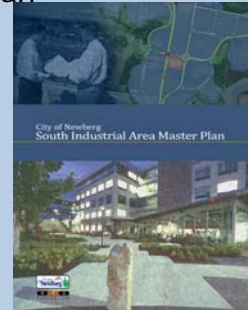


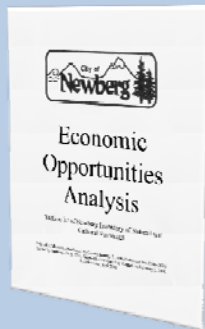
Newberg South Industrial Master Plan

- Plan provides for industrial land needs through 2040
- Area contains about 150 buildable acres
- Economic Opportunities Analysis
- Infrastructure Financing Plan
- UGB amendment for part of area



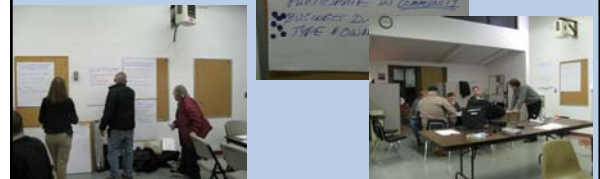
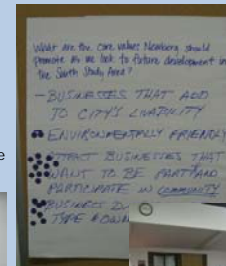
Economic Opportunities Analysis

- Must haves
 - Employment projections
 - Land needs projections
 - Buildable lands inventory
 - Trends
 - Advantages and disadvantages
- Should gets
 - Overall economic development vision for your community
 - Buy-in from elected officials and community leaders
 - Site suitability criteria



Master Plan Process

- Involve
 - Property owners
 - DLCD
 - ODOT
 - Realtors
 - Chamber of Commerce
 - Other jurisdictions



Community Visioning Meeting



Elements to consider

- Transportation
- Utilities
- Zoning - keeping it industrial
- Buffers and compatibility
- Design



Newberg South Industrial Area Master Plan
Conceptual Plan - Preferred Alternative - Water Plan

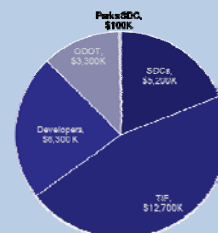
Infrastructure Finance Plan



Recommended Tools

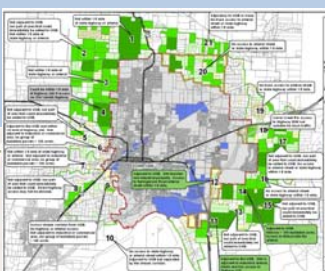
- System Development Charges
- Tax Increment Financing
- Developer Installed Improvements
- ODOT
- Special Parks SDC

Revenue Source



UGB process

- Alternatives analysis
- Developing findings
- Legal requirements



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Washington State Department of Commerce

Cutting Edge Industrial Land-Use Planning

Bill Mandeville, AICP
APA Cascadia Convention
October 19, 2011



Uses and Sources Statement

USES:

- Hard Costs + Soft Costs + Working Capital = Total Funds Needed

SOURCES:

- Debt + Equity + Gap Financing = Total Funds Available

For any project to be viable ---

$$\text{USES} \geq \text{SOURCES}$$



WAYS PLANNERS EFFECT THE BOTTOM LINE

Ways planners can help solve the big parcel problem

- o Industrial Zones Outside of UGAs (RCW 36.70A.365)
- o Industrial Land Banks (RCW 36.70A.367)

Ways planners can help reduce costs

- o Development Agreements (RCW 36.70B.170)
- o Planned Action Ordinances (RCW 43.21C.031)

Other Tools & Incentives

- o Overlay Zones
 - Mixed-Use Developments
 - Nodal (Corridor) Developments
- o Innovation Partnership Zones



Gap Financing

TIF – Lite Programs

- o CRF: Community Revitalization Financing
- o LIFT: Local Infrastructure Financing Tool
- o LRF: Local Revitalization Financing
- o TBD: Transportation Benefit Districts

Tax-Exempt Industrial Revenue Bonds

- o Lower Interest Loans
- o Indirect subsidies through tax credits

Federally Funded Programs

- o CDBG / Section 108
- o Brownfields Revolving Loan Fund
- o Rural Washington Revolving Loan Fund
- o EDA Revolving Loan Funds
- o Forestry (USDA) Revolving Loan Fund



Debt Coverage Ratio (DCR)

$$\text{DCR} = \text{Net Operating Income (NOI)} / (\text{Principle} + \text{Interest})$$

- o NOI / DCR = Payment of Debt
- o NOI = Payment of Debt x DCR
- o If DCR = 125%, then a \$3.6 million bond would need as a minimum more than \$4.5 million in NOI to be credit worthy

How do planners fit into this equation?

