seeks to address is the demand for and importance of preserving land with special site characteristics (e.g., site size and topology, direct access to I-5, and other characteristics) for traded-sector industries.⁶³ Goal 9 identifies this type of land as “prime industrial land” but this land could be important for attracting either commercial or industrial traded-sector industries.

"Prime Industrial Land" means land suited for traded-sector industries as well as other industrial uses providing support to traded-sector industries. Prime industrial lands possess site characteristics that are difficult or impossible to replicate in the planning area or region. Prime industrial lands have necessary access to transportation and freight infrastructure, including, but not limited to, rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes. Traded-sector has the meaning provided in ORS 285B.280.

EOAs have traditionally divided employment lands into broad categories of employment, with roughly similar uses, such as commercial and industrial. This type of broad analysis may not provide the level of detail needed to help decision makers develop policies to manage land with special characteristics (a.k.a. prime industrial lands).

⁶³ ORS 285B.280 defines “traded sector” as “industries in which member firms sell their goods or services into markets for which national or international competition exists.” We generally use a slightly broader definition of traded-sector industries to include manufacturing firms that produce goods for export and service firms that provide services for the local population and for people outside of the local areas, such as regional hospitals.

A few examples of policies that jurisdictions could adopt to manage employment land with special characteristics include:

- **Comprehensive plan policies to preserve land with special characteristics.** Cities or counties may choose to adopt comprehensive plan policies to preserve land with special characteristics so that the land is available for employment uses that require the special characteristics.
- **Plan to provide infrastructure.** Cities or counties can adopt policies and provide funding to provide infrastructure to sites with special characteristics. For example, a city might have a site with exceptional access to the interstate highway but with no wastewater and water service available to the site. Through the city's facility planning process, the city may prioritize servicing the site in anticipation of demand for the special characteristics of the site for employment uses.
- **Form-based code.** A typical zoning code separates employment land based on commercial or industrial uses. The line between commercial and industrial uses has grown less distinct, as industrial uses move away from smoke stacks and commercial uses become more diverse than office or retail uses. A form-based code can be used to implement Comprehensive Plan policies, in place of the "typical" zoning ordinance. Form-based codes address the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. Form-based codes keyed to a *regulating plan* that designates the appropriate form and scale (and therefore, character) of development rather than only distinctions in land-use types. A form-based code can be used to manage land with special characteristics, as well as all employment land.

SITE SUITABILITY ANALYSIS

SALEM

Mill Creek

Classification: Unique Attribute/High Value

Key Attributes

More than 500 acres of buildable land

State-owned (Department of Corrections)

Master Planned

- Key infrastructure is available

Description

The Mill Creek Corporate Center is a major employment site in Salem with immediate access to the I-5 Corridor. Mill Creek is an urban renewal area and a joint development of the State of Oregon and the City of Salem. The area is comprised of 828 acres situated along Kuebler Boulevard in southeast Salem. When completed, Mill Creek is projected to generate \$400 million in private investment and 5,000 new jobs over the next 15-20 years.

Mill Creek will provide opportunities for economic development while minimizing impacts to the environment. In anticipation of expected development, the State of Oregon is planning more than 100 acres of wetlands mitigation, stormwater retention, and open space areas. The 46-acre first phase of wetland and stormwater improvements at Mill Creek are funded through a \$1.9 million Economic Development Administration grant.

Mill Creek is zoned as Employment Center (EC) which allows for a mix of commercial and light industrial including warehousing, light manufacturing, and business parks. The Preliminary Master Plan from the 2005 Urban Renewal Report calls for 313 acres of industrial development, 80 acres of industrial park, 104 acres of business park, 10 acres of service center, 111 acres of open space, and 28 acres of new right of way. Nearly 200 acres are shovel ready and are being marketed for development. The area is mostly comprised of large, flat, divisible parcels that are covered by City of Salem services.

In 2008, Fed Ex opened a 50,000 square foot distribution facility at Mill Creek with 8 full time employees and several dozen part-time employees.

Construction for an additional 15,000 square foot facility was also completed in 2008. The Oregon Department of Corrections has facilities both the north and south of the area and will use an additional 10 acres in the Mill Creek area.

The City and State partnered and have completed considerable assessment of the site. The site has a master plan – the Salem Regional Employment Center Master Plan and Development Strategy (October, 2004). The Master Plan’s goal is to:

“respond to the State’s shortage of “shovel-ready” parcels of industrial land, the region’s needs for employment, the City’s desire for family-wage jobs (jobs with above average pay), increased property tax revenues, and the unique potential of the site. In addition, by providing large industrial lots that do not otherwise exist within the City of Salem, this Plan may help delay the need to expand the Urban Growth Boundary (UGB).”

The City also created an urban renewal district (URD) to implement the overall development strategy and provide financing for key infrastructure projects. The purpose of the Plan is to use the tools provided by urban renewal (ORS 457) to overcome development barriers to the development of the Area; including tax increment financing and the acquisition and sale of land for development as part of a public/private development partnership.

Key improvements authorized by the plan include transportation, sewer, water and stormwater infrastructure projects, as well as wetland mitigation and open space enhancement. Transportation improvements will upgrade and expand existing roadways to increase access, promote neighborhood livability and increase multimodal connectivity--including bike lanes, sidewalks and streetscape improvements. Public utility improvements include the extension of new water and sewer lines, upgrades to existing lines and the construction of a new 2.3 million gallon water reservoir. The plan also identifies development of new, on-site stormwater conveyance facilities, open space and stormwater detention sites as well as open space enhancement and wetland mitigation.

Other key planning work includes a title report, an archeological survey, a level 1 environmental assessment, a rare plant survey, a stormwater management plan, and implementing land use code. In short, much of the foundational planning work is complete for the site.

Figure C-3 provides an aerial view of the Mill Creek site, including the URD boundary. Figure C-4 shows key physical constraints on the site: wetlands, water bodies, floodways and floodplains.

Figure C-3. Mill Creek Study Area – Aerial View

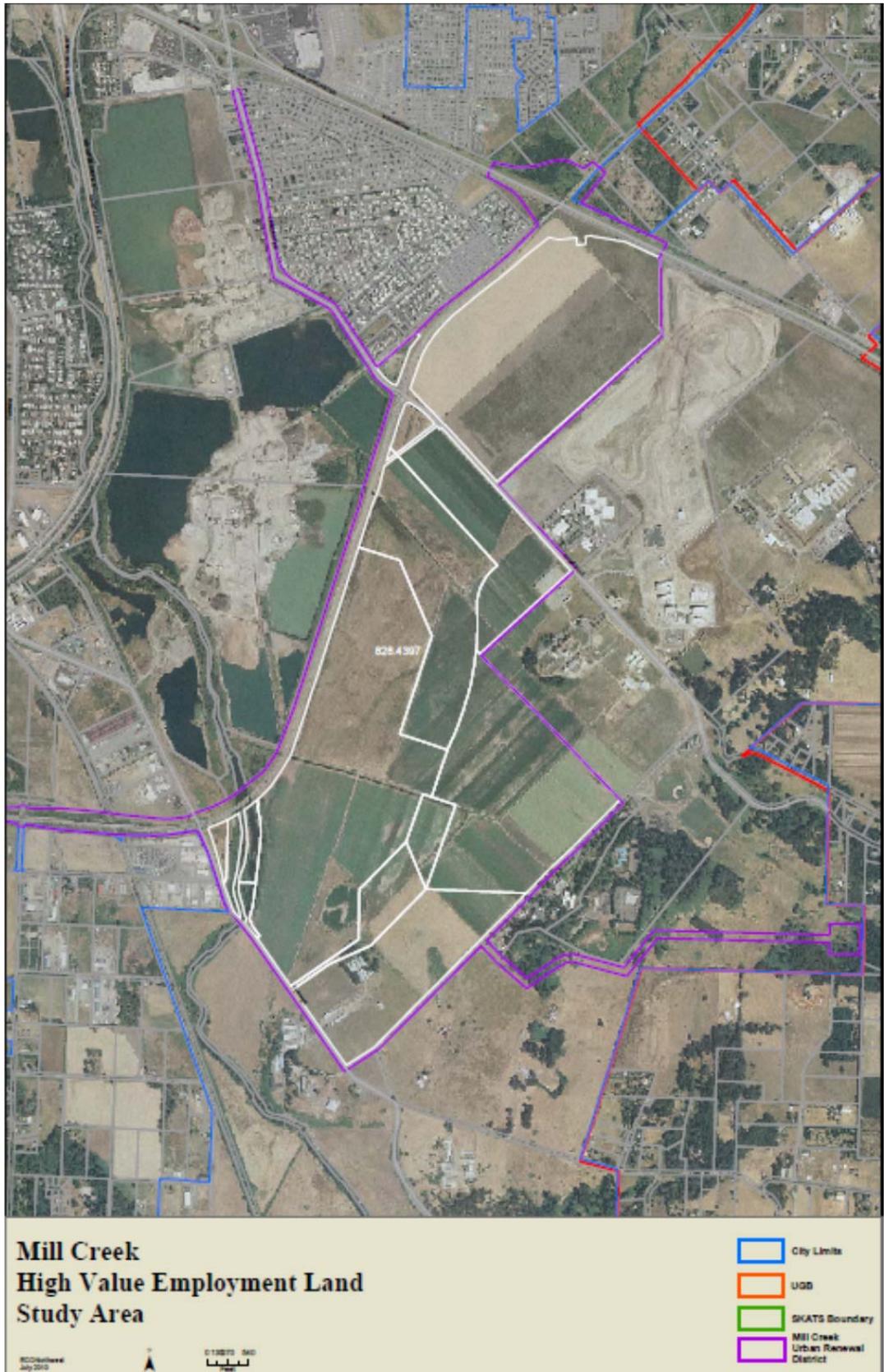


Figure C-4. Tax lots / constraints

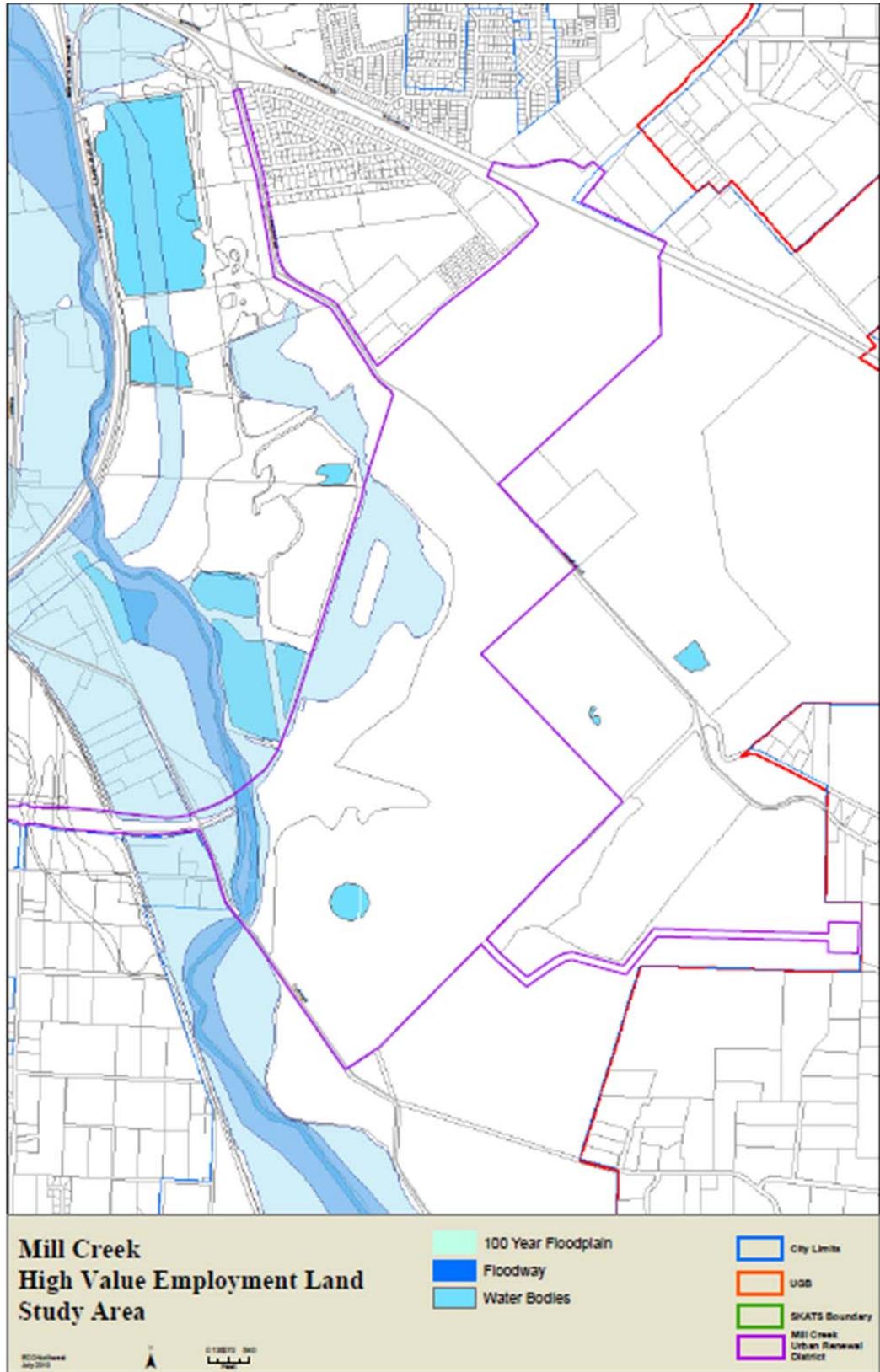


Table C-2 summarizes lands within the Mill Creek study area. According to Marion County Assessment data, the study area includes about 663 acres in three plan designations. The majority of the land area is designated “Employment Center” which is primarily for industrial uses. The study area also includes small areas in Commercial-Service (CSG) and Industrial-Commercial designations.

Table C-2. Summary of land in the Mill Creek study area

Plan Designation	Number of Tax Lots	Vacant Acres
Commercial Service - Government (CSG)	4	13.0
Employment Center (EC)	10	647.1
Industrial-Commercial (IC)	1	3.1
Total	15	663.2

According to the buildable lands inventory conducted by MWCOG, about 260 acres of the land designated EC is classified as “partially vacant.” This may reflect recent and current development activity in the study area which include a FedEx facility and a Home Depot distribution center that was under construction in the summer of 2010.

Table C-3 presents a general summary of key physical and infrastructure characteristics of the mill creek site.

Table C-3. Evaluation of site characteristics: Mill Creek Site

Physical Characteristics	Description
Site size and configuration (shape).	The area is 651 acres of relatively flat land; about 500 acres are developable
Land ownership	Oregon Department of Corrections
Topography	Almost entirely flat
Other physical constraints (e.g., wetlands)	Wetland mitigation planning underway, floodway and floodplains impede development in central western portion
Location within the city or region	Southeast of Salem between Interstate 5 and Highway 22
Visibility	Mostly not visible from Interstate 5, fair visibility from Highway 22
Proximity to other businesses	Currently not in close proximity to other commercial or industrial centers
Amenities (i.e., a good view, access to parks, trails, etc.)	Open space plans are coordinated with wetlands and stormwater plans
Compatibility with surrounding uses	The Mill Creek site is relatively isolated with surrounding uses that may create use conflicts. Surrounding uses include state correctional facilities
Infrastructure Characteristics	
Access to I-5	Less than 2 miles from I-5
Access to state highways and local roads	Adjacent to Highway 22 Upgrades to existing roadways necessary to accommodate increased traffic volume
Rail	Access to rail in central Salem, none immediately nearby
Water / wastewater	The DPSST and the City of Salem have completed construction of a water and sewer line along Aumsville Road, but additional sewer infrastructure is needed.
Electricity	The Urban Renewal Plan calls for implementation of planned utility projects, including upgrading electric capacity
Natural gas	The Urban Renewal Plan calls for implementation of planned utility projects, including natural gas infrastructure
Telecommunications	The Urban Renewal Plan calls for implementation of planned utility projects, including fiber optic infrastructure
Alternative transportation modes	Cherriots Route 11 runs from Chemeketa College to the Marion County Correctional Facility immediately north of Mill Creek on Lancaster Drive

Kuebler Boulevard

Classification: High Value

Key Attributes

- Adjacent to the Kuebler Boulevard / Interstate 5 interchange
- Within the UGB
- Within the Salem city limits
- Five parcels over 10 acres

Description

The Kuebler Boulevard study area is adjacent to the Mill Creek study area and within ½ mile of the Kuebler/Interstate 5 interchange. Located to the southwest of the Mill Creek study area, the Kuebler Boulevard area includes lands that are serviced by the Kuebler Interchange. The study area includes about 321 acres in 63 tax lots.

