



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Chairman and Members of the Commission

THROUGH: Sherilyn Lombos, City Manager

FROM: Steve Koper, AICP, Assistant Community Development Director
Erin Engman, AICP, Senior Planner

DATE: February 27, 2023

SUBJECT:

Update on the Basalt Creek Employment (BCE) Zone Project: PTA 22-0001/PMA 22-0001.

BACKGROUND:

- In 2022, City staff embarked on the Basalt Creek Employment Zone Project (PTA/PMA 22-0001), in partnership with HHPR and their team consisting of Leland Consulting Group (Economic Report, included as Exhibit 2) and DKS (Transportation Planning Rule Study and Traffic Evaluation Report, included as Exhibit 3)
- The project was initiated with the knowledge that uses permitted under the Manufacturing Park (MP) zoning are too restrictive, and subsequently industrial land in Basalt Creek (that is eligible for annexation) may not develop under current market conditions.
- The project builds on more than a decade of planning work, which informed the project direction and aspirational goals through the following adopted documents:
 - *Basalt Creek Concept Plan, 2019*
Established roughly 92.95 buildable acres zoned Manufacturing Park (MP) that are expected to accommodate 1,897 new jobs.
 - *Economic Opportunities Analysis (EOA), 2019*
Identified a deficit of 74 acres of industrial land and recommended changes to zoning that encourage more efficient use of employment land. It further recommends prohibiting new development that requires substantial amounts of land but results in little employment, such as stand-alone warehouse and distribution uses.
 - *Southwest and Basalt Creek Development Area, 2021*
Established an urban renewal area to address the lack of infrastructure in the Basalt Creek Planning Area and to support future high-wage job growth.
- Staff held a work session with Council on May 23, 2022 to introduce the project and seek Council direction. Staff was directed to continue work on this legislative amendment with the following feedback:
 - Limit warehousing uses and corresponding truck traffic, particularly on Boones Ferry Road;
 - Encourage flexible multi-tenant, multi-use development;
 - Permit neighborhood commercial uses; and
 - Maintain greenspace or trail connectivity for employees and near-by residents to enjoy.

- This project was scoped with the following tasks:
 - Code audit to review the existing Manufacturing Park (MP) zoning against current economic data, land development trends, and recommendations from the City’s adopted Basalt Creek Concept Plan, Economic Opportunities Analysis, and Southwest and Basalt Creek Development Area plan;
 - Public engagement opportunities that afford members of the Council, Planning Commission, public, and stakeholder groups an opportunity to provide feedback on recommended changes; and
 - Map and code amendments for City Council consideration and adoption.

PUBLIC OUTREACH:

- Staff has done extensive public outreach since we meet with Council last spring. A summary is included as Exhibit 4.
 - July 27: Open House
 - September 25: Planning Commission Meeting
 - September 29: Stakeholder Discussion
 - October 28: Stakeholder Discussion with City Manager & Economic Development Program Manager
 - November 9: Discussion with Citizen Involvement Organizations (CIOs)
 - December 12: Continued Stakeholder Discussion
 - January 5 : Discussion with the Chamber, Stakeholders, and Business Community
 - January 19: Planning Commission Meeting
 - February 2: Continued discussion with the Chamber, Stakeholders, and Business Community
- Stakeholders shared the following themes, which are echoed in the Economic Analysis Report included as Exhibit 2:
 - Flexible tenant space (“spec” development) has replaced owner-occupied, purpose-built development.
 - Development driven by the tenant model requires greater flexibility to ensure consistent tenant occupancy, as well as to secure capital for construction.
 - Many tenants require a warehousing/wholesale sales component to supplement or support their operations.

PLANNING COMMISSION RECOMMENDATION TO COUNCIL:

Staff has discussed the Basalt Creek Employment (BCE) Zone project with the Planning Commission over the course of two meetings (September 15, 2022 and January 19, 2023). Based on Council direction and stakeholder feedback, staff crafted four code scenarios for the Commission to review. These code scenarios ranged from highly aspirational and potentially restrictive to being more flexible while ensuring some level of desired development.

- The Planning Commission is recommending that Council adopt the Basalt Creek Employment Zone text and map amendments code at a future legislative hearing that:
 - Allow all manufacturing uses (“Heavy” and “Light”);
 - Develop some design standards to create a pleasant street-facing environment;
 - Protect and buffer the interface between the nearby residential zone; and
 - Comply with Chapter 63 standards to protect public health, safety, and general welfare.
- The Planning Commission additionally found that the stakeholders’ Scenario C supports the development of industrial “flex space” which meets the previously adopted policy objectives (employment density, support for infrastructure, high assessed value development) while balancing current economic trends.
- The Stakeholder Scenario C would:

- Limit maximum building size of 150,000 square feet (to limit large-format warehousing uses);
- Require all uses to be fully enclosed except for parking and loading areas;
- Require a minimum of 30% of building square footage to be manufacturing uses;
- Allow up to 70% of building square footage on a site to be a combination of warehousing and distribution and/or wholesale sales uses
- However, this finding may be interpreted as different from Council's previous guidance.
- Therefore, the Planning Commission is seeking Council feedback to determine if there is a consensus with this finding.

NEXT STEPS:

March 16 – Staff will return to the Planning Commission with Council direction to seek a final recommendation.

May/June - Legislative hearing for Basalt Creek Employment (BCE) Zone Project: PTA 22-0001/ PMA 22-0001

ATTACHMENTS:

- Exhibit 1: Presentation
- Exhibit 2: Project Economic Analysis
- Exhibit 3: Project Traffic Analysis
- Exhibit 4: Public Outreach Summary
- Exhibit 5: Open House Public Comments
- Exhibit 6: Public Comments
- Exhibit 7: Stakeholder Comments
- Exhibit 8: Stakeholder Development Examples
- Exhibit 9: Stakeholder Economic Study
- Exhibit 10: Stakeholder Traffic Analysis