

Basalt Creek Employment Zoning Code

Tualatin Planning Commission
January 19, 2023



Introductions

- » Ryan Schera, Steve Roselli, & Rob Mecklenborg, ***Schnitzer Properties***
- » Stu Peterson and Rhys Konrad, ***Macadam Forbes***
- » Dana Krawczuk, ***Stoel Rives***
- » Kristine Connolly & Carla Kleynhaus, ***Kittelson and Associates***
- » Brendan Buckley, ***Johnson Economics***
- » Mimi Doukas, ***AKS Engineering and Forestry***

Basalt Creek Employment Zoning Code

- » Thank you to Staff and the Planning Commission for continued refinement of the proposed text amendment
 - » Feedback from Stakeholders
 - » Data from Johnson Economics
 - » Data from Kittelson and Associates
- » Support Option B with adjustments to percentages
 - » Alternative “B1”
 - » Minimum of 30% manufacturing
 - » Mix of Warehouse and Wholesale Sales are permitted for the remainder of the site

Basalt Creek Employment Zoning Code

Scenario B1 Summary	
Heavy Manufacturing	<ul style="list-style-type: none"> • Same as Scenario A1
Light Manufacturing	<ul style="list-style-type: none"> • Same as Scenario A1
Warehousing	<ul style="list-style-type: none"> • Same as Scenario A1 (Permitted as an accessory use to permitted light and/or heavy manufacturing use with size limited to 50% GFA of primary light and/or heavy manufacturing use). • Adds as a Limited primary use: <ul style="list-style-type: none"> ○ Size limited to 25% or 25,000 SF of GFA within an individual building. More than one building on a site may meet this limit • <u>Subject to a transportation trip analysis showing no net increase in trips during AM or PM peak over 100% manufacturing scenario.</u> • <u>Light and/or heavy manufacturing use must comprise a minimum of 30% GFA of the site.</u> • <u>No single building may exceed 150,000 square feet in size.</u>
Wholesale Sales	<ul style="list-style-type: none"> • Adds as a Limited Use: <ul style="list-style-type: none"> ○ Use limited to sales of industrial products primarily sold wholesale to other industrial firms or industrial workers; and ○ Size limited to 25% or 25,000 SF of GFA within an individual building. More than one building on a site may meet this limit. • <u>Subject to a transportation trip analysis showing no net increase in trips during AM or PM peak over 100% manufacturing scenario.</u> • <u>Light and/or heavy manufacturing use must comprise a minimum of 30% GFA of the site.</u> • <u>No single building may exceed 150,000 square feet in size.</u>