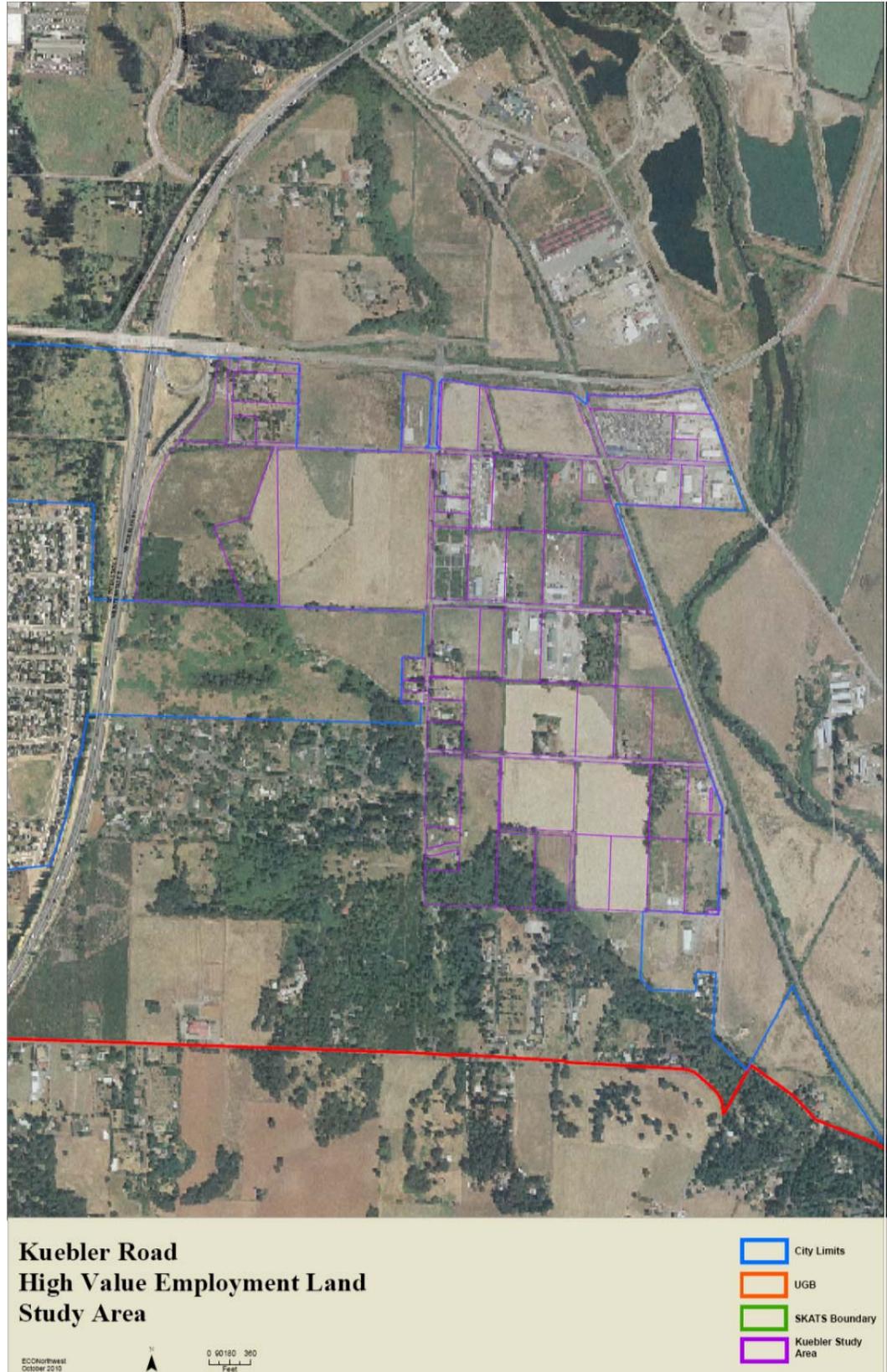
Primary access to the site is via Kuebler Boulevard. Access to the interior of the study areas is by 36th Avenue SE, which provides access to a number of local streets (Eastland Avenue SE, Kashmir Way SE, and Langley Street SE). A portion of Eastland Avenue SE is adjacent to the Union Pacific rail line, however, no direct rail access exists to the study area.

The study area includes several pre-existing businesses including South Salem RV storage, West Coast Custom Cars, Ferguson Water Works, Steelhead Metals and Fabrication, and several others. Other uses include 23 residences, 15 of which are on lands designated for industrial uses.

With respect to topography, the site is primarily flat (slopes less than 5%). Constraints include scattered wetland areas identified in the study area. Tax lots in the study area that are East of the railroad tracks are within the identified 100-year flood hazard zones.

Map C-4 provides an aerial view of the Kuebler Road site. Map C-5 shows key physical constraints on the site: wetlands, waterbodies, floodways and floodplains.

Map C-4. Kuebler Boulevard Study Area – Aerial View



Map C-5: Kuebler Boulevard Study Area tax lots / constraints

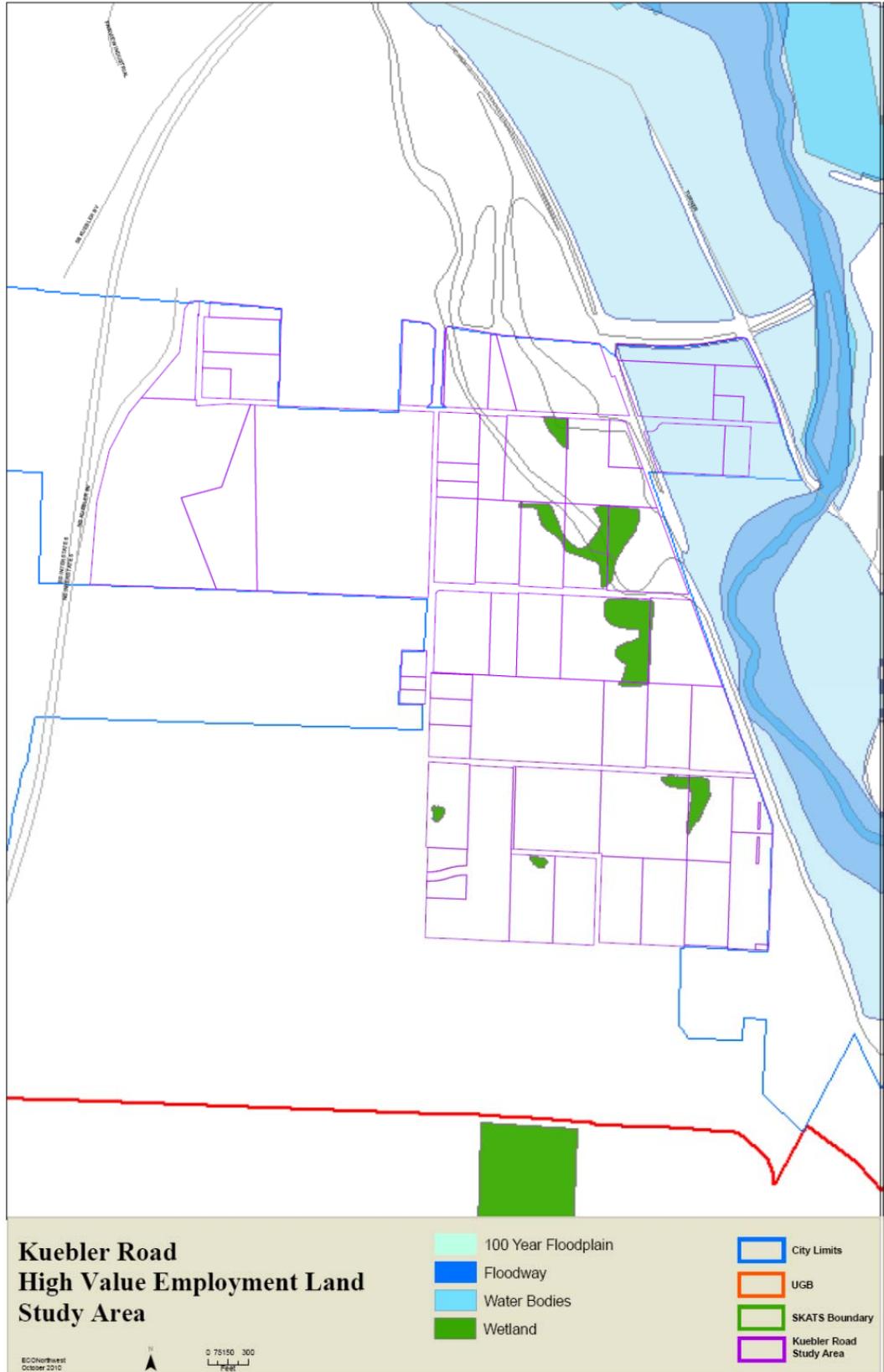


Table C-4 summarizes lands within the Kuebler Boulevard study area. The study area includes about 321 acres in 63 tax lots. The majority of land in the study area (291 acres) is designated for industrial uses. About 31 acres are designated for residential use. Not all of the land in the study area is vacant – about 137 acres designated for industrial uses are developed. Ten lots are classified as partially vacant.

Table C-4. Summary of land in the Kuebler Boulevard study area

Plan Designation	Developed/Excluded		Partially Vacant		Vacant		Total	
	Number of Tax Lots	Acres	Number of Tax Lots	Acres	Number of Tax Lots	Acres	Number of Tax Lots	Acres
Developing Residential (DR)	0	0.0	7	13.4	3	17.3	10	30.7
Industrial (IND)	36	136.6	3	19.7	14	134.4	53	290.7
Total	36	136.6	10	33.1	17	151.8	63	321.5

Table C-5 presents a general summary of key physical and infrastructure characteristics of the Kuebler Boulevard site.

Table C-5. Evaluation of site characteristics: Kuebler Boulevard Site

Physical Characteristics	Description
Site size and configuration (shape).	The area is approximately 285 acres of relatively flat land.
Land ownership	Mixture of a variety of parcel sizes and numerous private land owners.
Topography	Relatively flat.
Other physical constraints (e.g., wetlands)	Small creeks throughout the sites.
Location within the city or region	South/Southeast of downtown Salem, adjacent to Interstate 5.
Visibility	Visible from Interstate 5.
Proximity to other businesses	Adjacent to the Mill Creek Urban Renewal Area.
Amenities (i.e., a good view, access to parks, trails, etc.)	Additional research required.
Compatibility with surrounding uses	Salem industrial zoned properties to the north and east of the site and the Salem Comprehensive Plan lists the properties to the south and west of the site as developing residential.
Infrastructure Characteristics	
Access to I-5	Adjacent to I-5, with an on/off ramp access to I-5 from Kuebler Blvd.
Access to state highways and local roads	Adjacent to Kuebler Blvd and approximately 2 miles southwest of Highway 22. The properties are outside of the City limits and the Urban Service Area.
Rail	Access to rail in central Salem, none immediately nearby.
Water / wastewater	Outside the City limits and the Urban Service Area.
Electricity	Additional research required on access and capacity.
Natural gas	Additional research required on access and capacity.
Telecommunications	Additional research required.
Alternative transportation modes	Cherriots Route 11 runs from Chemeketa College to the Marion County Correctional Facility immediately north of Mill Creek on Lancaster Drive.

Gaffin Road

Classification: High Value

Key Attributes

- Part of the site is within the UGB but most of it is outside the UGB
- More than 300 parcels, ranging in size from less than one acre to more than forty acres
- Four parcels over 10 acres
- Mixture of uses on developed land, including industrial, public, rural residential
- Access to State Highway 22

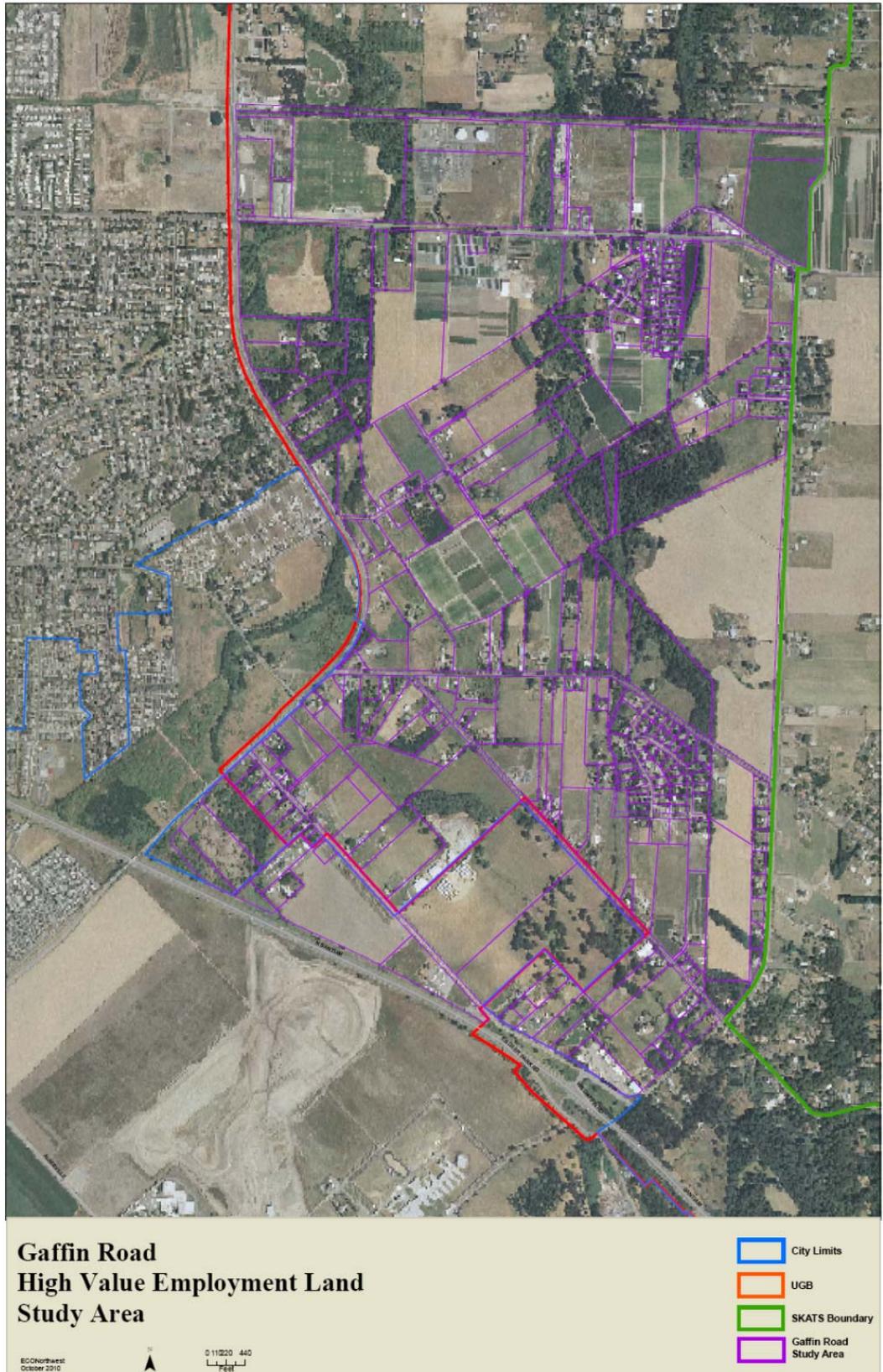
Description

The Gaffin Road study area is southeast of downtown Salem, adjacent to Highway 22 and east of Interstate 5. It is adjacent to Sanyo Solar of Oregon and the Salem Renewable Energy Technology Center. The study area is about ½ mile of the Highway 22 Interstate 5 interchange. The study area includes about 1375 acres in 325 tax lots.

Primary access to the site is via Highway 22. Access to the interior of the study areas is by Gaffin Road, Cordon Road, MacLeay Road, and Colver Drive. The study area includes existing residential development and several pre-existing businesses.

Map C-6 provides an aerial view of the Gaffin Road site. Map C-7 shows key physical constraints on the site: wetlands, waterbodies, floodways and floodplains.

