



Where Life is Sweet

Mayor and Members of the City Council

STAFF REPORT

For the Meeting of September 9, 2024

Title/Subject

Economic Opportunities Analysis Update

Summary and Background

The city is working towards a potential urban growth boundary (UGB) expansion to accommodate industrial development. In order to adequately demonstrate industrial demand, the city has partnered with Johnson Economics to look at the city's economic opportunities analysis (EOA). The EOA is required by Goal 9 of the statewide planning goals as part of the city's comprehensive plan.

Johnson Economics prepared this document in consultation with city staff, State of Oregon staff at DLCD and Business Oregon, as well as Winterbrook and McKenzie consulting firms who are working on the UGB amendment process. The EOA team has referred the document to DLCD for review both in draft and final forms during the development process. Representatives from DLCD attended the public roundtable on the draft document in May of this year.

The EOA looks at broad national trends in employment, earnings, industrial sector growth, and other factors and then distills that information into a locally applicable set of data which can be used for comprehensive planning and land inventory management. Since Hermiston has the largest population in the region and the highest employment level, Hermiston is likely to see continued employment growth based on current trends, especially factoring in ready access to sufficient utilities and flat topography.

Regionally, agriculture and information sectors are outgrowing their predicted growth rate based on national trends. This has broad implications for Hermiston. Value added agriculture and information services in the form of data centers, both require large lot development. As an example, there are two large scale data centers approved or under construction within the Hermiston city limits. Both of these sites are at least 100 acres. Given the rapid pace of construction for data centers in the Columbia Basin, it is reasonable to conclude that the demand for data centers will continue to grow as this is a young industry quite far from maturity. The EOA and supporting buildable land inventory (BLI) demonstrate that Hermiston is unable to provide any sites over 100 acres to accommodate additional data centers. Since this is a high growth cluster industry, it is necessary for the city to provide additional lands necessary for future

information sector sites. Hermiston has already exceeded prior growth forecasts for information sector jobs because the sector is very rapidly developing in the region.

The findings of the report show that Hermiston anticipates an employment increase of 5,081 jobs between 2024 and 2044 with 2,018 of those jobs in the information sector. Accommodating this employment increase requires a total acreage of 1,468 acres. Of the needed 1,468 acres, 1,200 is estimated to be needed in very large parcels to accommodate large scale information and industrial development.

Based on the highly specific requirements of the growing industry sector, the EOA and BLI demonstrate that Hermiston has a specific need for additional land within the UGB.

The planning commission held a public hearing on the proposed amendment to the comprehensive plan on August 14, 2024. Following the closure of the public hearing the planning commission made a unanimous recommendation that the city council adopt the EOA.

The city council packet contains a letter of support for the new EOA from Business Oregon. Business Oregon acts as the state's economic development facilitation agency and works closely with city staff on large economic development projects.

Tie-In to Council Goals

This document directly addresses council goal 1.1 Examine the expansion of the Urban Growth Boundary (UGB) for commercial and industrial lands

Fiscal Information

There is no fiscal impact as a result of adoption of this document.

Alternatives and Recommendation

Alternatives

The city council may approve, amend, or reject the draft EOA.

Recommended Action/Motion

Staff recommends that the city council adopt the findings of fact

Staff recommends that the city council adopt the EOA through the adoption of Ordinance 2365.

Submitted By:

C.F. Spencer, Planning Director