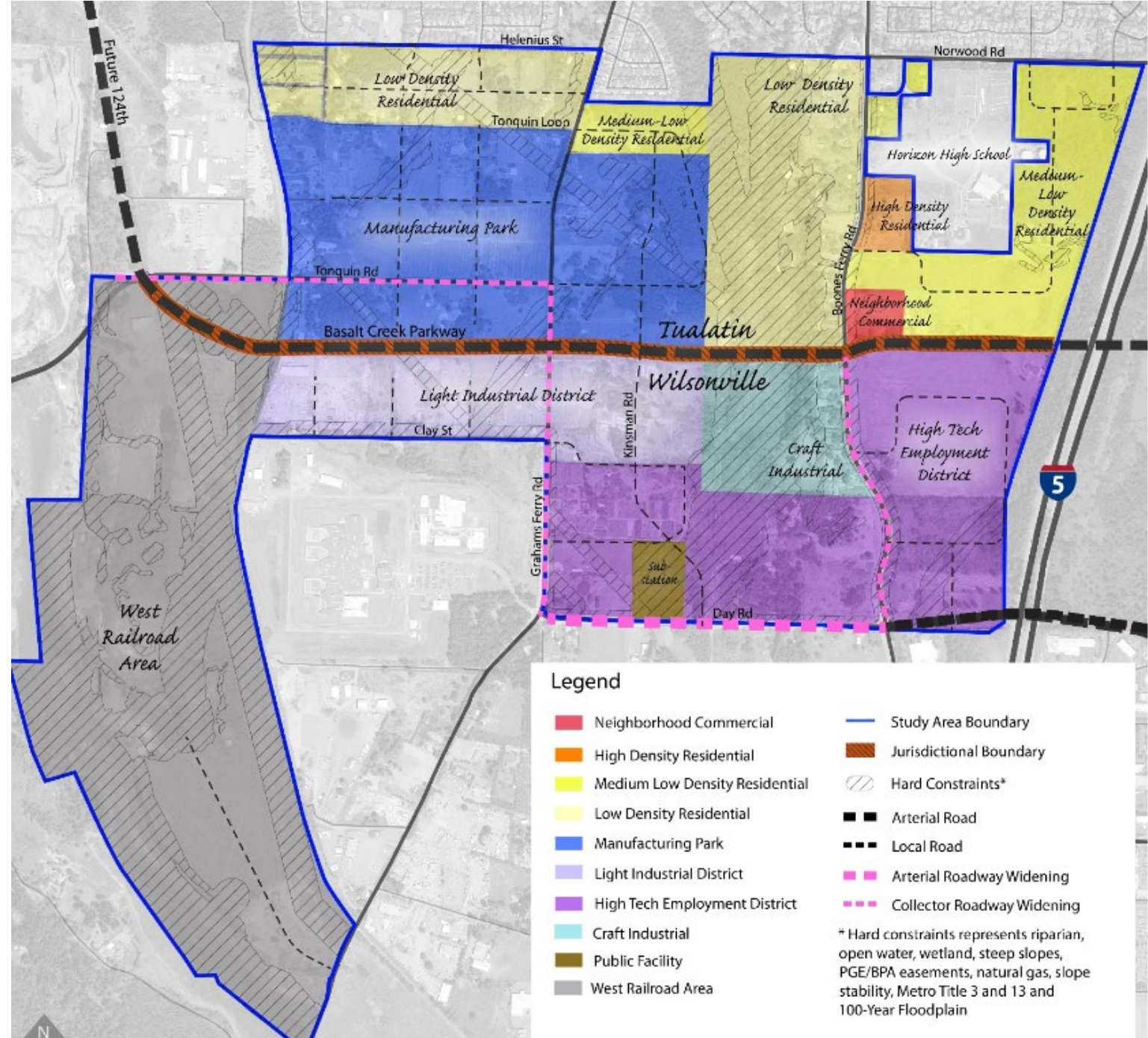
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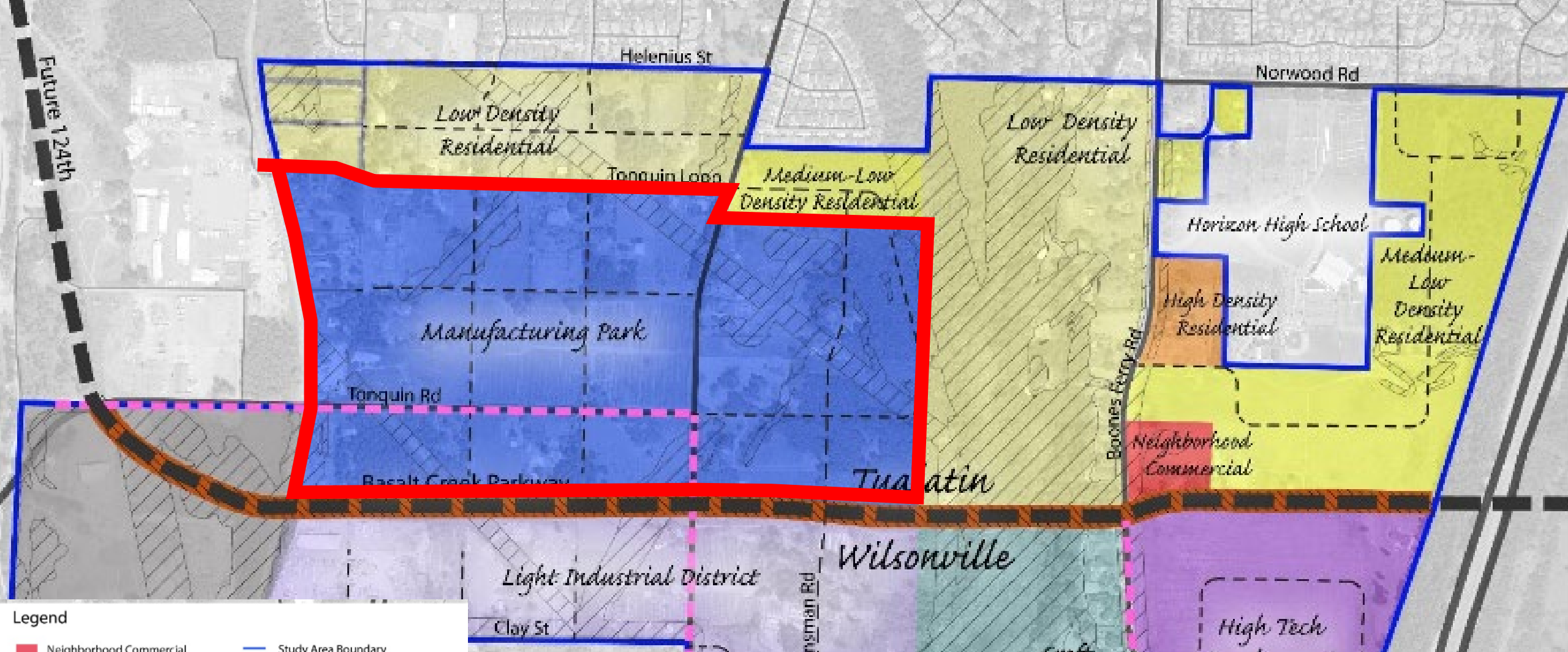
- » We believe the code needs to further accommodate Wholesale and Warehouse uses, not just manufacturing in order to:
 - » Better reflect market trends per the City's economic report by Leland.
 - » Reduce current and future supply constraints on warehouse and wholesale space (Tualatin vacancy at 1.5%).
 - » Reduce rents for users.
 - » Retain current employers that need space to grow and want to stay in Tualatin.
 - » Fund the Urban Renewal Area (URA) via collected property taxes.
 - » Pay back bonds for needed public infrastructure in the URA.