Map C-6. Gaffin Road Study Area – Aerial View



Map C-7: Gaffin Road Study Area tax lots / constraints

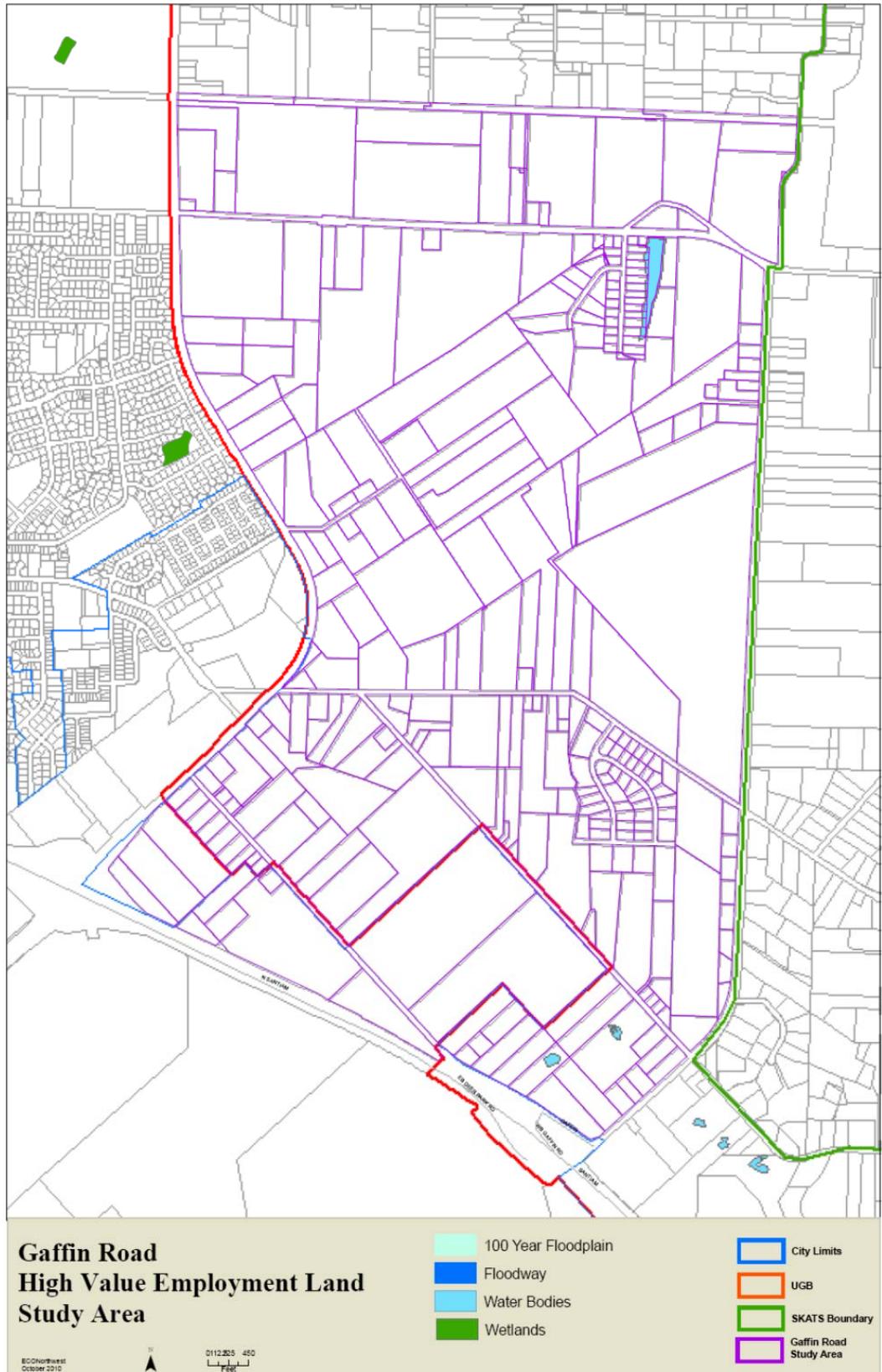


Table C-6 summarizes lands within the Gaffin Road study area. The area contains nearly 1,375 acres in 325 tax lots. The majority of the land in the study area (145 acres) is outside the Salem-Keizer UGB.

Within the UGB, 50 acres are classified as developed, 43 as partially vacant, and 52 as vacant. All of the land within the UGB is classified as industrial. The area within the UGB has one vacant tax lot that is 36 acres in area.

Land outside the UGB is primarily designated for agricultural uses (Primary Agriculture or Special Agriculture), with smaller areas designated for residential, public and industrial uses. The study area includes 230 residences.

Table C-6. Summary of land in the Gaffin Road study area

Plan Designation	Developed/Excluded		Partially Vacant		Vacant		Total	
	Number of Tax Lots	Acres	Number of Tax Lots	Acres	Number of Tax Lots	Acres	Number of Tax Lots	Acres
Salem UGB								
Industrial (IND)	6	50.0	1	43.1	4	51.6	11	144.7
Subtotal	6	50.0	1	43.1	4	51.6	11	144.7
Marion County								
Industrial (I)	10	20.8	1	7.7	5	29.4	16	57.8
Public (P)	3	76.5	0	0.0	0	0.0	3	76.5
Primary Agriculture (PA)	0	0.0	0	0.0	4	24.7	4	24.7
Rural Residential (RR)	55	47.8	0	0.0	6	13.6	61	61.4
Special Agriculture (SA)	1	2.5	0	0.0	229	1006.6	230	1009.1
No Data	0	0.0	0	0.0	0	0.0	0	0.0
Subtotal	69	147.5	1	7.7	244	1074.2	314	1229.5
TOTAL	75	197.5	2	50.8	248	1125.9	325	1374.2

Table C-7 presents a general summary of key physical and infrastructure characteristics of the Gaffin Road site.

Table C-7. Evaluation of site characteristics: Gaffin Road Site

Physical Characteristics	Description
Site size and configuration (shape).	The area is 80 acres of relatively flat developable land; about 40 acres remain to be developed.
Land ownership	City of Salem
Topography	Approximately 1% to 2% slope.
Other physical constraints (e.g., wetlands)	Vegetation
Location within the city or region	Southeast of downtown Salem, adjacent to Highway 22 and east of Interstate 5.
Visibility	Visible from Highway 22. Not visible from Interstate 5.
Proximity to other businesses	Adjacent to SANYO Solar of Oregon within the Salem Renewable Energy Technology Center.
Amenities (i.e., a good view, access to parks, trails, etc.)	Open space.
Compatibility with surrounding uses	Salem industrial zoned properties to the south and west of the site, and Marion County industrial zoned property to the north and east of the site.
Infrastructure Characteristics	
Access to I-5	Less than 2 miles from I-5
Access to state highways and local roads	Adjacent to Highway 22 Additional development will eventually require road improvements.
Rail	Access to rail in central Salem, none immediately nearby.
Water / wastewater	Water, wastewater, and sewer available at the site.
Electricity	PGE 25 megawatt electric substation provides dedicated, redundant power to the site.
Natural gas	Northwest Natural Gas provides services to the site.
Telecommunications	T1 data communication lines are available at the site.
Alternative transportation modes	Cherriots Route 11 runs from Chemeketa College to the Marion County Correctional Facility immediately north of Mill Creek on Lancaster Drive.

Chemawa Road

Classification: High Value

Key Attributes

- Access to I-5 via Chemawa Road and Highway 99
- Six parcels over 50 acres
- Good visibility from I-5

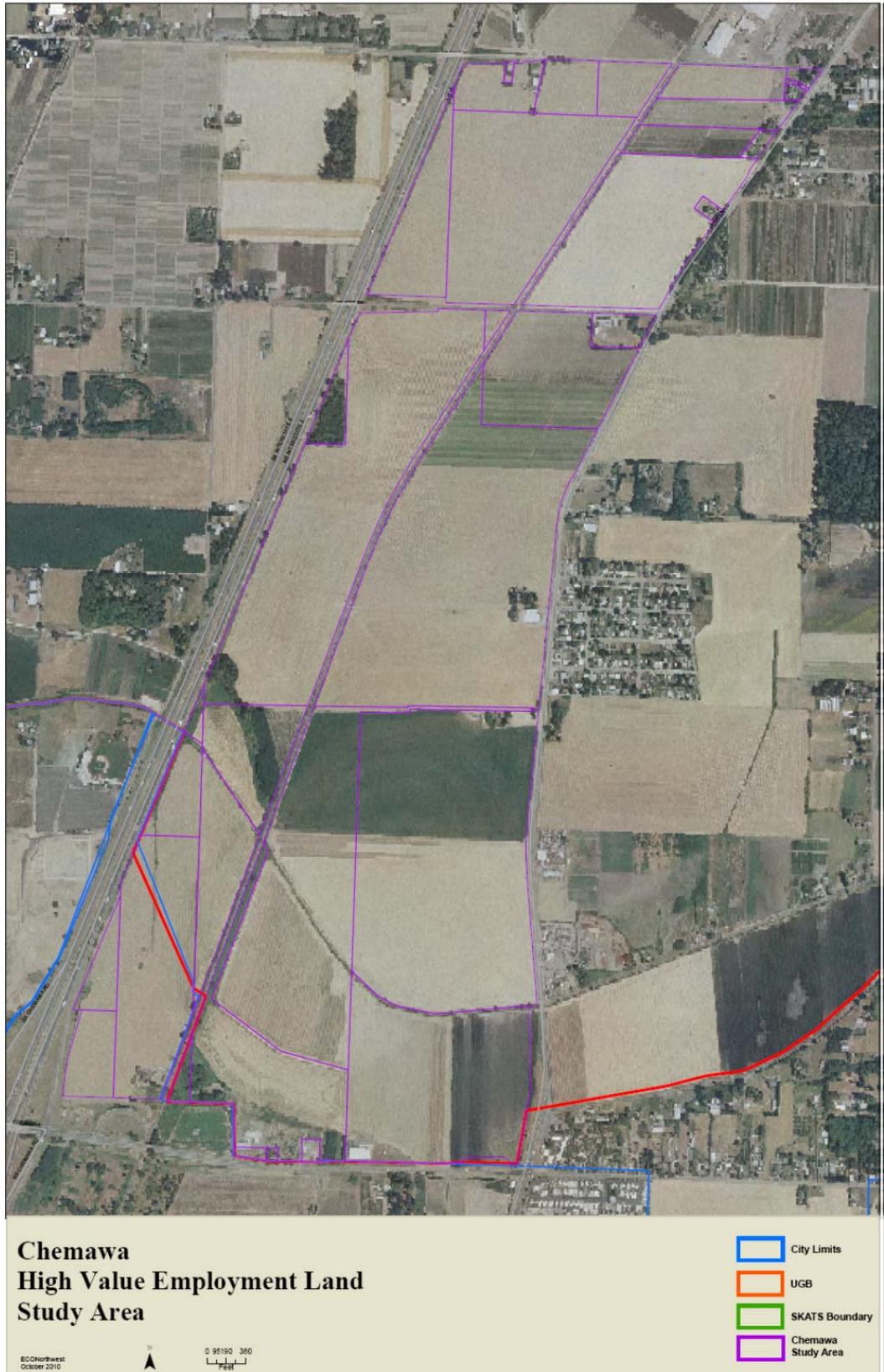
The Chemawa Road study area is adjacent to the northern border of Salem and adjacent to Interstate 5. The study area is across the Interstate from Keizer Station. It is located within ½ mile of the Chemawa Road/Interstate 5 interchange. Part of the study area is within the Salem UGB (less than 10 acres) and the remainder is outside the UGB.

The study area includes about 840 acres in 37 tax lots. Nearly 800 acres on the site is vacant and is zoned for agricultural uses by Marion County. The site includes ten sites over 20 acres, three of which are 100 acres or more.

Primary access to the site is via Chemawa Road and Highway 99. Development of the site will depend on improving the transportation capacity of the Chemawa I-5 interchange, which is operating at capacity according to ODOT staff.

Map C-8 provides an aerial view of the Chemawa Road site. Map C-9 shows key physical constraints on the site: wetlands, waterbodies, floodways and floodplains.

Map C-8. Chemawa Road Study Area – Aerial View



Map C-9: Chemawa Road Study Area tax lots / constraints

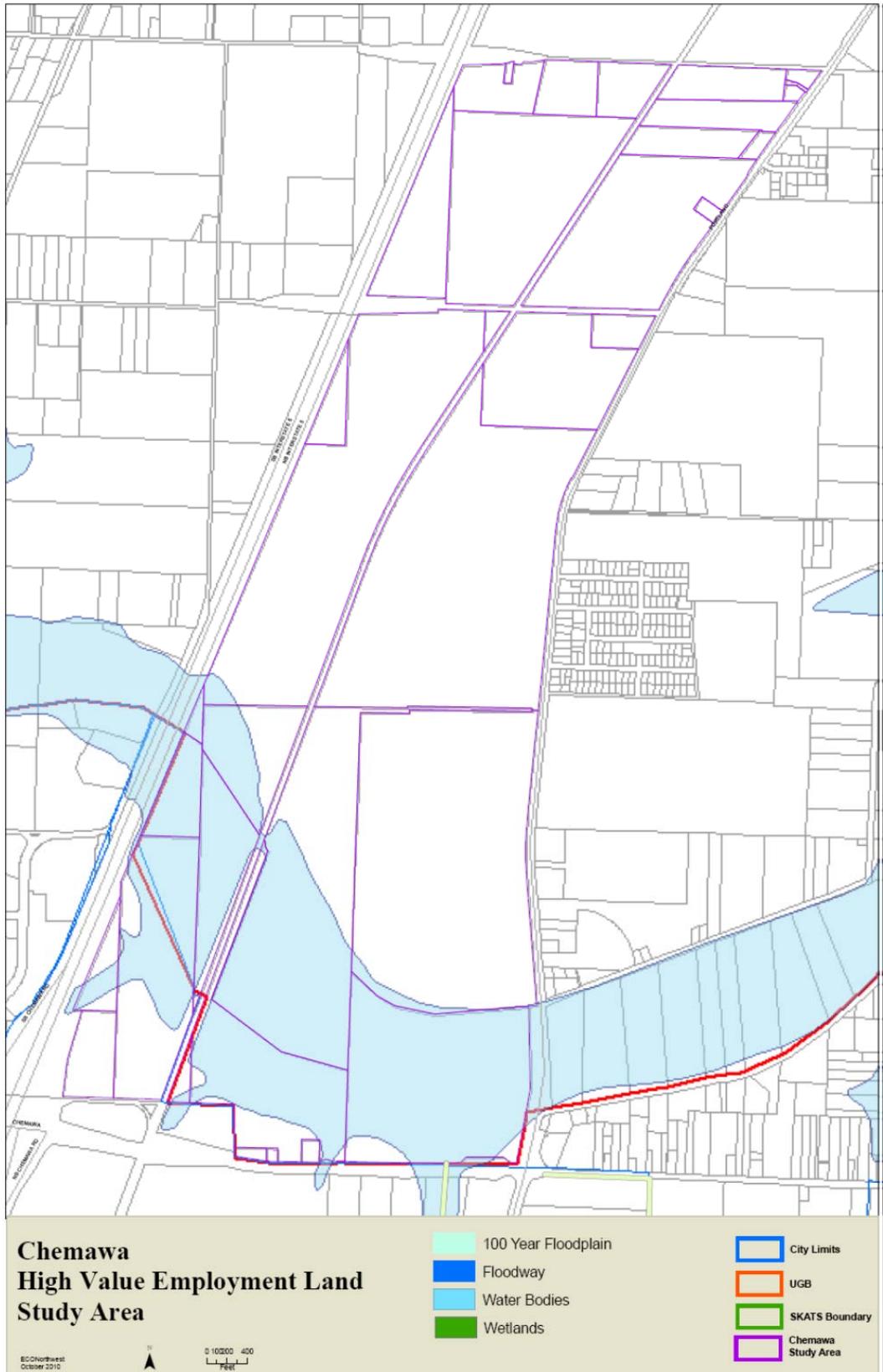


Table C-8 summarizes lands within the Chemawa Road study area.