- o Transitional Growth
 - Transitional Growth = increasing a community's demography.
- o Transitional Growth is critical to the repayment of debt
 - Without it – just debt alone will lead to future decline and decay.



How do planners fit into this equation?



Washington Success Stories A Few Smart Growth Award Winners

- Vancouver Waterfront Development Master Plan
- City of Bothell CIP
- Adams County Strategic Economic Development Plan
- City of Everett Southwest Subarea Plan



CONTACT INFORMATION

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Fiscal Policy and Industrial Land Development

- Public Facilities Planning Framework
 - Industrial Development Impact Variance
 - Costly infrastructure solutions
 - Legal requirement to adopt a “fiscally constrained” plan
 - “Growth Pays for Itself”
 - Solution: Impact Fee/SDC



Fiscal Policy and Industrial Land Development

- Development Dilemma
 - Low land value = Limit for carrying off-site improvements
 - Impact Fees load costs on the front end
 - “Home-runs” but no singles
 - Need flexible financing strategies



Fiscal Policy and Industrial Land Development

- Financing Options to Impact Fees
 - Parse the impact fee (base fee w/ add ons)
 - The Dalles industrial area TIF
 - Bend's “peak hour” offset
 - Shift cost from capital obligation to operating expense
 - Finance new water storage with a rate surcharge
 - Enact a transportation utility district to pay for select TSP projects w/ incentives for trip reduction



Fiscal Policy and Industrial Land Development

- Financing Options to Impact Fees
 - Tax Increment District
 - City of Canby Downtown/Industrial District
 - captures maximum incremental gain
 - Tax Deferral/Transfer
 - % of ad valorem revenue dedicated to infrastructure financing
 - Bend Juniper Ridge Income Tax dedication



Fiscal Policy and Industrial Land Development

- Financing Options to Impact Fees
 - All the above reduce the cap-rate for the off-site infrastructure improvements
 - Require some risk participation by the public sector
 - Without flexibility many low and medium size developments won't pencil
 - Strategy needs to be in place in advance



Fiscal Policy and Industrial Land Development

- Financing Options to Impact Fees
 - Reimbursement districts?
 - Market-based approaches?



Fiscal Policy and Industrial Land Development

- Financing Options to Impact Fees
 - Complex policy and fiscal issues
 - Develop solutions collaboratively



Fiscal Policy and Industrial Land Development

- Questions?



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Cascadia Collaborative: Bridging to the Future
Central Oregon Large Lot
Regional Economic Opportunity Analysis
 October 21, 2011



Overview

1. State & Central Oregon's Unmet Need for Large Lot Industrial Sites
2. Regional Economic Opportunity Analysis: An Innovative & Collaborative Approach
3. Implementation
4. Lessons We are Learning



State & Regional Large Lot Land Need

- OECD identified a statewide need for large industrial lots in 2008, and especially those 100-200 acres – Bev Thacker, Industrial Lands Specialist
- EDCO has identified challenges with large lot sites in Central Oregon (e.g., lack of supply, current supply in locations with least interest, difficult for cities to compete individually for large lot employers)
- Traditional industrial land need determined based on formulaic approach (population & employment projections applied to sq. ft. per employee ratio to arrive at acreage). Need a new approach – focused on global, statewide and regional need, and on sites rather than acreage.