Basalt Creek Concept Plan



Adopted in 2019





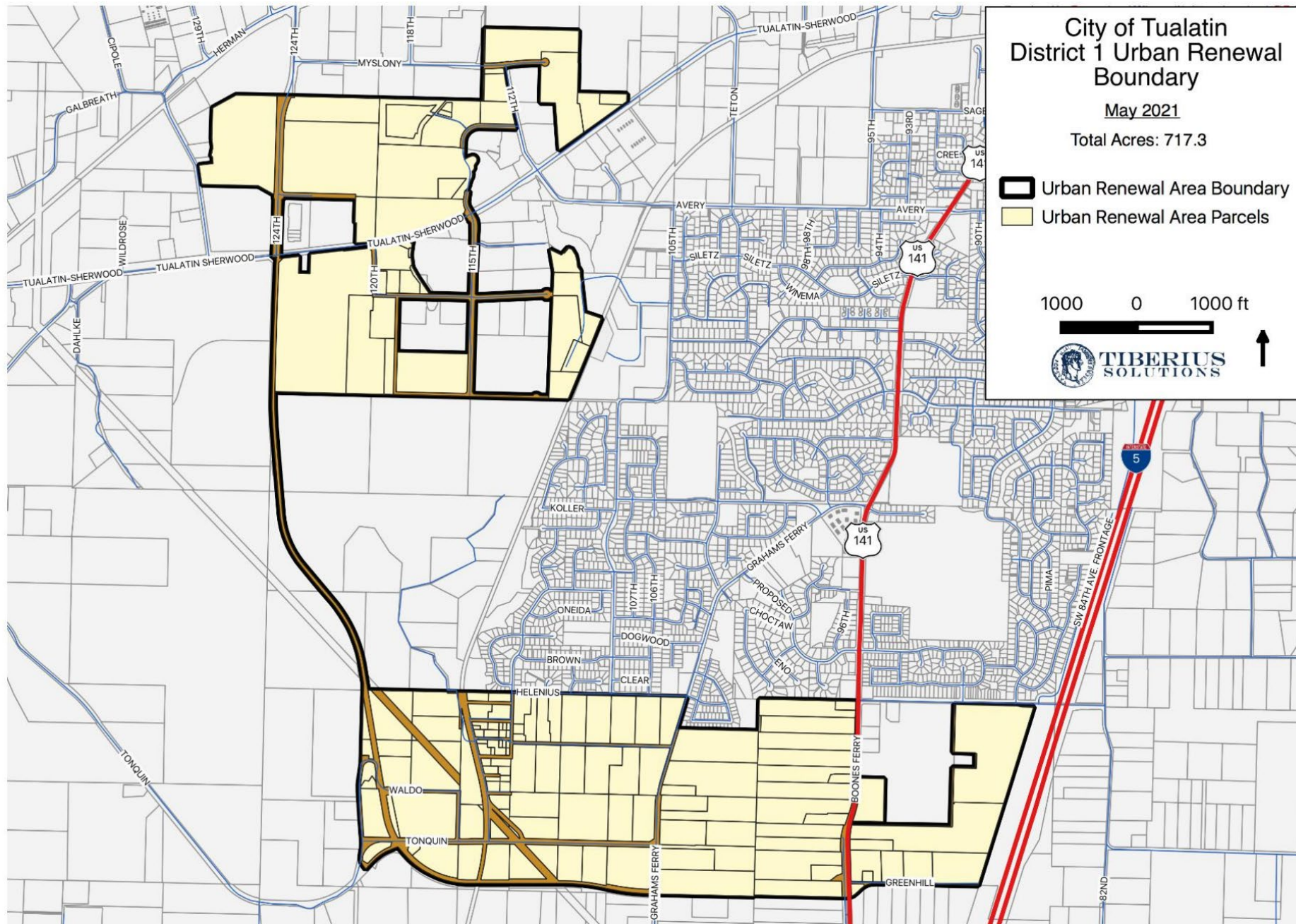
Legend

- Neighborhood Commercial
- High Density Residential
- Medium Low Density Residential
- Low Density Residential
- Manufacturing Park
- Light Industrial District
- High Tech Employment District
- Craft Industrial
- Public Facility
- West Railroad Area
- Study Area Boundary
- Jurisdictional Boundary
- Hard Constraints*
- Arterial Road
- Local Road
- Arterial Roadway Widening
- Collector Roadway Widening

* Hard constraints represents riparian, open water, wetland, steep slopes, PGE/BPA easements, natural gas, slope stability, Metro Title 3 and 13 and 100-Year Floodplain



Figure 1 – Tualatin Urban Renewal Plan Area Boundary



What is Flex Industrial Space

- » Flex industrial buildings are, by design, “flexible” in size and amenities allowing for a wide range of manufacturing, warehouse and wholesale uses.
- » Accessory office and/or showroom space commonly accompany the primary use.
- » Smaller in size compared to traditional large industrial buildings.
- » Typically located in an industrial park that is:
 - » Near employee housing/employment base.
 - » Enhanced exterior building and landscape design compared to traditional.
 - » More parking to accommodate increased employee count.



SITE PLAN - SCHEME-04

GENERAL NOTES:
 1. PROPERTY LINE BEARINGS AND DISTANCES AS WELL AS SITE AREA CALCULATIONS ARE PROVIDED FOR ZONING AND PERMIT REVIEW ONLY. REAL PROPERTY LEGAL DESCRIPTIONS AND AREA CALCULATIONS ARE TO BE PROVIDED BY A REGISTERED PROFESSIONAL SURVEYOR.

PLANNING AND ZONING REVIEW:
 JURISDICTION: CITY OF TULAMEN, OREGON

AREA SUMMARY:

GROSS SITE AREA:	2,034,482 SQFT,	46.71 ACRES (±)
CONCRETE AREA:	16,541 SQFT,	0.37 ACRES (±)
NET DEVELOPED AREA:	2,017,941 SQFT,	46.34 ACRES (±)

BUILDING A:	66,436 SQFT,	1.51% COVERAGE
BUILDING B:	70,300 SQFT,	3.45% COVERAGE
BUILDING C:	66,200 SQFT,	3.25% COVERAGE
BUILDING D:	60,700 SQFT,	2.98% COVERAGE
BUILDING E:	77,300 SQFT,	3.80% COVERAGE
BUILDING F:	70,300 SQFT,	3.45% COVERAGE
BUILDING G:	60,700 SQFT,	2.98% COVERAGE
BUILDING H:	66,200 SQFT,	3.25% COVERAGE
TOTAL:	577,436 SQFT,	28.62% COVERAGE