Table C-8. Summary of land in the Chemawa Road study area

Plan Designation	Developed/Excluded		Vacant		Total	
	Number of Tax Lots	Acres	Number of Tax Lots	Acres	Number of Tax Lots	Acres
Salem UGB						
Community Service-Sewage (CSS)	1	42.23492	0	0.0	1	42.2
Developing Residential (DR)	0	0.0	1	8.8	1	8.8
Industrial (IND)	1	5.7	0	0.0	1	5.7
Subtotal	2	48.0	1	8.8	3	56.7
Marion County						
Primary Agriculture (PA)	1	4.9	33	781.4	34	786.4
Subtotal	1	4.9	33	781.4	34	786.4
TOTAL	3	52.9	34	790.2	37	843.1

Table C-9 presents a general summary of key physical and infrastructure characteristics of the Chemawa site.

Table C-9. Evaluation of site characteristics: Chemawa Site

Physical Characteristics	Description
Site size and configuration (shape).	The area is approximately 840 acres of relatively flat land, north of the Salem Keizer urban growth boundary.
Land ownership	Mixture of a variety of parcel sizes and numerous private land owners.
Topography	Approximately 1% to 2% slope.
Other physical constraints (e.g., wetlands)	High value farm soils and Interstate 5 interchange improvements, with some wetlands.
Location within the city or region	North of the Salem Keizer urban growth boundary, east of Interstate 5.
Visibility	Visible from Interstate 5 and Highway 99E.
Proximity to other businesses	One mile from Salem area small businesses and about one mile from Keizer Station commercial center.
Amenities (i.e., a good view, access to parks, trails, etc.)	Visibility from Interstate 5.
Compatibility with surrounding uses	Salem zoned Residential Agriculture and Public Use land to the south and southwest, with Marion County zoned Exclusive Farm Use Zone land to the north and east of the site.
Infrastructure Characteristics	
Access to I-5	About one mile from the Chemawa I-5 interchange. The capacity limitations of the interchange will need to be addressed before this site can be developed
Access to state highways and local roads	Adjacent to Portland Road NE and Chemawa Road NE.
Rail	Access to rail in central Salem, none immediately nearby.
Water / wastewater	Outside of the Salem Urban Service Area. Water mainline is approximately one mile away and a sewer mainline is about 500 feet from the site. More research is required to determine if the pipe size could accommodate flows, or if additional improvement is necessary.
Electricity	Additional research required on access and capacity.
Natural gas	Additional research required on access and capacity.
Telecommunications	Additional research required.
Alternative transportation modes	Cherriots Route 19 runs from Chemeketa Street to Keizer Station. The route runs near the edge of but not to the site..

KEIZER

North Keizer

Classification: High Value

Key Attributes

- Access to I-5 via
- Some very large parcels
- Good visibility from I-5

Description

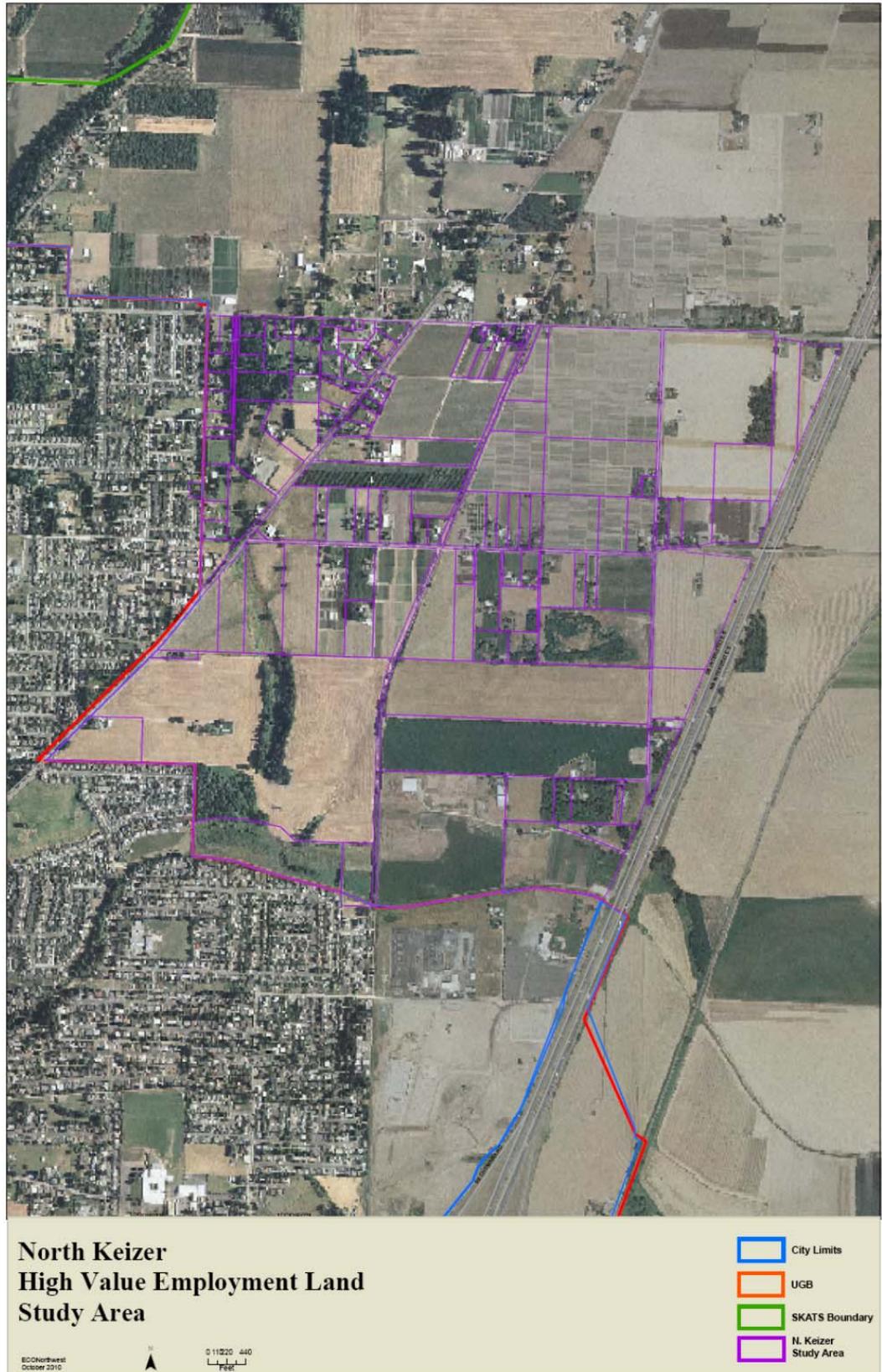
The North Keizer study area is adjacent to the northern border of Keizer and adjacent to Interstate 5. The study area is north from Keizer Station. It is located within ½ mile of the Chemawa Road/Interstate 5 interchange.

The study area includes about 960 acres in 132 tax lots. Nearly 865 acres on the site is vacant and is zoned for agricultural uses by Marion County. The site includes eleven sites over 20 acres, three of which are 50 acres or more. The site has 35 taxlots developed for rural residential uses.

Primary access to the site is via River Road, with access to the interior of the site via Perkins Road and Quainaby Road. Development of the site will depend on improving the transportation capacity of the Chemawa I-5 interchange, which is operating at capacity according to ODOT staff.

Map C-10 provides an aerial view of the North Keizer site. Map C-11 shows key physical constraints on the site: wetlands, waterbodies, floodways and floodplains.

Map C-10. North Keizer Study Area – Aerial View



Map C-11: North Keizer Study Area tax lots / constraints

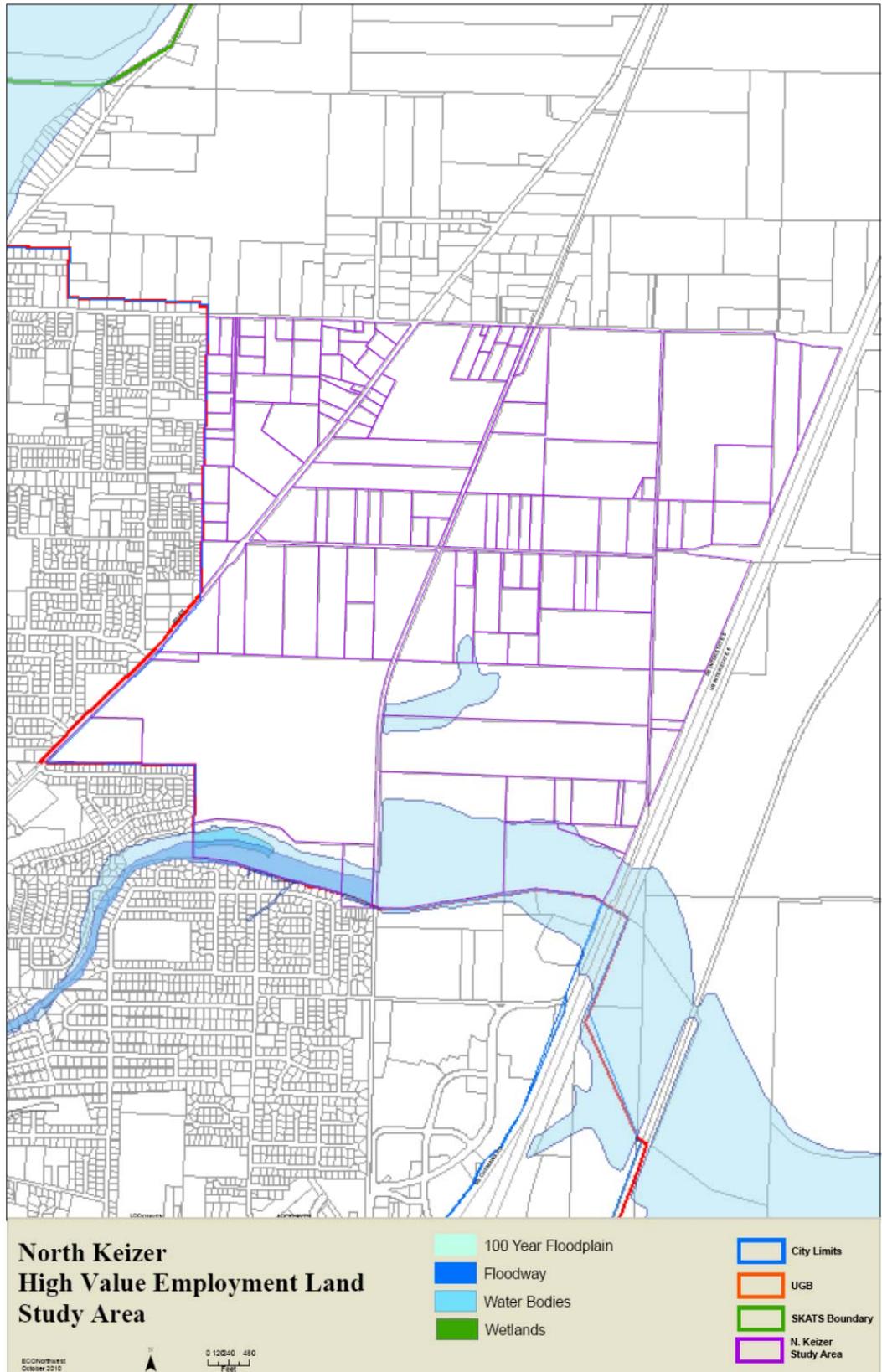


Table C-10 summarizes lands within the North Keizer study area.

Table C-10. Summary of land in the North Keizer study area

Plan Designation	Developed/Excluded		Vacant		Total	
	Number of Tax Lots	Acres	Number of Tax Lots	Acres	Number of Tax Lots	Acres
Marion County						
Primary Agriculture (PA)	0	0.0	93	866.2	93	866.2
Rural Residential (RR)	35	82.9	4	8.1	39	91.0
TOTAL	35	82.9	97	874.3	132	957.2

Table C-11 presents a general summary of key physical and infrastructure characteristics of the Turner study area.

Table C-11. Evaluation of site characteristics: North Keizer Study Area

Physical Characteristics	Description
Site size and configuration (shape).	The area is approximately 960 acres of relatively flat land.
Land ownership	Mixture of a variety of parcel sizes and numerous private land owners.
Topography	Relatively flat.
Other physical constraints (e.g., wetlands)	Floodway and water bodies shown on the map.
Location within the city or region	North/Northeast of Keizer Station, adjacent to Interstate 5.
Visibility	Visible from Interstate 5.
Proximity to other businesses	North of Keizer Station.
Amenities (i.e., a good view, access to parks, trails, etc.)	Additional research required.
Compatibility with surrounding uses	Keizer Station commercial uses to the south of the site.
Infrastructure Characteristics	
Access to I-5	Near the Chemawa I-5 interchange. The capacity limitations of the interchange will need to be addressed before this site can be developed
Access to state highways and local roads	The site bounded on the west by River Road. Additional development will eventually require road improvements.
Rail	Access to rail in central Salem, none within the site.
Water / wastewater	Outside the City limits and the Urban Service Area.
Electricity	Additional research required on access and capacity.
Natural gas	Additional research required on access and capacity.
Telecommunications	Additional research required.
Alternative transportation modes	Cherriots Route 19 runs from Chemeketa Street to Keizer Station. The route runs near but not to the site..

TURNER

Classification: Unique Attribute

Key Attributes

- In the heart of downtown Turner
- Existing urban services, including transportation, water, wastewater, electricity, and telecommunications

Turner identified redevelopment opportunities in downtown Turner, on eight parcels on about 11 acres. The sites are located along 3rd Street, generally south of Boise Street. The parcels have existing development, mostly related to a lumber mill. The sites offer redevelopment for employment uses, ranging from lumber or wood products manufacturing to redevelopment for commercial or retail uses.

The sites are located within Turner's UGB, in the center of Turner. The sites are serviced with existing infrastructure, including water, wastewater, electricity, and telecommunications. Depending on the proposed use of the sites, existing services may need to be upgraded to accommodate new users.

Map C-12 provides an aerial view of the Turner site. Map C-13 shows key physical constraints on the site: wetlands, waterbodies, floodways and floodplains.

Map C-12. Turner Study Area – Aerial View



Map C-13: Turner Study Area tax lots / constraints

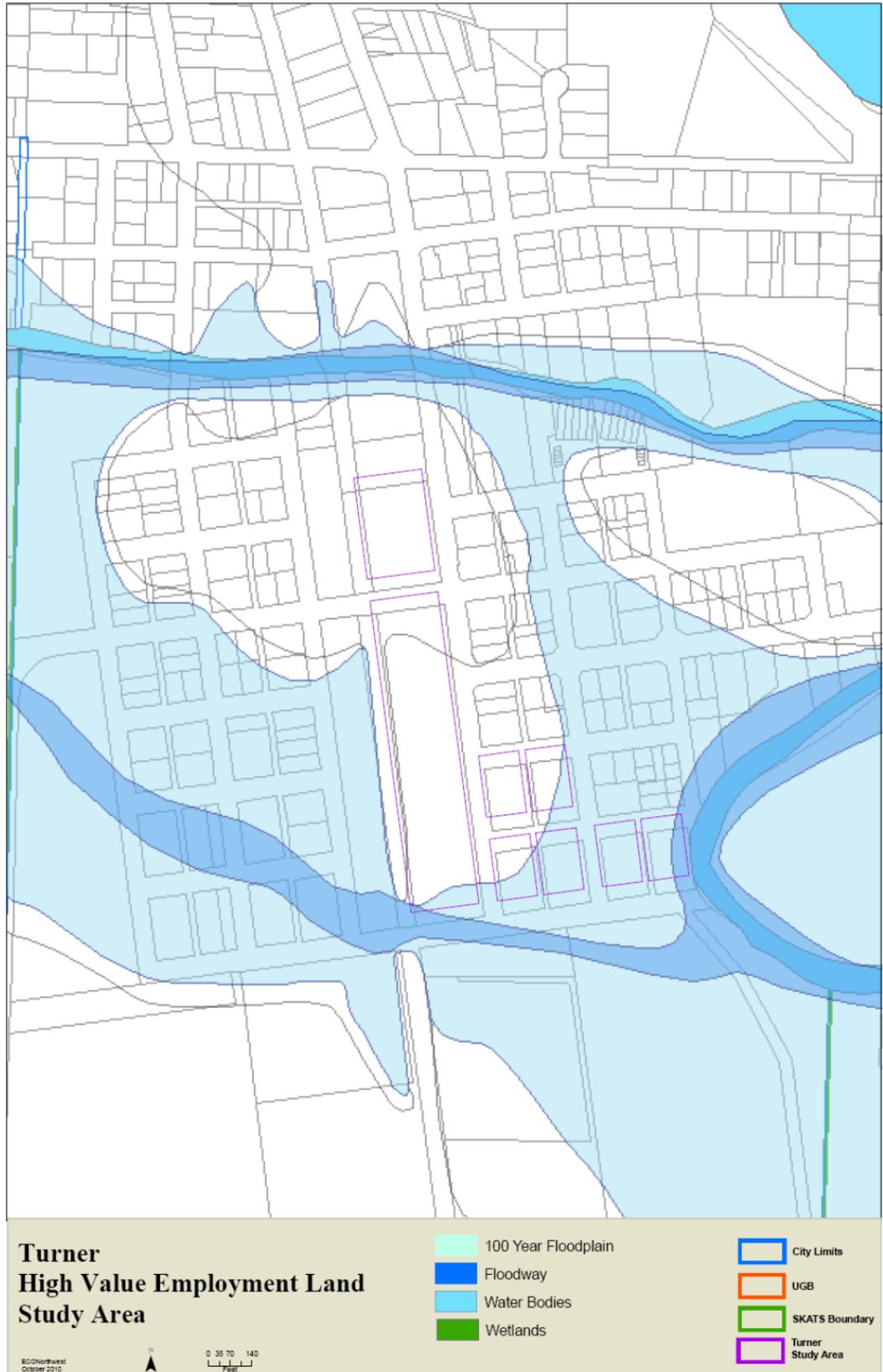


Table C-12 summarizes lands within the Tuner study area.

