

## **POLICY 20: GENERAL ECONOMIC DEVELOPMENT**

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### Economic Opportunities Analysis

Statewide Planning Goal 9 requires an adequate supply of commercial and industrial employment lands. In particular, Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial land use capacity. The City adopted a comprehensive Economic Opportunities Analysis (“EOA”) in 2024, which includes a buildable lands inventory, and which will guide the City’s future planning decisions regarding the City’s designation of employment lands. The EOA has been adopted as part of the Comprehensive Plan as Appendix H.

## Overview

Hermiston is well situated as an economic hub in Umatilla County and the surrounding region. The city enjoys some competitive advantages which can be enhanced in the future to grow employment, establish successful industry clusters, and diversify the employment base. An ample supply of buildable commercial and industrial lands, in multiple zoning classifications, will provide the flexibility to meet the needs of new and expanding businesses.

## Vision

To become the center of commercial and industrial activity in northeast Oregon providing an attractive, livable community utilizing adaptive, modern policies to capture economic development opportunities.

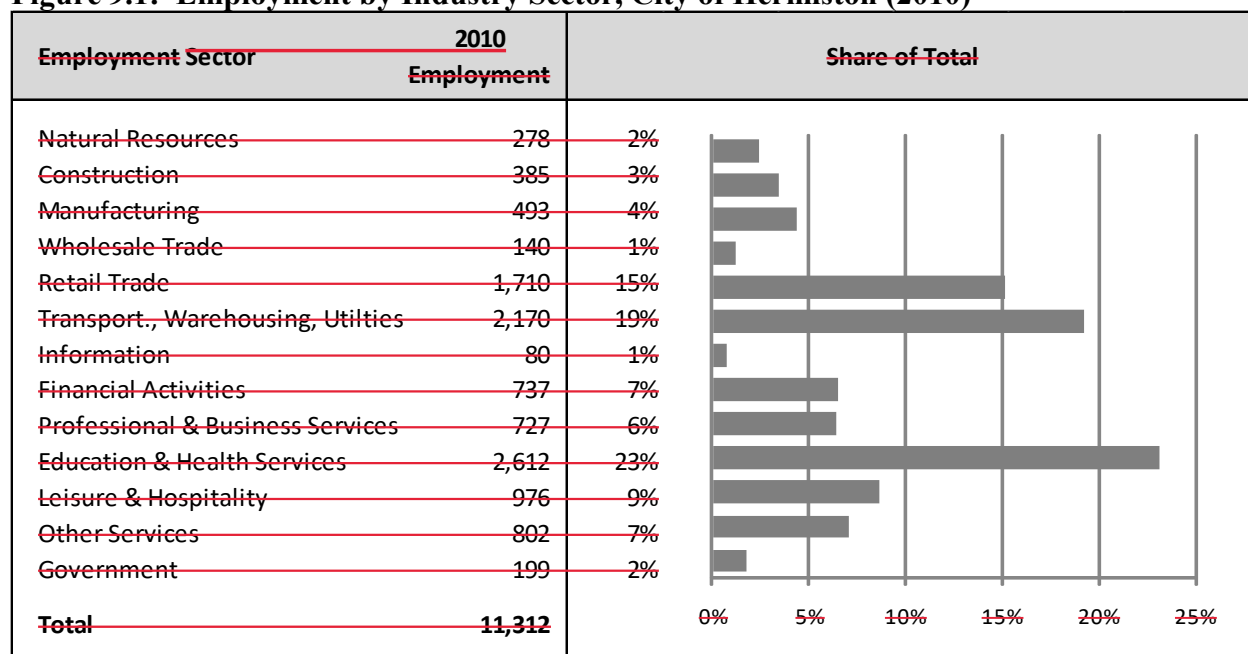
## Employment

While agriculture remains a major factor in the regional economy, it tends to be concentrated outside of the city itself. Since 2004 agriculture production related commerce (excluding retail) has rarely exceeded 5% of total employment in Hermiston itself. However, the city is an important hub for providing retail and service options which do rely on surrounding agricultural activity.

