MINUTES

Eugene City Council
McNutt Room—City Hall
777 Pearl Street—Eugene, Oregon

November 23, 2011
Noon

COUNCILORS PRESENT: Betty Taylor, George Brown, Andrea Ortiz, George Poling, Mike Clark, Chris Pryor, Alan Zelenka, Pat Farr.

Her Honor Mayor Kitty Piercy called the November 23, 2011, work session of the Eugene City Council to order.

A. WORK SESSION: Envision Eugene – Land Need for Industrial

The council was joined by Planning Director Lisa Gardner, Metropolitan Community Planning Manager Carolyn Weiss, and Associate Planner Jason Dedrick. Mr. Dedrick provided a PowerPoint presentation on Eugene's industrial land need. He highlighted a strategy from the Joint Elected Officials' Regional Prosperity Plan, *Strengthen Key Industries*, as a means to increase local wages and which also served as the basis for the need for more industrial land. Mr. Dedrick noted the key industries targeted in the plan: software and computer systems design, manufacturing, health care and social assistance, and scientific research and development. He suggested that, while not mentioned in the plan, the local food industry was growing and its land need also had to be considered. Mr. Dedrick noted the varying site requirements of each key industry.

Mr. Dedrick shared State of Oregon employment growth forecasts for 2008-2018 and anticipated the soon-to-be released growth rate for 2010-2020 would be slightly higher. He shared data on industrial land consumption since 1990 as well as data on existing vacant industrial sites of varying sizes. He also shared a map of the existing vacant sites. Mr. Dedrick acknowledged limitations in the current inventory that precluded the State from referring companies that needed large sites to Eugene. He briefly noted examples of Eugene companies unable to expand at their current sites.

Mr. Dedrick reminded the council of the Economic Prosperity Pillar of Envision Eugene, which called for implementation of the Regional Prosperity Plan, consolidation and redevelopment of vacant and developed industrial sites, and consideration of sites outside the urban growth boundary (UGB).

Mr. Dedrick shared maps of potential expansion areas to accommodate industrial growth. He indicated staff would continue to monitor actual job growth, the consumption of large sites, existing companies' expansion efforts, the State's referrals to Eugene, and redevelopment of brownfields/land trusts.

Mr. Dedrick noted next steps, which included additional public outreach and a council work session scheduled on December 14.

Mayor Piercy solicited council comments and questions.

Responding to a question from Mr. Clark, Mr. Dedrick confirmed that the City's calculation of needed land must be based on or tied back to the State job growth forecasts. Mr. Clark suggested a "chicken and egg" conundrum resulted because while the presentation mentioned the strategies and goals of the Regional Prosperity Plan, land demand was tied to the State forecast. He did not see how the community's aspirational goals were tied to its planning. He asked which scenario the City should be planning for. Mr. Dedrick said that the employment growth rate represented a safe harbor. The City could use the State forecast without a legal challenge but it was not a given. The community could make a case for higher job growth. Mr. Clark suggested a .9 percent growth rate meant the community would not escape recession for 30 years. He wanted to plan for more robust growth.

Mayor Piercy observed that the council's discussions about economic development veered between the local and regional situations because the local economy existed in the context of the regional economy. Part of the conversation was about what Eugene was and what it was in relationship to the broader regional economy. She recalled that she had provided the council with data that indicated the local disaggregated unemployment rate was 8.7 percent, which was lower than nearby communities and the state.

In regard to key industries, Mayor Piercy suggested that there was a relationship between foods and natural foods and from there a further connection to natural products. That also touched on the conservation of agricultural soils to boost the economy.

Mayor Piercy advocated for more contextual conversations with the City's regional partners about how to better and more appropriately locate industrial land to build the economy.

Responding to a question from Ms. Ortiz about the future of the railroad yard, Mr. Dedrick said the City had approached the railroad three years ago about its plans for property and heard the railroad had no plans to dispose of the property or use it differently. The City's planning reflected the property's current use. Recently there had been some discussion about rail-truck intermodal hubs and the potential that green lumber products industries might wish to locate nearby. The property could play an important role in the future but the City could not identify it as an available site.