Table C-12. Summary of land in the Turner study area

Plan Designation	Number of	
	Tax Lots	Total Acres
Commercial	1	1.64
Industrial	7	9.89
Total	8	11.53

PRELIMINARY COST OF INFRASTRUCTURE ANALYSIS

Appendix D

This appendix presents a preliminary infrastructure cost analysis of the high-value/unique characteristic sites evaluated in Appendix C. It is intended to serve as a decision making tool that highlights the costs and benefits of high-value and unique attribute employment sites.

INTRODUCTION

The purpose of an Economic Opportunities Analysis is to serve as a guide for local jurisdictions in making key decisions related to economic development. By definition, the primary emphasis of the EOA is on the local jurisdiction's land use strategy – given identified economic opportunities, what are the characteristics of land needed by opportunity industries?

Thus, the focus of the EOA is not solely on the question of how much land; it also needs to address key attributes of that land. As described in Appendix C, provision of infrastructure is a key attribute. While infrastructure is a necessary prerequisite for development, the cost of that infrastructure is important in servicing land that is both attractive to private sector investment, and provides a good return on investment for the community.

Because of the scale of infrastructure costs that are typically related with major employment sites, local government often foots the bill for the off-site infrastructure necessary to service the sites. To help the participating jurisdictions understand how infrastructure costs may affect the viability of development of the high-value study areas described in Appendix C, ECONorthwest worked with local staff to identify major infrastructure needed to serve the sites, and develop planning level cost estimates for that infrastructure. This appendix summarizes those costs and compares them to current market values of land for different categories of employment use in the study area.

MARKET VALUE OF EMPLOYMENT LAND

ECO began this analysis by documenting land values in the Salem-Keizer study area. We relied on a combination of published sources (e.g., OregonProspector.com) and interviews to collect the data.

Table D-1 shows prices asked for certified industrial sites as posted on OregonProspector.com. The data show that asking price for vacant industrial land ranged from \$2.33 per square foot to \$3.21 per square foot. Industrial buildings for sale showed a broad range of values – from less than \$10.00 per square foot to nearly \$200 per square foot. Lease rates for industrial buildings ranged from \$0.25 to \$0.85 per square foot.

Table D-1. Range of prices for certified industrial sites in the Salem-Keizer study area listed on OregonProspector.com

Land Type	Low	High	Unit
Industrial land	\$2.33	\$3.21	price per sq ft
Industrial building for sale	\$9.19	\$197.13	price per sq ft
Industrial building for lease	\$0.25	\$0.85	price per sq ft per month

Source: OregonProspector.com; data gathered in December 2010

We conducted interviews with local realtors familiar with commercial and industrial land in the region. Focusing on commercial lands, realtors indicated that market rates for vacant commercial land ranged from \$7.00 to \$12.00 per square foot. Lease rates for office space range from \$1.55 to \$2.45 per square foot. With respect to general retail lease rates, realtors indicated that market rates ranged from \$0.50 per square foot for vacant big box to \$1.50 per square foot for high-end specialty space.

When asked about industrial land, realtors indicated that vacant sites in Mill Creek were valued at \$2.25 to \$2.50 per square foot—figures that are consistent with data from OregonProspector.com. Some realtors indicated that the large inventory of serviced sites in Mill Creek was depressing land value for other general industrial sites in the region. Others indicated that general industrial sites were listed for prices as high as \$5.00 per square foot.

PLANNING LEVEL COST OF INFRASTRUCTURE ESTIMATES

This section summarizes the planning level infrastructure cost estimates for the six high-value study areas described in Appendix C. As benchmarks, infrastructure costs over \$2.50 per square foot exceed the current asking price of land in the Mill Creek Employment Center, costs over \$5.00 per square foot exceed the upper end of the market value of industrial lands as reported by area realtors, and costs above \$7.00 per square foot exceed the upper end of market value of office lands as reported by area realtors.

Note that these values reflect the market at the end of 2010. The market dynamic will almost certainly change over the planning period—particularly as the Mill Creek center gets built out. Thus, infrastructure

costs that exceed current market land values are not necessarily a bad investment, but do represent a higher level of risk to the funding jurisdiction.

Mill Creek Employment Center

Table D-2 summarizes infrastructure costs for the Mill Creek Employment Center. Total infrastructure costs are estimated at about \$141 million, or about \$4.11 per developable square foot. Sewer costs account for more than half of the total costs for the Mill Creek area.

Table D-2. Estimated off-site infrastructure costs needed to service the Mill Creek Employment Center

Off-Site Utility Costs	Total Cost	Cost Per Acre	Cost Per Developable Acre	Cost Per Sq Ft	Cost Per Developable Sq Ft
Water	\$33,000,000	\$39,146	\$41,772	\$0.90	\$0.96
Sewer	\$82,500,000	\$97,865	\$104,430	\$2.25	\$2.40
Stormwater	\$4,400,000	\$5,219	\$5,570	\$0.12	\$0.13
Transportation	\$21,500,000	\$25,504	\$27,215	\$0.59	\$0.62
Total	\$141,400,000	\$167,734	\$178,987	\$3.85	\$4.11

Source: Costs compiled from data provided City of Salem, City of Keizer and ODOT staff

Mill Creek is covered by one of Salem’s seven Urban Renewal Districts (URD). The URD plan for Mill Creek identifies more than \$40 million in infrastructure improvements – costs that were or will be covered by the City’s bonding authority related to the URD. The bonds are paid off through tax increment financing funds generated by future improvements within the URD.

Given the URD and the infrastructure projects contained in its plan, infrastructure costs would be considerably lower if the \$40 million in URD improvements are deducted from the total cost. Moreover, City staff indicated that many of the improvements are underway, and several of the major improvements reflected in Table D-2 are not solely attributable to development in Mill Creek. In other words, those improvements – particularly sewer – will serve the entire southeast area. This includes areas within the Kuebler study area.

Given the Mill Creek URD, attributable infrastructure costs could be as low as \$0 if the URD plan addresses all of the infrastructure deficiencies related to Mill Creek. This situation is consistent with the listed sales prices for lands in the Mill Creek industrial area – which are approximately \$2.50 per square foot.

From the perspective of a private developer, the backbone infrastructure in the Mill Creek Employment Center will not add any costs to development.

Kuebler Interchange

Table D-2 summarizes infrastructure costs for the Kuebler Interchange study area. Based on the figures provided by City of Salem Public Works staff, total infrastructure costs needed to service this area are about \$105 million, or \$3.07 per square foot. This cost is the lowest of any of the study areas and reflects recent improvements to the Kuebler/I-5 interchange and other investments by the City.

Table D-3. Estimated off-site infrastructure costs needed to service the Kuebler study area

Off-Site Utility Costs	Total Cost	Cost Per		Cost Per	
		Cost Per Acre	Developable Acre	Cost Per Sq Ft	Developable Sq Ft
Water	\$26,400,000	\$31,317	\$33,418	\$0.72	\$0.77
Sewer	\$20,900,000	\$24,792	\$26,456	\$0.57	\$0.61
Stormwater	\$6,600,000	\$7,829	\$8,354	\$0.18	\$0.19
Transportation	\$51,725,000	\$61,358	\$65,475	\$1.41	\$1.50
Total	\$105,625,000	\$125,297	\$133,703	\$2.88	\$3.07

Source: Costs compiled from data provided City of Salem, City of Keizer and ODOT staff

Gaffin Road

Table D-4 summarizes infrastructure costs for the Gaffin Road. Based on the figures provided by City of Salem staff, total infrastructure costs needed to service this area are about \$241 million, or \$7.01 per square foot. Note that a big portion of the Gaffin Road study area is outside the UGB. Areas of this study area within the UGB can probably be serviced more affordably than the overall study area. Many of the infrastructure improvements needed to service Mill Creek will also provide capacity to the portion of the Gaffin Road study area within the UGB.

Table D-4. Estimated off-site infrastructure costs needed to service the Gaffin Road study area

Off-Site Utility Costs	Total Cost	Cost Per		Cost Per	
		Cost Per Acre	Developable Acre	Cost Per Sq Ft	Developable Sq Ft
Water	\$52,800,000	\$62,633	\$66,835	\$1.44	\$1.53
Sewer	\$64,600,000	\$76,631	\$81,772	\$1.76	\$1.88
Stormwater	\$5,000,000	\$5,931	\$6,329	\$0.14	\$0.15
Transportation	\$119,000,000	\$141,163	\$150,633	\$3.24	\$3.46
Total	\$241,400,000	\$286,358	\$305,570	\$6.57	\$7.01

Source: Costs compiled from data provided City of Salem, City of Keizer and ODOT staff

Areas north of the UGB

The analysis of high value employment land includes two large (approximately 1000 acre) areas north of the current UGB on either side of Interstate 5. This section addresses those areas, which are combined because they both require similar infrastructure investments – particularly around upgrades to Interstate 5 interchanges.

Infrastructure costs are difficult to ascertain over the planning period, as many changes are currently taking place, including significant efforts--even mandates--to reduce the total vehicle miles traveled by the population. The Northern sites are all served by the Chemawa / I-5 interchange. The key issue is the Chemawa Interchange Area Management Plan (IAMP) concluded that there is no additional capacity within the existing mobility standards. The first objective in the current efforts in the IAMP is to adjust the established Mobility Standards, even before the proposed plan improvements are contemplated. While this will not solve all infrastructure needs, it underscores the need for caution on fixating on a specific number for the cost of improvements.

The draft IAMP describes three phases or upgrades to capacity at Chemawa:

- Widening Chemawa/Lockhaven. Very rough estimates put the cost of this improvement at \$42 million in 2010 dollars.
- I-5 overcrossing/Tepper road extension. Very rough estimates put the cost of this improvement at \$80 million in 2010 dollars.
- Reconfiguring the interchange to a partial cloverleaf. Very rough estimates put the cost of this improvement at \$12 million.

According to ODOT staff, there is no funding source identified for the \$134 million in upgrades described in the IAMP. The projects listed above are not in the State Transportation Improvement Plan (STIP). The improvements identified for the Chemawa Interchange are proposed without a clear linkage for the total capacity and 'the room to grow' created by these improvements. Therefore, the only definitive statement that can be made is that improvements will be required. The amount and type of improvements will depend on the specific impact of each future land use action and the standards that are in place at that time.

. These issues will be discussed further as Keizer completes its Periodic Review of its comprehensive plan or at any point when a source of funding can be identified or secured. These projects, however, are not in the

constrained MPO (SKATs) TIP or the TIP and there area multiple large projects already prioritized ahead of it within the MPO and within the Mid-Willamette Area Commission on Transportation (MWACT).

Note that the interchange improvements listed above do not include upgrading other local roads, beyond what is described above. And even with such an investment, ODOT would not meet mobility standards in 2030, ODOT would simply avoid peak hour failure. Additional growth above and beyond that allowed by the current, adopted plans of the county or either city will simply exacerbate this condition--the bottom line is that ODOT will, out of sheer necessity, need to adjust our roadway performance expectations in all urban or growing areas over the coming planning horizon.

ODOT staff indicated that they do not necessarily expect Salem, Keizer, or other local governments to cover the full costs of the projects, but that it is not clear at this point who will. Moreover, ODOT does not intend to prevent a UGB expansion, should one be proposed and notes that UGB expansions can defer Goal 12 compliance until annexation and rezoning. But the Goal 12 requirements will need to be addressed when Keizer or Salem rezone or annex land from outside of the UGB. This does not necessarily mean that ODOT will oppose expansion even at the time of annexation and rezoning. ODOT understands that the City will need to accommodate their fair share of new population and employment growth within the County and region. However, ODOT will need to ensure that reasonable measures are taken to accommodate growth and minimize the associated traffic impact because without major improvements ODOT will absolutely need to re-visit the alternative mobility standards and gain additional Oregon Transportation Commission approval.

As part of the discussion, ECO also explored potential upgrades to the Brooks interchange. According to ODOT staff, upgrading the existing 3-lane structure would cost \$10 to \$15 million. This estimate depends on the nature of the upgrade and the existing structure--without knowing what form the upgrade would take and why it is appropriate, \$15 million may be a minimum expectation. Replacing the existing structure with a 5-lane structure would cost more than \$40 million (the replacement of the Woodburn interchange is estimated at about \$70-80 million) which does not include supporting infrastructure upgrades.

Chemawa

Table D-5 summarizes infrastructure costs for the Chemawa study area. Based on the figures provided by Salem, Keizer and ODOT staff, total

infrastructure costs needed to service this area are about \$328 million, or \$9.53 per square foot.

Table D-5. Estimated off-site infrastructure costs needed to service the Chemawa study area

Off-Site Utility Costs	Total Cost	Cost Per Acre	Cost Per Developable Acre	Cost Per Sq Ft	Cost Per Developable Sq Ft
Water	\$31,900,000	\$37,841	\$40,380	\$0.87	\$0.93
Sewer	\$77,000,000	\$91,340	\$97,468	\$2.10	\$2.24
Stormwater	\$5,000,000	\$5,931	\$6,329	\$0.14	\$0.15
Transportation	\$214,000,000	\$253,855	\$270,886	\$5.83	\$6.22
Total	\$327,900,000	\$388,968	\$415,063	\$8.93	\$9.53

Source: Costs compiled from data provided City of Salem, City of Keizer and ODOT staff

North Keizer

Table D-6 summarizes infrastructure costs for the North Keizer study area. Based on the figures provided by Salem, Keizer and ODOT staff, total infrastructure costs needed to service this area are about \$211.6 million, or \$6.15 per square foot.

Table D-6. Estimated off-site infrastructure costs needed to service the North Keizer study area

Off-Site Utility Costs	Total Cost	Cost Per Acre	Cost Per Developable Acre	Cost Per Sq Ft	Cost Per Developable Sq Ft
Water	\$3,500,000	\$4,152	\$4,430	\$0.10	\$0.10
Sewer	\$62,500,000	\$74,140	\$79,114	\$1.70	\$1.82
Stormwater	\$0	\$0	\$0	\$0.00	\$0.00
Transportation	\$145,600,000	\$172,716	\$184,304	\$3.97	\$4.23
Total	\$211,600,000	\$251,008	\$267,848	\$5.76	\$6.15

Source: Costs compiled from data provided City of Salem, City of Keizer and ODOT staff

Chemawa/North Keizer

Many of the major infrastructure improvements needed to serve the Chemawa or North Keizer study areas would provide sufficient capacity to service both. In short, significant economies of scale may be achievable to service the entire area north of the current UGB on both sides of Interstate 5. To reflect those potential economies, we evaluated total costs attributable to both study areas compared to the total acreage of the combined study areas.

Table D-7 summarizes infrastructure costs for the combined Chemawa/North Keizer areas. Based on the figures provided by Salem, Keizer and ODOT staff, total infrastructure costs needed to service this area

are about \$407.5 million, or \$5.62 per square foot. While this is the highest capital investment of any of the alternatives, the cost per square foot is the third lowest with Kuebler and Mill Creek having lower per square foot costs.