In recent years, Hermiston's unique location along the Union Pacific Rail line has facilitated a diversification into warehousing, storage, and distribution industries. Other growth industries have primarily been demographically driven as Hermiston has played a larger role as a service provider in the region. In 2010 firms in Retail Trade combined with Transportation, Warehousing, and Utilities employed nearly 35% of workers in Hermiston.

However, the largest share of employment by industry classification, belongs to Education and Health Care Services, representing 23% of local employment.

**Figure 9.1: Employment by Industry Sector, City of Hermiston (2010)**



TWU: Transportation, Warehousing and Utilities

Source: US Census, Johnson Reid LLC

### **Competitive Advantages**

Sound economies are often organized around a healthy set of industry clusters – similar and related businesses and industries that are mutually supportive, regionally competitive, attract capital investment, and encourage entrepreneurship.

The following target industry clusters were identified which have an existing competitive presence in Hermiston or reasonable opportunities for growth or emergence:

**Agricultural Support/Food Manufacturing:** Agriculture has long been a staple of both the Umatilla County and Hermiston economies. In 2010, combined crop and livestock production in Umatilla County totaled nearly \$400 million in production value. Crop production specifically represented 11% of the statewide crop production value in 2010, and 20% of statewide wheat production. This sector represents an emerging opportunity for agriculture related economic activity in the region through expansion of value-added products. Efforts to further Hermiston's agricultural reputation will facilitate opportunities for new agriculture related products and markets.

**Agritourism:** Rich agricultural tradition and resources make agritourism and recreation based on agriculture a natural extension of the economies in Umatilla County's cities. Agritourism can support related wine industry, agricultural support activities, and to a certain extent, leisure and hospitality services. Agritourism includes such activities as offering farming or ranch vacations, or on-site activities such as wine tasting or produce markets.

**Regional Retail:** As a regional economic hub, Hermiston serves a very broad geographic region. Hermiston is ideally located near the Washington/Oregon state line and within a 40 minute drive from the tri-cities, while offering the advantage of no sales tax. Hermiston has the opportunity to continue to service a broader region and provide adequate land for regionally drawing retailers to do business in Hermiston – recapturing leaking local spending while capturing a greater share of the regional market.

**Warehousing and Distribution:** In 2010, Transportation and Warehousing was the second largest sector of the Hermiston economy, accounting for one in five jobs in Hermiston. Hermiston is ideally located at the confluence of two major interstates, and within a reasonable (distribution) drive-time from major population centers in the Northwest, Northern California, British Columbia, and the Western Mountain States. The City is also home to the Union Pacific Railroad switching station. Other distribution & warehousing oriented infrastructure include a refrigerator cargo dock on the Columbia River, and fiber optic telecommunications.

### **Projected Employment Growth**

Based on employment and industry trends, there is projected to be roughly 13,400 jobs in Hermiston in 2030, an increase of almost 2,100 jobs. This represents an average annual growth rate of .9%.

The greatest number of additional jobs are expected in the Education and Health Services, followed by Transportation, Warehousing and Utilities, and Retail Trade. The Professional and Business sector is expected to lose some employment based on historical trends and state projections.