Responding to a question from Ms. Ortiz about the Clear Lake area, Ms. Weiss clarified that staff was not ruling out the site for housing but due to its zoning it could not be a first option. She also noted the potential impact of the airport noise contour line on residential development. She anticipated further discussion. Ms. Ortiz did not want to rule out that area for residential use. She noted the existing residential development pattern that existed and suggested it was a natural location for single-family homes.

Mayor Piercy observed that both improved rail passenger transport and improved freight transport would economically benefit Eugene. Ms. Ortiz agreed. She emphasized her interest the family-wage jobs that the railroad could provide and suggested the community find a way to incorporate that industry in its work force development efforts.

Mr. Brown asked questions clarifying the State job growth forecast and the number of referrals the State made to Lane County. He determined that Mr. Dedrick did not know where Rexius Forest Products would move when it left its current Eugene site.

Mr. Farr recalled that Food for Lane County had partnered with Grain Miller, Golden Temple, and Glory Bee Honey on a breakfast product that had been quite successful, but Grain Miller had not been able to

remain in Eugene due to a lack of space. He was disconcerted that not only was Eugene not attracting new businesses, it was sending existing businesses out of the community.

Mr. Farr advocated for a focus on the food industry and finished food products. He said it was a green and clean industry and its products could be exported all over the world. Mr. Zelenka concurred.

Mr. Zelenka asked how many businesses that moved to Oregon over the last 20 years required 50 acres. Mr. Dedrick did not know but said he could provide that information.

Responding to a question from Mr. Zelenka, Mr. Dedrick anticipated that the City would incorporate conditions to accompany the larger industrial sites to preclude their further division. He acknowledged that action could be changed by a future council.

Mr. Zelenka asked about the potential of industrial development in the Lane Community College basin and farther out to Goshen. Mr. Dedrick said that the City must justify including those lands inside the UGB and justify the extension to the State as well as the use of the intervening lands. Mr. Zelenka asked about Lane County's interest in the area and the relationship of that interest to the City's interest in having some larger industrial sites. Mr. Dedrick said Goshen could not have the heavy industrial use Lane County hoped to see there because the community lacked a UGB was not urbanized. Subsequently, Lane County sought an exception to Statewide planning goals and it appeared the State might grant the exception. He said technically, since the land was not inside Eugene's UGB it could not serve the community's industrial needs. Mr. Zelenka pointed out that technically, the City did not have a need for industrial land. Mr. Dedrick said that was true from a strict mathematical standpoint.

Mr. Pryor liked that staff was working to create the nexus between employment and the need for land. He believed the City was trying to create an environment that allowed businesses to create jobs. That made it important to identify those industries. He suggested there must be a "payoff" for the size acreage the City was contemplating. While he believed that the community needed both small and large employers, Mr. Pryor was interested in knowing the difference in the payroll of large employers and small employers to better explain the payoff to the community.

Responding to a question from Ms. Taylor, Mr. Dedrick confirmed that the Hynix site was more than 200 acres but much was developed and much of it was not available for development because of wetlands. There was some developable land to accommodate the expansion of whatever industry eventually settled there. He said the Hynix site did not count as a vacant site because it was not currently vacant.

Ms. Taylor agreed with Mr. Farr about concentrating on food and food-related industries. She also suggested the City look at the local arts scene as an economic cluster. She believed any business the City assisted in relocating to Eugene should not pollute and should pay living wage jobs. She averred that Hynix had not paid a living wage and she did not want to make the mistake of bringing in another such company.

Ms. Taylor suggested where a business located should not matter if it was on the most appropriate site.

Mayor Piercy recalled that the State economist had suggested that Eugene's future was in small locally grown businesses that could be grown and expanded with appropriate nurturing. Speaking to the issue of Hynix, Mayor Piercy said the company had paid some of the highest wages in the area and lifted the community's entire wage scale. She said Hynix's departure had left a "big hole" in the community.

Mr. Clark suggested the council consider the issue from the perspective of increasing the property tax base. The only way the City could pay for the increasing costs of providing the services that people demanded was to increase the amount of property taxes paid.