Table D-7. Estimated off-site infrastructure costs needed to service the combined Chemawa/North Keizer study area

Off-Site Utility Costs	Total Cost	Cost Per Acre	Cost Per Developable Acre	Cost Per Sq Ft	Cost Per Developable Sq Ft
Water	\$35,400,000	\$19,667	\$21,274	\$0.45	\$0.49
Sewer	\$139,500,000	\$77,500	\$83,834	\$1.78	\$1.92
Stormwater	\$5,000,000	\$2,778	\$3,005	\$0.06	\$0.07
Transportation	\$227,600,000	\$126,444	\$136,779	\$2.90	\$3.14
Total	\$407,500,000	\$226,389	\$244,892	\$5.20	\$5.62

Source: Costs compiled from data provided City of Salem, City of Keizer and ODOT staff

GENERAL EMPLOYMENT LAND DEMAND

Appendix E

This report projects demand for different types of land for employment uses, depending on the site requirements of the employers that may locate on different types of employment land. The report classifies land into three categories: general employment land, high value employment land, and unique attribute employment land. This appendix addresses demand for general employment land. High value and unique attribute employment land are addressed in other appendices.

General employment land is the most flexible employment land category. It includes land that is zoned for a variety of employment uses such as industrial, commercial and institutional. General employment land has a variety of site sizes, locations, and other characteristics. Some may be legacy sites that lack important characteristics or are constrained in some way that reduces modern market interest. General employment sites may be best suited for a mix of uses depending on the local context. It is worthwhile to set a few minimal suitability standards for the general employment land category to get the junk out of the inventory. For industrial uses this may include access to freight routes via arterials that do not pass through school zones or unsignalized rail crossings at grade.

There are two main types of general employment land:

- **General industrial** includes land for general industrial uses, such as small-scale manufacturing, small-scale warehouse and distribution, construction, and other industrial firms that do not require land with special characteristics.
- **General commercial** includes land for retail uses and land for other non-retail commercial uses (e.g., offices, financial services, entertainment services, and other services). General commercial land demand is forecast in two analysis: **Retail land** demand (based on population growth) and **general office land** demand (based on employment growth).

This appendix presents demand for retail land and general office and industrial land.

RETAIL LAND DEMAND

Locally derived demand for retail commercial land is driven by local and regional population growth and consumer spending. From an analytical

standpoint, land demand is derived from demand for built space. In short, land demand is not directly a function of growth in population and consumer spending; land demand is a byproduct of demand for built space.

This section presents an analysis of demand for retail land, based on growth in consumer spending (which is, in part influenced by the growth of households and population) in the Salem-Keizer metropolitan area and the surrounding region.⁶⁴ The analysis assumes that as the number of households in the region grows, new consumer spending increases the demand for retail commercial land. The steps to forecasting this demand are:

1. **Household growth.** Local and regional household growth will drive retail demand. This section estimates household growth for within the Salem, Keizer, and Turner UGBs and for the broader region (Marion, Polk, and Yamhill Counties) from which households are likely to shop in the Salem-Keizer metropolitan area.
2. **Household expenditures.** A key assumption necessary to estimate demand for retail land to serve new households is estimating the current and future total retail spending of households. This section estimates retail spending for households who shop in the Salem-Keizer metropolitan area.
3. **Demand for retail space.** Retail space demand can be estimated based on a ratio of retail sales per square foot of retail space. This section estimates the square feet of retail built space that will be required to serve projected consumer expenditures.
4. **Retail land demand.** Converting the number of square feet of retail space to land demand (in acres) requires making assumptions about land needed for the retail building and supporting infrastructure, primarily for parking. This section estimates the amount of land that will be required to accommodate expected retail growth.

The remainder of this section follows this outline to estimate demand for retail space within the Salem, Keizer, and Turner UGBs.

HOUSEHOLD GROWTH

Growth in population and households will drive retail growth. Growth forecasts generally forecast population growth, which can be easily

⁶⁴ We include the surrounding region because Salem-Keizer is the regional service center for Marion, Polk, and Yamhill Counties.

converted into household growth through an assumption about average household size. Table E-1 shows that the combined UGBs for Salem, Keizer, and Turner will grow by about 26,000 households over the twenty-year period of 2012 through 2032.

The Salem-Keizer metropolitan area is a regional retail center and attracts retail customers from outside of the three urban growth boundaries. Table E-1 also presents a forecast of household growth within the broader region, which includes Marion, Polk, and Yamhill Counties. Table E-1 shows that the three counties are forecast to grow by nearly 64,000 households over the twenty-year period, about 34,200 of which are located outside of the Salem, Keizer, and Turner UGBs.

Table E-1. Population and household growth, combined Salem, Keizer, and Turner UGBs and Marion, Polk, and Yamhill Counties, 2012 to 2032

	Salem, Keizer, and Turner UGBs	Marion, Polk, and Yamhill Counties	
		All Growth	Excluding the UGBs
Population			
2012	241,726	511,136	269,410
2032	311,429	685,290	373,861
Households			
Average HH size	2.7	2.68 to 2.81	
2012	90,196	188,693	98,497
2032	116,205	252,613	133,391
Change in households 2012-2032			
Number	26,008	63,920	34,894
Percent	29%	34%	35%
AAGR	1.3%	1.5%	1.5%

Source: Mid-Willamette Valley Council of Government draft population forecast "Draft 2035 Population Allocation"; the Office of Financial Management forecast of growth in Marion, Polk, and Yamhill Counties; and the U.S. Census 2006-2008 American Community Survey estimate of household size

The forecast of household growth in Table E-1 is based on the following assumptions:

- **Salem, Keizer, and Turner UGB forecast** is based on the *Population Forecast for Marion County, its Cities, and Unincorporated Area, 2010-2030* by the Population Research Center at Portland State University. This forecast was adopted by Marion County.
- **Population.** The forecast estimates that population within the Salem, Keizer, and Turner UGBs will grow from 235,834 people in 2012 to 303,644 people in 2032 at an average annual growth rate of 1.3%. The forecast in Table E-1 extrapolates population for 2012 and 2032 based on this growth rate.

- **Households.** The forecast for number of households is based on the assumption that there will be 2.68 persons per household, consistent with the average household size in Marion County reported by U.S. Census 2006-2008 American Community Survey.
- **Marion, Polk, and Yamhill County** forecast is based on:
 - **Population.** The 2004 Office of Economic Analysis (OEA) forecast for growth in Oregon's Counties between 2000 and 2040 in five-year intervals. ECONorthwest extrapolated population growth for each county for 2012 based on the County's forecast growth rate for 2010 to 2015 and for 2032 based on the forecast growth rate for 2030 to 2035.
 - **Households.** The forecast for number of households is based on the current household sizes for the County based on household size reported by the U.S. Census 2006-2008 American Community Survey.⁶⁵

HOUSEHOLD EXPENDITURES

Claritas—a private database vendor— provides household expenditures by category for the Salem Oregon Metropolitan Statistical Area (MSA), which includes all of Marion and Polk Counties. Households in the Salem MSA spent an average of \$44,530 per household in 2009, exclusive of housing. Based on the categorization of expenditures, ECONorthwest estimated that about \$34,090 of this total was spent on the retail goods shown in Table E-2.⁶⁶ Table E-2 shows average household expenditures for retail goods in the Salem MSA in 2009 on a per-household basis.

⁶⁵ The U.S. Census 2006-2008 American Community Survey reports the following household size: Marion County has an average of 2.68 persons per household, Polk County has an average of 2.81 persons per household, and Yamhill County has an average of 2.73 persons per household.

⁶⁶ The major types of expenditures not included in the \$34,090 are: day care, education, medical services, household utilities, and travel. Demand for land for these types of services is addressed in the general industrial and general office land demand analysis.

Table E-2. Average household expenditures for retail goods and services, Salem MSA, 2009

	2009 Expenditures per Household
Food	\$5,672
Food service	\$2,549
Clothing and accessories	\$2,785
Shoes	\$425
Home furnishings	\$1,318
Home appliances/music	\$2,008
Building Materials/Garden	\$1,237
Automotive	\$9,060
Hobby/special interest	\$1,586
Gifts/Specialty	\$490
Liquor	\$1,022
Drugs	\$2,081
Other Retail	\$1,976
Personal Service	\$1,879
Total Expenditures	\$34,090

Source: Claritas

A key assumption in this analysis is estimating the current and future total retail spending. Estimating total retail spending for households within the Salem, Keizer, and Turner UGBs is relatively simple, just a matter of multiplying the number of households in 2012 (shown in Table E-1) by the average household expenditure by category (shown in Table E-2).

Table E-2 shows total retail spending in 2012 and 2032 for all households in Salem, Keizer, and Turner UGBs and a portion of households in the larger three-county region. Table E-3 shows spending in 2009 dollars and does not assume that the share of spending by category will change over the 20-year period. The Salem-Keizer metropolitan area, however, also serves as a retail center for residents in the surrounding region.

Some retail spending in the Salem-Keizer metropolitan area and the surrounding region will occur at retail establishments in the metropolitan area. ECONorthwest assumed the following capture rates for retail housing spending:

- **Households within Salem, Keizer, and Turner UGBs: 75%.** This capture rate is based on the assumption that the majority of retail spending for households within the metropolitan area will occur within the metropolitan area. Some spending, however, will occur outside the metropolitan area, such as in Portland or purchases from catalogues or on-line merchants.

- **Households in Marion, Polk, and Yamhill Counties but outside of the metropolitan area: 40%.** This estimate is based on fact that 40% of total expenditures for retail, arts and entertainment, and food services in the three-county area occurred within Salem, Keizer, and Turner in 2008.⁶⁷

Table E-3. Total household expenditures for retail goods and services, households in the Salem, Keizer, and Turner UGBs and a portion of households in Marion, Polk, and Yamhill Counties, 2012 and 2032

	Total Retail Spending (2009 Dollars)		Change in Retail Spending 2012-2032 (2009 Dollars)	
	2012	2032	Amount	Percent
Food	\$607,120,585	\$803,755,909	\$196,635,324	32%
Food service	\$272,825,544	\$361,188,779	\$88,363,236	32%
Clothing and accessories	\$298,079,737	\$394,622,346	\$96,542,610	32%
Shoes	\$45,497,344	\$60,233,106	\$14,735,763	32%
Home furnishings	\$141,113,511	\$186,817,613	\$45,704,102	32%
Home appliances/music	\$215,000,485	\$284,635,235	\$69,634,750	32%
Building Materials/Garden	\$132,464,313	\$175,367,096	\$42,902,784	32%
Automotive	\$969,872,554	\$1,283,996,648	\$314,124,094	32%
Hobby/special interest	\$169,820,176	\$224,821,844	\$55,001,669	32%
Gifts/Specialty	\$52,501,011	\$69,505,135	\$17,004,123	32%
Liquor	\$109,352,511	\$144,769,802	\$35,417,291	32%
Drugs	\$222,794,613	\$294,953,739	\$72,159,126	32%
Other Retail	\$211,573,789	\$280,098,694	\$68,524,905	32%
Personal Service	\$201,163,883	\$266,317,209	\$65,153,326	32%
Total Expenditures	\$3,649,180,055	\$4,831,083,158	\$1,181,903,102	32%

Source: Claritas

DEMAND FOR RETAIL SPACE

ECONorthwest used a ratio of retail sales per square foot of retail space to determine the amount of retail space needed to serve projected consumer expenditures. This ratio shows how many dollars of spending are required to support one square foot of retail. For example, a retail shoe store requires nearly \$200 in sales per square foot. If a set of households spends \$2 million per year on shoes, that spending directly supports 10,000 SF of retail space (\$2 million divided by \$200) assuming zero retail vacancy.⁶⁸

ECONorthwest assumed that there is unusually high retail vacancy in 2012 as a result of the recession. A normal retail vacancy rate in West Coast suburban markets is typically between 5% and 20%.⁶⁹ It is unrealistic to

⁶⁷ Oregon Prospector report on Consumer Expenditures by city and county. Accessed from: www.oregonprospector.com

⁶⁸ Urban Land Institute, *Dollars and Cents of Shopping Centers: 2008*. Page 17.

⁶⁹ Based on research from CB Richard Ellis about suburban markets in the Puget Sound in Washington and Central Valley in California.

assume retail demand space will perfectly match the correct level supported by spending, as supply of retail space typically outweighs the demand of that space. This analysis assumed that vacancy was about 10% higher than normal in Salem, consistent with trends in other West Coast suburban and urban areas. In other words, some vacant retail areas will be filled before new retail space is built.

Table E-4 shows spending-supported retail demand. ECO projects retail space demand to grow from about 12.3 million square feet to 16.2 million square feet between 2012 and 2032, an increase of about four million square feet.

Table E-4. Spending-supported retail demand, Salem, Keizer, and Turner UGBs, 2012-2032

Retail Category	Retail Spending (millions)		Sales per SF	Spending-Supported Retail Demand (SF)	
	2012	2032		2012	2032
Food	\$607.1	\$803.8	\$412.21	1,325,559	1,754,883
Food service	\$272.8	\$361.2	\$314.12	781,685	1,034,859
Clothing and accessories	\$298.1	\$394.6	\$232.68	1,152,964	1,526,389
Shoes	\$45.5	\$60.2	\$192.73	212,461	281,273
Home furnishings	\$141.1	\$186.8	\$209.28	606,853	803,401
Home appliances/music	\$215.0	\$284.6	\$302.20	640,306	847,689
Building Materials/Garden	\$132.5	\$175.4	\$388.65	306,749	406,099
Automotive	\$969.9	\$1,284.0	\$232.92	3,747,576	4,961,347
Hobby/special interest	\$169.8	\$224.8	\$219.85	695,193	920,353
Gifts/Specialty	\$52.5	\$69.5	\$170.42	277,262	367,062
Liquor	\$109.4	\$144.8	\$396.27	248,359	328,798
Drugs	\$222.8	\$295.0	\$429.07	467,325	618,683
Other Retail	\$211.6	\$280.1	\$247.53	769,266	1,018,417
Personal Service	\$201.2	\$266.3	\$176.87	1,023,619	1,355,151
Total	\$3,649.2	\$4,831.1		12,255,176	16,224,405

Source: Urban Land Institute, *Dollars and Cents of Shopping Centers*: 2008. Page 19.

Calculations by ECONorthwest

Note: Shaded cells are based on assumptions from *Dollars and Cents of Shopping Centers* 2008.

Note: SF is square feet.

RETAIL LAND DEMAND

Converting the number of square feet of retail space to land demand (in acres) requires making assumptions about land needed for the retail building and supporting infrastructure, primarily for parking. In general, the square feet required for retail development encompass 25% to 40% of the total land need to support the development, or a floor area ratio (FAR) of 0.25 to 0.40. For example, a FAR of 0.3 means that for every acre of usable space, 0.3 acres are allowed for built retail space. The remaining 0.7 acres are required for uses necessary for the retail firm to function, generally parking – but also landscaping, open space, and other uses.

Empirical analysis of existing retail development in the Salem-Keizer metropolitan area shows a broad range in FAR, from a low of 0.02 to 1.0, with an average FAR of 0.2. ECO assumed a FAR of 0.30, based on the assumption that retail development will become denser over the 20-year planning period. This assumption is within the industry standard of 0.25 to 0.40 FAR for an area like the Salem-Keizer metropolitan area.

Table E-5 shows retail space demand (in square feet) and the land need (in net acres) to accommodate that demand. Consumer spending will support an increase of four million square feet of retail space. At an FAR of 0.3, this translates into new land demand of 304 net acres between 2012 and 2032. **Based on a 10% net-to-gross ratio, this translates into new land demand of 337 gross acres.**⁷⁰

⁷⁰ As land gets divided and developed, some of the land goes for right-of-way and other public uses. One way to estimate the amount of land needed for employment including public right-of-way is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for right-of-way.

OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

The amount of land used for rights-of-way varies based on use. This analysis uses a net-to-gross factor of 10% for retail use, which assumes that some rights-of-way area in place in areas where retail development will occur on general employment land. This net-to-gross ratio is lower than the 15% to 20% ratio we have seen in other Oregon cities because some vacant retail land is located in developed areas, which already have rights-of-way.