**Figure 9.2: Projected Employment Growth, City of Hermiston (2010 – 2030)**

BASELINE FORECAST NAICS	2010	Forecast Estimates				'10-'30 Growth	
	Base Year	2015	2020	2025	2030	Jobs	AAGR
Natural Resources	278	399	411	421	429	151	2.20%
Construction	385	433	443	452	459	74	0.88%
Manufacturing	493	504	511	518	523	29	0.29%
Wholesale Trade	140	178	185	191	196	56	1.68%
Retail Trade	1,710	1,766	1,864	1,951	2,020	309	0.83%
T.W.U.	2,170	2,440	2,497	2,545	2,584	413	0.88%
Information	80	92	91	89	88	8	0.45%
Financial Activities	737	816	844	870	889	153	0.95%
Professional & Business	727	750	680	626	587	(140)	-1.07%
Education & Health	2,612	2,737	2,959	3,161	3,326	714	1.22%
Leisure & Hospitality	976	1,006	1,058	1,105	1,142	166	0.79%
Other Services	802	825	865	901	929	128	0.74%
Public Administration	199	213	218	223	226	27	0.64%
<b>Total</b>	<b>11,311</b>	<b>12,159</b>	<b>12,626</b>	<b>13,052</b>	<b>13,398</b>	<b>2,087</b>	<b>0.85%</b>

SOURCE: Johnson-Reid, LLC

### **Buildable Lands vs. Future Land Need**

The projected new jobs over the next 20 years will be housed in a mixture of existing and new businesses. Some new commercial development will be necessary to accommodate this economic growth, and therefore sufficient buildable commercial lands are required.

As Figure 9.3 shows, a 2010 inventory of buildable lands in Hermiston finds 850 vacant buildable acres in a variety of commercial and industrial zoning designations. The projected job growth presented above may require 45 to 50 acres of buildable land. Therefore there is no current identified need to add commercial or industrial acreage.

### **Figure 9.3: Buildable Commercial and Industrial Land, City of Hermiston (2010)**

Site Type/ Zone	Sites 1/			Net-Buildable Acreage			TOTAL
	Small	Medium	Large	Small	Medium	Large	
IN-CITY LIMITS							
<u>Commercial</u>							
C 1	72	5	0	19.4	7.0	-	26.3
C 2	85	40	4	32.0	68.0	61.8	161.7
<u>Industrial</u>							
M 1	25	6	6	19.9	22.4	55.1	97.5
M 2	0	0	3		-	57.9	57.9
C 2/M 1	27	9	4	24.9	28.9	36.2	90.0
C 2/M 2	1	3	5	1.5	11.4	166.5	179.4
<u>Airport</u>	3	0	2	2.9	-	185.3	188.2
IN-UGB							
<u>Commercial</u>							
C 2	7	15	0	4.0	29.3	-	33.4
F 2	0	1	1		1.2	18.6	19.7
<u>Industrial</u>							
M 1	9	1	0	8.5	2.6	-	11.1
M 2	3	1	0	5.0	3.4	-	8.4
TOTAL SITES/ACRES							
Commercial:	164	60	4	55.3	104.3	61.8	221.4
Industrial:	68	20	20	62.7	68.8	501.0	632.5

Source: Real Urban Geographics, City of Hermiston, Johnson Reid LLC

Hermiston is well situated as an economic hub in Umatilla County and the surrounding region. The city enjoys some competitive advantages which can be enhanced in the future to grow employment, establish successful industry clusters, and diversify the employment base. An ample supply of buildable commercial and industrial lands, in multiple zoning classifications, will provide the flexibility to meet the needs of new and expanding businesses.

### Economic Policies and Implementing Actions

THE CITY OF HERMISTON SUPPORTS ECONOMIC DEVELOPMENT AND JOB GROWTH WHICH WILL DIVERSIFY AND STRENGTHEN THE MIX OF ECONOMIC ACTIVITY IN THE LOCAL MARKETPLACE AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR LOCAL RESIDENTS:

- A) The City will continually strive to strengthen the community's industry, business, financial, medical, tourism and retail activities and to capitalize on its comparative advantages in the local and regional marketplace.
- B) The City will seek to retain and support the expansion of existing businesses in Hermiston.

### IMPLEMENTING ACTIONS

- Identify opportunities and incentives to encourage value-adding, family-wage business to expand or locate in the community.
- Support the retention and attraction of firms with high wage rates relative to all industries, or within their industry classification.
- Identify opportunities and incentives to encourage industry related to the area's competitive advantages.