State Grant for New Approach

1. DLCD funded a new approach to determine a regional land need (not each city need in traditional EOAs).
 - a) \$50,000 for Technical Study (REOA)
 - b) \$25,500 for Regional Governance Approaches, Site Suitability Characteristics, Model Large Lot Industrial Overlay Zone
 - c) \$35,000 to establish regional authority
2. Hired Johnson Reid Team, expertise in real estate development and land use economics
3. Convened Regional Advisory Committee



REOA Results

1. Competing as a **cohesive region** allows Central Oregon to market a larger available work force, the size of which is often a key locational criteria for firms
2. **Critical mass** of competitive and diverse vacant, developable industrial sites needed in order for site selectors representing potential industrial recruitment to consider the region

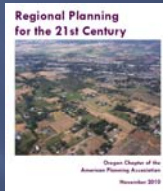


REOA Results

3. Economic development focuses on short-term, **5-year time frames** – not 20-year land need or supply as required by the Oregon Planning Program.
4. Short term need is **6 sites** in **3 jurisdictions** at a minimum of **50 acres**, based on need for diversity of sites in different locations, including:
 - a. **2 sites:** 100 - 200 acres
 - b. **1 site:** 200+ acres
 - c. **1 site:** centrally located large property near the region's geographic and workforce center, where key infrastructure is in place and has excess capacity – north end of Bend or southern end of Redmond.

REOA Results

5. Regional entity needed to organize, coordinate & promote a regional industrial lands strategy
6. REOA provides a roadmap for:
 - A. Entitlements
 - B. Collaboration/partnerships with willing property owners
 - C. Regulations to protect lands for large lot industrial purposes
 - D. Replenishment strategy
7. Site need characteristics
50 acres or above, flat slopes, rectangular sites, infrastructure, affordable, workforce



7

Implementation

- Deschutes County:
 - Adopting REOA (technical document) and policies into Comprehensive Plan
 - Initiating statutory coordination authority to compel cities to meet this land need
- COIC: becomes regional authority, coordination
- Cities:
 - Update Comprehensive Plans & Development Codes
 - Perform buildable lands inventories and public facility / infrastructure assessments
 - Meet with property owners
- EDCO: Conducts business recruitment & marketing
- All: initiate replenishment strategy as sites are developed



8

REGIONAL ECONOMIC DEVELOPMENT POLICIES

2011 Comp Plan Amendment



Deschutes County Comprehensive Plan Amendment

July to November 2011

Amend Comprehensive Plan to recognize REOA, large-lot industrial land policies, replenishment strategy & new coordination responsibilities



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Lessons we are learning...

- Difficult to develop a statistically rigorous methodology to support large lot industrial need, particularly in a region the size of Central Oregon
- Elected officials & economic development professionals must be involved
- Need to identify & agree on a regional entity to organize, coordinate & promote a regional industrial lands strategy
- New approaches take more time, cost more money, are greater risks, and may identify needed updates to State planning rules for regional planning
- Address differences between economic development and State Planning Program (5 yrs vs. 20 yrs, site vs. acres)



Discussion



<http://www.deschutes.org/Community-Development/Planning/Long-Range-Planning/Current-Projects/Regional-Economic-Opportunity-Analysis.aspx>

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City Example



Community: Quincy, Washington (Grant County)
Population: 2000: 5,044 | 2010: 6,750 | % Change: +33.8%
Number of 50+ acre industrial sites absorbed 1990-2000: 0
Number of 50+ acre industrial sites now available: 6

Key Industry Site Location Factors:

- Proximity to large capacity, low cost power
- Access to municipal water and sewer (large capacity)
- Mission critical telecom infrastructure (speed and capacity)
- Large acreage industrial sites (with proximity to utilities)
- Climate conducive for lower cost cooling
- Meaningful incentives, tax climate

Economic Outcomes

In 2004, the rural town of Quincy, WA was essentially 100% agriculturally based economy in a county with some of Washington's highest chronic unemployment rates. The community had no technology companies operating there and, as a result, no local technology jobs. Poverty rates also ranked among the highest in the state.

A key asset the community did have that aligned well for the data center industry was the fact that it had over 500 megawatts of stranded electric power capacity resulting from closure of several foundries within Grant County. Rates set by the local PUC were also very attractive for large users – among the lowest in the country. The community and county overall had numerous large industrial sites that could accommodate significant projects such as Microsoft's 1.5 million square foot data center facility.

Today, there has been an 8 percentage point improvement in the unemployment rate and six major technology companies (Yahoo!, Microsoft, Dell, Intel, T-Mobile & Ask.com) have a presence in Quincy.

Site Example

Facebook Data Center, Prineville

- 125-acre site, phase 1 built, phase 2 in process, will build additional phases as needed
- 52 FTE; 12-15 more jobs in 2012; additional phases planned
- Over 1,200 workers constructed facility
- National / international interest in Central Oregon due to Facebook
- Invested hundreds of millions of dollars in community
- Enterprise Zone, climate, power, utilities, telecom