Table E-5. Retail space demand and retail land need, Salem, Keizer, and Turner UGBs, 2012-2032

Retail Category	Spending-Supported Retail Demand (SF)		Retail FAR	Commercial Retail Land Need (Net Acres)	
	2012	2032		2012	2032
Food	1,325,559	1,754,883	0.3	101	134
Food service	781,685	1,034,859	0.3	60	79
Clothing and accessories	1,152,964	1,526,389	0.3	88	117
Shoes	212,461	281,273	0.3	16	22
Home furnishings	606,853	803,401	0.3	46	61
Home appliances/music	640,306	847,689	0.3	49	65
Building Materials/Garden	306,749	406,099	0.3	23	31
Automotive	3,747,576	4,961,347	0.3	287	380
Hobby/special interest	695,193	920,353	0.3	53	70
Gifts/Specialty	277,262	367,062	0.3	21	28
Liquor	248,359	328,798	0.3	19	25
Drugs	467,325	618,683	0.3	36	47
Other Retail	769,266	1,018,417	0.3	59	78
Personal Service	1,023,619	1,355,151	0.3	78	104
Total	12,255,176	16,224,405		938	1,242
Increase 2012 and 2032	3,969,229			304	

Source: ECONorthwest

Note: Shaded cells are show assumptions about retail density.

Note: SF is square feet.

GENERAL INDUSTRIAL AND OFFICE LAND DEMAND

Demand for general industrial and commercial land to serve the local population within the Salem-Keizer metropolitan area will be driven by the expansion and relocation of existing businesses and new businesses locating in the Salem-Keizer metropolitan area. General employment land demand is driven by local growth independent of broader economic opportunities. The broader economic opportunities for employers that require special site characteristics of high value land are addressed separately in the report.

This section presents a projection of future employment levels in the Salem, Keizer, and Turner UGBs for the purpose of estimating demand for general commercial and industrial land.

Projecting demand for general employment has four major steps:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in the UGBs of Salem, Keizer, and Turner. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in the three combined urban growth boundaries.
2. **Project total employment.** The projection of total employment was calculated using the safe harbor method suggested in OAR 660-024.
3. **Allocate employment.** This step involves allocating employment to broad land use types of general industrial and general office.
4. **Estimate land demand.** The step estimates general employment land demand based on employment growth and assumptions about future employment densities.

The remainder of this section follows this outline to estimate demand for general employment land within the Salem, Keizer, and Turner UGBs.

EMPLOYMENT BASE FOR PROJECTION

The purpose of the employment projection presented in this appendix is to model future employment land need for general employment growth. Forecasting general employment growth requires a base of employment growth on which to build the forecast. Table E-7 shows covered employment and an estimate of total employment located within Salem, Keizer, and Turner UGBs in 2008.

To develop the figures, ECONorthwest started with estimated covered employment within the three urban growth boundaries Salem-Keizer metropolitan area: Salem, Keizer, and Turner.⁷¹ Employment in areas within the SKATS boundary but outside of a UGB was excluded from the base of employment because the forecast projects urban employment growth and increase in demand for employment land.⁷² It is probable that firms within the SKATS boundary but outside of a UGB will grow over the planning period but this analysis does not project new employment land demand for these industries.

Table E-7 shows that there were about 96,900 covered employees within the UGBs in 2008. Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that *covered* employment reported by the Oregon Employment Department for the Salem MSA is only about 76% of *total* employment reported by the U.S. Department of Commerce. We made this comparison by sector for the Salem MSA and used the resulting ratios to convert covered employment to total employment in the combined UGBs. Table E-7 shows the Salem, Keizer, and Turner UGBs had an estimated 127,972 *total* employees in 2008.

⁷¹ The source of covered employment data is confidential QCEW (Quarterly Census of Employment and Wages) data provided by the Oregon Employment Department.

⁷² Firms located within the SKATS boundary but outside the UGBs had about 7,300 employees in 2008.

Table E-7. Estimated total employment in the combined UGBs for Salem, Keizer, and Turner by sector, 2008

Land Use Type / Sector	Covered	Total	Covered % of Total
Agriculture, Forestry, Fishing, & Mining	1,239	1,576	79%
Construction	4,460	6,418	69%
Manufacturing	6,087	6,237	98%
Wholesale Trade	1,750	2,151	81%
Retail	11,655	14,999	78%
Transportation & Warehousing & Utilities	1,434	2,051	70%
Information	1,104	1,536	72%
Finance & Insurance	3,158	5,205	61%
Real Estate Rental & Leasing	1,460	5,764	25%
Professional, Scientific & Technical Services	3,319	6,680	50%
Management of Companies	1,045	1,371	76%
Admin. Support & Cleaning Services	5,419	7,171	76%
Education	1,667	3,470	48%
Health & Social Assistance	11,658	16,053	73%
Arts, Entertainment & Recreation	893	2,068	43%
Accommodations & Food Services	7,910	8,597	92%
Other Services (except Public Admin.)	3,775	6,997	54%
Government	28,848	29,628	97%
Total Employment	96,881	127,972	76%

Source: 2008 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

Note: Covered employment as a percent of total employment calculated by ECONorthwest using data for the Salem MSA employment from the U.S. Department of Commerce, Bureau of Economic Analysis (total) and the Oregon Employment Department (covered).

Note: Total employment was not available for Management of Companies because of confidentiality rules. We used the average covered to total ratio (76%) to convert from covered employment in Management of Companies to total employment.

EMPLOYMENT PROJECTION

The employment forecast covers the 2012 to 2032 period. The following assumptions were used to develop the employment forecast for the combined UGBs of Salem, Keizer, and Turner:

- **1.25% Average Annual Growth Rate (AAGR).** OAR 660-024-0040 (9) (a) (B) allows the City to determine employment land needs based on “The population growth rate for the urban area in the adopted 20-year coordinated population forecast.” The growth rate for the Salem-Keizer UGB for 2010 to 2030 is 1.25% average annual growth.⁷³
- **General employment base.** The general employment forecast projects employment growth for all sectors, except for retail sectors,⁷⁴ which were addressed in the previous section of this appendix. In 2008, there were 95,311 employees in the three UGBs. We assumed zero employment growth between 2008 and 2012 to account for the effects of the current recession.

Based on these assumptions, Table E-8 shows employment growth in the Salem, Keizer, and Turner UGBs over the 2012 to 2032 period. Table E-8 shows that general employment will grow by 26,946 employees over the 20-year period, an increase of 28%.

Table E-8. Employment growth in the Salem, Keizer, and Turner UGBs, 2012–2032

Year	Total Employment
2012	95,311
2032	122,257
Change 2012 to 2032	
Employees	26,946
Percent	28%
AAGR	1.3%

Source: ECONorthwest

Note: The employment estimate in this table does not include employment in the following sectors: retail, accommodations and food services; and arts, entertainment, and recreation.

⁷³ “Population Forecast for Marion County, its Cities and Unincorporated Area 2010-2030” Prepared by the Population Research Center at Portland State University.

⁷⁴ Retail sectors include: Retail Trade; Accommodations and Food Services; and Arts, Entertainment, and Recreation.

ALLOCATE EMPLOYMENT TO DIFFERENT LAND USE TYPES

The next step in forecasting employment is to allocate future employment to broad categories of land use. We grouped employment into two broad categories of land-use based on North American Industrial Classification System (NAICS): general industrial⁷⁵ and general office.⁷⁶ Twenty percent general employment was in general industrial and 80% was in general office in 2008. Table E-9 assumes that this distribution of general employment will continue in 2012 and 2032.

Table E-9. Forecast of general employment growth in by land use type, Salem, Keizer, and Turner urban growth boundaries, 2012–2032

Land Use Type	2012		2032		Change 2012 to 2032
	Employment	% of Total	Employment	% of Total	
General Industrial	19,062	20%	24,451	20%	5,389
General Office	76,249	80%	97,806	80%	21,557
Total	95,311		122,257		26,946

Source: ECONorthwest

Note: Green shading denotes an assumption by ECONorthwest

ESTIMATE OF GENERAL EMPLOYMENT LAND DEMAND

Not all new employment will require additional land because some employment growth can be accommodated in existing built space or in vacant built space. Table E-10 shows the estimate of employment growth requiring vacant employment land. Table E-10 makes two assumptions that decrease land needed for new employment:

- **Some employment growth will not require new commercial or industrial built space or land.** As firms add employees they may fit many of them into existing office spaces. This occurs in occupied buildings through filling vacant cubicles or offices or increasing the density of use existing workspaces (e.g., by adding new cubicles). There is no study that quantifies how much employment is commonly accommodated in existing built space over a 20-year period in a city.

There is no data that document the amount of employment located in existing built space. Clearly some employment is accommodated through this type of intensification of use but,

⁷⁵ General industrial included the following sectors: agriculture, forestry, fishing, and mining; construction; manufacturing; wholesale trade; and transportation, warehousing, and utilities.

⁷⁶ General office includes the following sectors: information, finance and insurance; real estate; professional, scientific, and technical services; management of companies; admin support and cleaning services; private education; health and social assistance; and all types of government.

equally clearly, not all employment can be accommodated this way. In the current economy, with substantial recent reductions in workforce, it seems reasonable to assume 5% to 20% of employment will be accommodated in existing built space. Such an assumption cannot apply indefinitely, so it presumes that (1) the use of existing space is not so intense that it cannot be economically increased, and (2) economic conditions, competitiveness, and standard business practices for reducing cost make a 5% to 20% increase in space utilization reasonable. **Table E-10 assumes that 5% of industrial and 15% of office new employment will locate in existing space.**

- **Some employment can be accommodated in vacant built space.** The recent recession has resulted in higher vacancy rates in Salem and the Pacific Northwest than the historical norms.⁷⁷ Office vacancy rates in Salem are around 20%, which is higher than historical norms.⁷⁸ **Table E-10 assumes that 15% of office new employment will locate in vacant built space.**

Table E-10 shows that nearly 23,000 employees will locate on vacant land over the 20-year period.

Table E-10. Forecast of general employment growth in by land use type, Salem, Keizer, and Turner urban growth boundaries, 2012–2032

Land Use Type	New Employment Growth	Emp. Not Requiring New Land	Emp. in Vacant Space	Emp. on Developed Land	% of New Emp. on Dev. Land	New Emp. on Vacant Land
General Industrial	5,389	269	--	269	5%	5,120
General Office	21,557	3,234	485	3,719	17%	17,838
Total	26,946	3,503	485	3,988	15%	22,958

Source: ECONorthwest

The next step in estimating general employment land demand for the 20 year period is to estimate the baseline employment land need based on employment density. Table E-11 shows a preliminary estimate of employment land need by land use type based on assumed employment densities.

Table E-11 shows that the three UGBs will need about 752 net acres and about 884 gross acres of land for general employment uses between 2012 and 2032.

⁷⁷ Based on MarketView reports for Portland and Seattle for First Quarter 2009 from CB Richard Ellis. Accessed from: <http://www.cbre.com/USA/Research/>

⁷⁸ Based on discussions with commercial real estate agents in Salem.

Table E-11. Estimate of general employment land demand, Salem, Keizer, and Turner urban growth boundaries, 2012–2032

Land Use Type	New Emp. on Vacant Land	EPA (Net Acres)	Land Demand (Net Acres)	Land Demand (Gross Acres)
General Industrial	5,120	20	256	301
General Office	17,838	36	496	583
Total	22,958	31	752	884

Source: ECONorthwest

Note: Gross acres calculated using a net-to-gross factor of 15% for general industrial and 20% for general office. For example, general industrial gross acres was calculated using the following formula: $216/(1-.15) = 254$.

Note: EPA is employees per acre

Table E-11 uses the following assumptions to convert employment into land need:

- Employment densities are based on reasonable rules of thumb.** Employees per acre (EPA) is a measure of employment density, based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Table E-11 assumes that industrial density will be 20 EPA, which is higher than the density on the region’s industrial land, which averages between 12 and 15 EPA.⁷⁹ Table E-11 assumes that future industrial development will be somewhat denser than existing development.⁸⁰ Table E-11 uses an office density based on the average commercial development density in the metropolitan area.⁸¹
- Employment sites will require additional land for right-of-way and other public uses.** The EPA assumptions are employees per *net* acre (e.g., acres that are in tax lots). As land is divided and developed, some of the land goes for right-of-way and other public uses. One way to estimate the amount of land needed for employment including public right-of-way is to convert from *net* to *gross* acres based on assumptions about the amount of land needed

⁷⁹ This analysis is documented in the draft SKATS *Regional Transportation System Plan, 2035*.

⁸⁰ The industrial EPA is consistent with the rule-of-thumb density assumption for light industrial development presented in the DLCDD draft guidebook for Goal 9, “Cheaper, Easier, Faster, More Relevant.”

⁸¹ The estimated average commercial development density (36 EPA) is based on ECONorthwest’s analysis of development of commercial employers in the Salem-Keizer metropolitan area. This analysis is consistent with the analysis of commercial densities documented in the draft SKATS *Regional Transportation System Plan, 2035*. The RTSP analysis shows a range of densities from 27 EPA in retail areas to 73 EPA in Salem’s central business area.

for right-of-way.⁸² A net to gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

The amount of land used for rights-of-way varies based on use. This analysis uses a net-to-gross factor of 15% for employment land.

⁸² OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

REGIONAL ECONOMIC DEVELOPMENT STRATEGY

Appendix F

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February 18, 2011

TO: Policy Advisory Committee
CC: Suzanne Dufner
FROM: Bob Parker and Beth Goodman
**SUBJECT: REGIONAL ECONOMIC DEVELOPMENT GOALS AND OBJECTIVES
FOR THE SALEM-KEIZER REGION**

The cities of Salem, Keizer, and Turner and Marion and Polk counties are working together to develop a regional economic opportunities analysis (EOA) for the Salem-Keizer region. The project has three components: (1) a buildable lands inventory (BLI); (2) a statement of economic development goals and objectives; and (3) technical analysis supporting the EOA. All of these elements must comply with statewide planning Goal 9 and the Goal 9 rule (OAR 660-009).

Economic development goals and objectives provide a regional framework and assist the local jurisdictions in developing their own economic development policies. The individual jurisdictions within the region may have different, possibly even conflicting, economic development goals and objectives. These regional economic development goals and objectives are based on technical analysis and apply to all five jurisdictions. Jurisdictions can then decide if they are part of the local priority.

This memorandum presents the final regional economic development goals and objectives for the Salem-Keizer region and reflect input from multiple sources:

- **Policy Advisory Committee (PAC).**
- **Technical Advisory Committee (TAC).**

- **Stakeholder input.** ECONorthwest conducted a survey of stakeholders from the Salem-Keizer region in June 2009.
- **Existing documents.** ECONorthwest reviewed local comprehensive plans, economic studies, and goal/strategy documents.

REGIONAL ECONOMIC DEVELOPMENT GOALS AND OBJECTIVES

Economic development goals and objectives for the Salem-Keizer region are based on five sources of information: (1) input from the Policy Advisory Committee (PAC); (2) input from the Technical Advisory Committee (TAC); (3) input from stakeholders; (4) existing goals and strategies in previous economic development studies or comprehensive plans,⁸³ and (5) the principles of economic development discussed in the EOA.

The regional economic development goals and objectives **create a regional strategic framework for economic development.** Part of the local economic development planning process in the jurisdictions in the region will be to develop local economic development goals, objectives, and strategies to fit the preferences of each jurisdiction.

Goal 1: Coordinate regional economic development with the three cities (Salem, Keizer, and Turner) and the two counties (Marion and Polk) in the region.

Objective 1.1: Develop a regional framework for economic development policies in the Salem-Keizer region.

Regional economic development depends on a common framework for coordinating economic development. While each local government may pursue economic development policies that best suit the local community, the jurisdictions agree on broad, regional economic development goals and objectives.

Implementation strategies:

- Agree to a regional economic opportunities analysis that identifies industries with regional employment growth opportunities, describes the site needs for these opportunities,

⁸³ ECONorthwest reviewed the following documents and used input from them in developing the proposed economic development goals and objectives: (1) Comprehensive Plan policies for the cities of Salem and Keizer and Marion and Polk Counties; (2) *Marion, Polk, and Yamhill Counties Regional Economic Profile and Strategic Assessment*, March 2007, by ; E.D. Hovee & Company; (3) *Salem Keizer Economic Development Strategic Goals*, 1990; and (4) *Keizer Compass Community Survey Preliminary Result Summary*, February 2009.

and determines the regional sufficiency of employment land to take advantage of these opportunities.

- Conduct local economic opportunities analysis based on the regional economic opportunities analysis and share the results of the local economic opportunities analysis with jurisdictions in the Salem-Keizer region to ensure that regional employment land demand is met.
- Develop regional economic development goals and objectives that generally focus on land-use policies, but also include broader economic development goals and objectives for the improvement of regional economic well-being.
- Establish a regional economic development forum as an on-going discussion of regional economic development opportunities and issues to organize regional economic development policies.
- Develop a regional economic development marketing strategy that complements local and state economic development efforts.