Mr. Clark asked if what percentage of economic growth Eugene would achieve if the portfolio of sites discussed by staff achieved full build-out. Mr. Dedrick indicated staff needed to do more analysis to tie job growth to the portfolio. He added that the State forecast did not account for any new industrial acreage. Mr. Clark suggested a need for 25,000 – 26,000 jobs in the next ten years. He wanted the council to be able to review metrics related to the type and amount of parcels added, their potential impact on the property tax base, and the number of jobs generated. He feared the City would take a conservative approach and plan for what it could defend to the State rather than take a more aspirational approach that planned for economic success as opposed to intentional planning to extend the recession. City Manager Ruiz suggested that the next Envision Eugene presentation, which addressed commercial land, would help fill out the entire picture.

Mayor Piercy asked that the council be provided with a comparison of Eugene's wages to other local jurisdictions, the state, and the nation.

Mr. Zelenka questioned the need for five sites of more than 50 acres. He said most job growth came from small businesses and the economic incentives sometimes offered by governments to attract larger firms requiring such sites cost more than they realized in tax revenues. He did not think history supported the designation of five such sites. He did agree some large sites were needed and existing industrial sites needed to be reconfigured. Mr. Zelenka said the City did not need any industrial lands to meet its legal requirements. He asked what Springfield and Lane County were doing in areas such as Russell Creek and Goshen to meet the goals of the JEO Regional Prosperity Plan.

Mr. Zelenka noted that the Game Farm Road property was in the 100-year floodplain and asked how that affected potential development. Mr. Dedrick said it did not; the floodplain was a planning consideration rather than a prohibition to development. He acknowledged some industries would not want to develop on such a site.

Mr. Farr reiterated that Eugene companies such as Rexius Forest Products found it impossible to expand in Eugene and had to move to another community to find sufficient land. Other local firms like Feeney Wireless wanted to stay and grow in Eugene. Mr. Farr believed that relying on history to predict future development was a "mixed bag" and thought it was essential to ensure there was land for local businesses to expand on, not just to attract outside companies.

Mr. Brown requested a map showing where the location of 50-acre and 100-acre sites. He wanted to see totally unconstrained parcels and suggested it was possible that Eugene had no such sites and companies might have to go to other communities. The community might be facing some natural limits to growth. He did not think that was necessarily a bad thing. Mr. Brown acknowledged the City's need to comply with State law but was concerned that the Eugene-centric approach moved the community away from regional planning. Mr. Dedrick anticipated staff would return with information reflecting planning for industrial development at the regional level and said the sites presented by staff represented the community's available and least constrained sites.

Ms. Taylor expressed concern that large factories attracted ten people for every new job, and when the factory closed the laid off workers needed social services. While such development brought tax revenues, they also generated the need for new services. She agreed that it was important to consider the issue at the regional level. Ms. Taylor recalled a collaborative three-city approach taken by three Massachusetts

communities that worked together to locate businesses in the most appropriate places and shared the resulting tax revenues and said Eugene could consider a similar approach.

Mr. Zelenka hoped the staff analysis took the ancillary economic impact of attracting large companies to the community into account.

Mr. Clark said the community lost opportunities when it lost companies. Those losses had a direct impact on the tax base and the availability of jobs. Eugene lost those opportunities and did not replace them because of a lack of available sites. Mr. Clark did not think the right approach was to rely on history to argue no new sites were needed. He suggested that companies had not come to Eugene because Eugene lacked sites and needed to have an inventory of sites to stay even with past losses and not lose additional jobs.

Ms. Ortiz welcomed new companies and businesses as providing jobs for the community. She said a lack of jobs was forcing young people out of the area. Those were the people the community wanted to retain. They grew up here but had to leave because they did not want to rely on social services. Ms. Ortiz wanted the City to take a proactive approach to business retention and recruitment and tell companies it wanted them in the community and ask them what they needed from the City. She wanted the City to deliver a strong proactive message to local businesses.

Ms. Ortiz suggested that the City lobby to end the North American Free Trade Agreement (NAFTA).

Mayor Piercy pointed out that there was a limited land supply and businesses had different needs. Grain Millers, for example, wanted grassland to grow its products at its site, and Eugene could not accommodate that need.

Mayor Piercy wanted to help residents seeking jobs and wanted those jobs to reflect community values. She thought the City could achieve those goals.

Mayor Piercy adjourned the meeting at 1:23 p.m.

Respectfully submitted,

Beth Forrest

Beth Forrest
City Recorder

(Recorded by Kimberly Young)