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Goal 2: Provide land to allow expansion of existing businesses and to attract new businesses to the Salem-Keizer region.

Objective 2.1: Provide an adequate supply of sites of varying locations, configurations, and size, to accommodate employment growth opportunities for industrial and other employment over the planning period.

The regional Economic Opportunities Analysis (EOA) identifies the physical and infrastructure attributes of sites in the Salem-Keizer region to take advantage of employment opportunities over the planning period. Jurisdictions in the region should work together to maintain an adequate supply of employment sites with a variety of characteristics within each jurisdiction.

Implementation strategies:

- Identify regional employment opportunities for industrial and other employment sites that are suitable for development of regional industries of significance (e.g., industries that require

⁸⁴ SEDCOR is the lead economic development agency for Marion and Polk Counties and coordinates economic development within the Counties. SEDCOR is responsible for developing regional economic development marketing strategies in the Counties.

land with specific physical or infrastructure attributes) that require high value employment land⁸⁵ or land with unique attributes⁸⁶.

- Identify regional growth of employment that will be driven by local and regional population growth, such as retail or personal services. Identify general employment land⁸⁷ required for growth of these businesses.
- Develop and implement a regional system to monitor the supply of commercial and industrial lands in the region. This includes monitoring commercial and industrial development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).

Objective 2.2: Identify high value employment land, including land with special attributes, with the characteristics necessary to allow for development of economic opportunities in each jurisdiction.

The regional EOA identifies a range of special employment opportunities and the physical and infrastructure attributes of land that are necessary to realize these opportunities. The special opportunities depend on land attributes involving physical (e.g. size, shape, location) and infrastructure (e.g. transportation, sewer, energy) characteristics.

There are comparatively few large sites relatively near to Interstate 5 available for development in the Mid- and Southern Willamette Valley. The jurisdictions should develop policies to preserve high value sites, especially sites with unimpeded access to Interstate 5 or other unique attributes, to provide opportunities for development by industries that require the attributes of the sites.

Implementation strategies:

- Local jurisdictions should consider policies that:
 - Identify high value employment sites for industrial parks, business parks, or campus office parks to provide

⁸⁵ The EOA defines high value employment land as land with special characteristics (e.g., a large, flat site with unimpeded access to I-5) that make it highly desirable as an employment development site.

⁸⁶ The EOA defines unique attribute employment land as land with unique, valuable or difficult to replicate attributes important to particular uses or users, such as sites with rail sidings.

⁸⁷ The EOA defines general employment land as all land that is zoned for employment uses and is not identified as high value or unique attribute land.

opportunities for development of business clusters of related support or complementary businesses.

- Develop policies that provide flexibility in the industrial or non-retail commercial use of land on large sites.
- Preserve high value or special attribute land for employment requiring one or more of the attributes of the site.

Objective 2.3 Identify general employment land to allow for growth of general employment.

Some types of employment will grow as population in the Salem-Keizer region, as well as surrounding areas, grows. The types of employment that serve the growing population are general employment and include industries such as: retail, personal and financial services, medical services, local government and education, and other services.⁸⁸ The EOA provides a forecast of general employment growth and demand for general employment land. Jurisdictions in the Salem-Keizer region will need to provide land for general employment uses.

Implementation strategies:

- Each jurisdiction should identify general employment land, determine the amount of regional employment growth likely to locate within the jurisdiction, and provide enough land to accommodate general employment growth.

Objective 2.4: Provide an adequate competitive short-term supply of suitable land to respond to immediate economic development opportunities as they arise.

“Short-term supply” means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension, such as State certified “project ready” sites.

“Competitive Short-term Supply” means the short-term supply of land provides a range of site sizes and locations in each jurisdiction to accommodate the market needs of a variety of industrial and other employment uses.

Implementation strategies:

- Local jurisdictions should consider policies that:

⁸⁸ Businesses in industries may require general employment land or high value employment land, depending on the scale and character of the development proposed by the business and the land attributes necessary to accommodate the business.

- Provides a short-term supply of both high value and general employment land. A local jurisdiction may prefer to have land available for development within 90 days of building permit application, rather than within one year of application.
- Considers development on sites with existing infrastructure or on sites where infrastructure can be provided relatively easily and at a comparatively low cost.
- Considers certification of sites as project-ready through the state's certified Industrial Lands program.

Objective 2.5: Consider infill and redevelopment opportunities.

Infill and redevelopment of employment land, especially commercial land, provides opportunities for economic growth on land that is already serviced and concentrates urban development in areas that are already urbanized. In addition, Division 24 requires that cities that identify a deficiency of land "...must demonstrate that the estimated needs cannot reasonably be accommodated on land already inside the UGB" (OAR 660-024-0050(4)). If a city in the Salem-Keizer region identifies a deficiency of employment land within its UGB when the city conducts the local EOA, the city may want to consider infill and redevelopment as methods of increasing capacity on existing land within the UGB.

Implementation strategies:

- Each jurisdiction should identify and document infill and redevelopment potential based on local policies that affect redevelopment potential (e.g., urban renewal) and the characteristics of employment land within each jurisdiction.
- Coordinate infill and redevelopment opportunities, especially for redevelopment areas that are located near two or more jurisdictions in the region.
- Develop regional strategies for redevelopment of brownfields. Opportunities that provide incentives or assistance with brownfield redevelopment may include tax incentives, decreases or waiving development fees, or private-public partnerships for state or federal grant funding for brownfield redevelopment.
- Local jurisdictions should consider policies that:
 - Identify and inventory opportunities for infill and redevelopment, especially large areas with infill and redevelopment potential.

- Develop financial tools for infill and redevelopment, such as developing an urban renewal plan.
- Make key infrastructure investments in areas identified for redevelopment to increase the likelihood of infill and redevelopment. Examples of local policies that may promote infill and redevelopment include: land assembly and cooperative development agreements that assist developers with land assembly problems.

Goal 3: Provide infrastructure in support of business development in the Salem-Keizer area.

Objective 3.1: Provide adequate infrastructure.

Public infrastructure and services are a cornerstone of any economic development strategy. If roads, water, sewer, and other public facilities are unavailable or inadequate, industries will have little incentive to locate in a community.

Implementation strategies:

- Identify regional opportunities to provide infrastructure that will benefit multiple jurisdictions and result in efficient use of land.
- Coordinate state and local capital improvement projects in multiple jurisdictions to maximize funding available for regional infrastructure.
- Develop local policies that facilitate infill, re-use, and redevelopment for commercial and industrial uses and develop strategies and incentives for private investment.

Objective 3.2: Provide employment land in areas that may reduce commuting.

There are numerous reasons that the jurisdictions in the Salem-Keizer region may want to consider coordinating policies to reduce commuting, including: (1) protecting environmental quality in the region, (2) the cost of providing infrastructure for commuting, and (3) possible decrease in availability of workers as a result in increases in energy prices.

Implementation strategies:

- Develop a broad, regional mixed-use strategy that concentrates employment in relatively populated areas.
- Cities could consider policies that:
 - Concentrate employment development in downtowns.

- Provide commercial office land close to residential areas, where appropriate.
- Provide opportunities for neighborhood commercial, where appropriate.
- Allow home occupations, especially those that reduce commuting.

Goal 4: Provide opportunities for employment growth for a variety of employers throughout the region in multiple jurisdictions.

Objective 4.1: Support and assist existing employers in the Salem-Keizer region.

Existing businesses in the Salem-Keizer region are essential to the continuing regional economic well-being.

Implementation strategies:

- Develop and implement a regional outreach strategy to determine how the jurisdictions in the region can assist existing employers. Regional opportunities for assistance may range from providing regional infrastructure improvements to assistance with workforce training and recruitment to local changes that streamline the permitting process.
- Pursue regional special projects and grant applications that provide support to local business and industries throughout the region.
- Contribute regional efforts and resources to support the growth of small business, through efforts such as business incubators or availability of small offices in business parks.
- Foster positive relationships with public sector organizations (e.g., State of Oregon offices and facilities) and work together to identify opportunities and challenges for public sector organizations operating in the region.
- Develop regional policies that: (1) support the existing agricultural economy in rural Marion and Polk Counties, emphasizing agricultural land protection/management and support for processing agricultural products, (2) support development of businesses that support agricultural activities, such as nursery products, food processors, farmers markets, beverage producers, agri-tourism, or businesses that support food production, (3) contribute to tourism and visitor services,

and (4) support businesses and facilities that contribute to the arts and provide cultural opportunities in the region.

Objective 4.2: Prepare for growth of and identify businesses that contribute to the sustainability of the economy in the Salem-Keizer region.

The jurisdictions should work together to retain existing businesses and employment and develop regional employment opportunities. The jurisdictions could work together to incubate and coordinate projects and facilitate dialogue, action and education within the region.

Implementation strategies:

- Agree on a definition of a “sustainable economy,” “sustainable development practices,” and the characteristics of the businesses that would contribute to economic sustainability.
- Encourage growth of businesses that have an overall positive net fiscal impact on the jurisdictions in the region.

Objective 4.3: Recruit businesses that pay higher than average wages for the region.

Maintaining and creating high-wage jobs is important for the development of the regional economy. Economic development recruitment efforts in the region should target high-wage jobs.

Implementation strategies:

- Coordinate regional efforts with other economic development organizations to target and recruit businesses: (1) with above average wages (as reported by the Oregon Employment Department), (2) that provide benefits such as health insurance, especially for part-time employees, and/or (3) that provide other benefits such as job advancement or ownership opportunities.

Objective 4.4: Develop local land use regulations that reduce regulatory barriers to regional economic development and employment growth.

Land use regulations are developed and maintained by each jurisdiction within the region. Land use regulations may increase the costs of business within the region, discouraging regional economic development and employment growth.

Implementation strategies:

- Local jurisdictions should consider policies that provide flexibility in the development process and allow a variety of economic uses:
 - Reduce permitting costs and the amount of time that permitting takes
 - Evaluate system development charges and consider reducing the charges

Objective 4.5: Support opportunities for workforce development

Availability of skilled workforce is an important factor in a business' ability to expand or choice to locate in an area. The region may be able to work together to support workforce development through collaborations with other agencies or organizations.

Implementation strategies:

- Support regional efforts to increase technical and vocational training opportunities with local agencies and Chemeketa Community College.
- Work with local colleges and universities to identify need for additional workforce education and training programs and degrees.

STAKEHOLDER PARTICIPATION AND INVOLVEMENT

Appendix F

This project was largely a technical project, completed through work with a technical advisory committee composed of representatives from Salem, Keizer, Turner, Marion County and Polk County. The purpose of the project was to develop a regional economic opportunities analysis. Stakeholder participation and involvement was limited in this project. As jurisdictions work with the technical information in this document to develop local EOAs, the jurisdictions may have broader stakeholder and public involvement processes.

Stakeholder involvement in the regional EOA was limited to public Policy Advisory Committee (PAC) meetings and a public survey about regional economic development goals and objectives. The PAC was composed of elected and appointed officials from Salem, Keizer, Turner, Marion County and Polk County. PAC meetings were open to the public and public comments were accepted in written form.

The remainder of this appendix summarizes results from the Salem-Keizer Area Regional Economic Opportunities Analysis Survey.

SURVEY RESULTS

ECONorthwest administered the survey on-line via the website “surveymonkey.com” and gathered responses from May 12, 2010 through July 31, 2010. The intent of the survey was to give regional decision makers, city staff, and ECONorthwest anecdotal information on the opinions and preferences of respondents. The survey had a total of 155 respondents. **The survey was not intended to be statistically representative of the views of all citizens of Salem-Keizer metropolitan area.**

The remainder of the appendix presents the questions and results from the survey, organized by question number from the survey.

Question 1. In your opinion, what are the biggest barriers to business success in the region that local government has influence over? (Please select your top three choices)

Answer Options	Response Percent	Response Count
Business climate and community attitudes	43%	65
Development regulations	35%	54
Quality or availability infrastructure (sewers, water, roads, etc.)	30%	46
Lack of regional economic development coordination	29%	44
Other (please specify)	20%	31
Building permitting process	19%	29
Availability of skilled workers	18%	28
Accessibility of air travel	16%	25
Availability of affordable housing	15%	23
Accessibility of passenger rail	14%	22
Availability of buildable commercial land	14%	21
Availability of buildable industrial land	13%	20
Availability of telecommunications and related infrastructure	9%	14
Availability of parking	5%	8
Accessibility of rail for freight	3%	5

“Other” barriers to business success:

- Quality of life factors (e.g., schools, parks, social and cultural amenities, etc.)
- Taxes, system development charges, business regulations
- Transit and public transportation options
- Government structure and / or current policy and priorities not supporting small and local businesses, e.g., targeted incentives, responsiveness, etc.
- Energy independence and the balance between green / clean and achieving economic growth.
- Land use, sprawl, and long-range planning

Question 2. If you had limited funds to spend on economic development, what are the three programs that you would allocate funds to? (Please select your top three choices)

Answer Options	Response Percent	Response Count
Provide financial incentives to retain and expand existing businesses	49%	74
Provide services that support small businesses	40%	61
Provide financial incentives to recruit new businesses	36%	54
Develop or improve public transportation	35%	53
Develop or improve existing infrastructure such as sewer, water, roads	31%	47
Increase funding to K-12 schools	26%	39
Reduce development charges for brownfield development and commercial and industrial infill development	23%	35
Increase funding for workforce training programs	22%	34
Provide infrastructure (e.g., sewers, water, or roads) to undeveloped land	22%	33
Increase funding for public safety	9%	14

Questions 3 through 6. Please check the box that best represents your opinion about the following statements about what the Salem-Keizer could do to increase economic development.

Answer Options	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Not sure	Strongly agree & Agree
Develop a regional framework for economic development policies in the region	3%	3%	11%	40%	38%	4%	79%
Provide land to allow expansion of existing businesses and to attract new businesses.	15%	15%	7%	27%	34%	3%	61%
Provide an adequate supply of sites of varying locations, configurations, and size, to accommodate industrial and other employment.	9%	3%	11%	32%	41%	4%	72%
Reserve large sites for special developments and industries that require large sites.	13%	9%	15%	31%	23%	7%	55%
Encourage infill and redevelopment where appropriate.	4%	2%	8%	31%	52%	3%	83%
Provide adequate infrastructure efficiently and fairly.	1%	1%	12%	42%	42%	3%	84%
Provide employment land in areas that may reduce commuting.	2%	6%	19%	33%	39%	1%	72%
Support and assist existing businesses.	1%	2%	5%	27%	62%	3%	89%
Encourage growth of and recruit businesses that contribute to the sustainability of the regional economy.	2%	4%	6%	25%	60%	3%	85%
Recruit businesses that pay higher than average wages for the region.	1%	7%	7%	30%	52%	4%	81%
Reduce regulatory barriers to economic development.	9%	12%	10%	19%	46%	3%	65%
Support opportunities for workforce training and development.	1%	5%	11%	39%	42%	1%	81%

Note: Bold text shows the selection with the largest percent of answers.

Note: The last column, Strongly Agree & Agree, is the sum of adding the Strongly Agree and Agree responses together.

Question 7: Do you have suggestions for changes to the goals or suggestions for improving economic development and the business climate in the Salem-Keizer region?

The main themes of the responses were:

- Improve on quality of life issues and urban amenities e.g., public services, safety, housing choice, living wage, schools, social and cultural offerings, etc.
- Localism, i.e. supporting local businesses over chain or out of state businesses, economic gardening.
- Reuse of abandoned or empty buildings, infill, redevelopment
- Need for solutions to transportation issues such as: bike infrastructure, transit, congestion, walkability, high speed connection to Portland

- Improving the quality of the workforce through workforce education, providing a skilled labor force, sound education system
- Address issues with peak oil and the importance of establishing energy independence for attracting businesses
- Barriers resulting from the State tax structure
- The need to establish collaborative relationships e.g. between businesses and neighborhoods associations, tri-county governments, city and county
- The need for a “one-stop-shop” for permitting or ways to streamline and ease the business permitting process
- Marketing the city and region better, encouraging tourism
- Regulations were seen both as a barrier and a support for businesses
- Need for UGB expansion and streamlining of UGB process
- Incentives were viewed as both a good thing and as a misdirected effort