Market Need for Flex Industrial

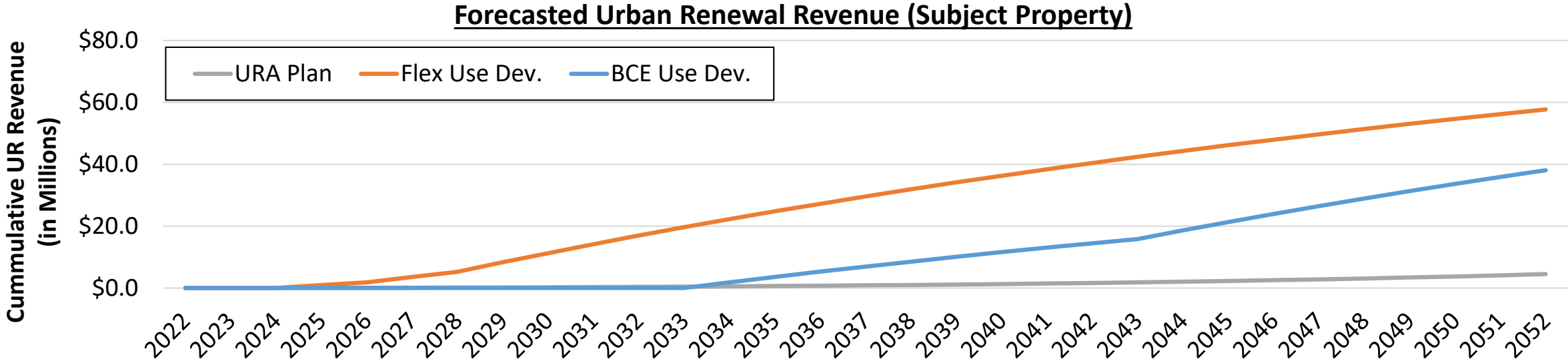
» **High Density Employment**

- » Johnson Economics reviewed impacts of Manufacturing v. Flex Industrial
- » Similar expected job density of 20 jobs per acre
- » Similar wage levels

- » Additionally, Johnson found:
 - » Flex industrial would generate a higher tax revenue
 - » Flex industrial would occur faster than limited Manufacturing, resulting in more Tax Increment Financing (TIF) dollars for the URA to fund infrastructure improvements

Urban Renewal Revenue Forecast

Growth Scenario	30-Year TIF Revenue
Adopted URA Plan (6% growth)	\$4.5 million
Flex Use Development (near-term)	\$57.7 million
BCE Use Development (in 10 years)	\$38.0 million



Market Trends

» Market Trends for Manufacturing, Warehouse and Wholesale Sales

» From the September 2022 Leland Economic Analysis Memo:

Target Uses. Manufacturing buildings—the primary use currently allowed in the MP zone—have accounted for less than seven percent of all industrial development over the past 10 years in the I-5 South submarket (down from almost 19 percent historically). Meanwhile, warehouse and distribution buildings have continued to make up the largest share of new development, and multitenant and flex industrial buildings have accounted for more than one-fifth of recent investment (up two-fold from historical averages).

Demand for multi-tenant flex industrial buildings will continue to grow in the future. These buildings tend to be smaller, speculative developments (no more than 150,000 square feet) that cater to a wide variety of tenants—including tech, manufacturers, suppliers, wholesalers, services, contractors, as well as traditional distribution and warehousing tenants—house relatively job-dense tenants from a broad market spectrum, and are well suited to the I-5 submarket given its locational advantages, historical land availability, and market diversity. These developments have also been in zones that allow warehousing and distribution. For example, most of the new tenants in the T-S Corporate Park are manufacturing-based companies but the zoning code also allowed warehousing and distribution space that allowed developers to build more speculative developers that could cater to the broadest spectrum of the market as possible.

Market Trends

» Market Trends for Manufacturing, Warehouse and Wholesale Sales

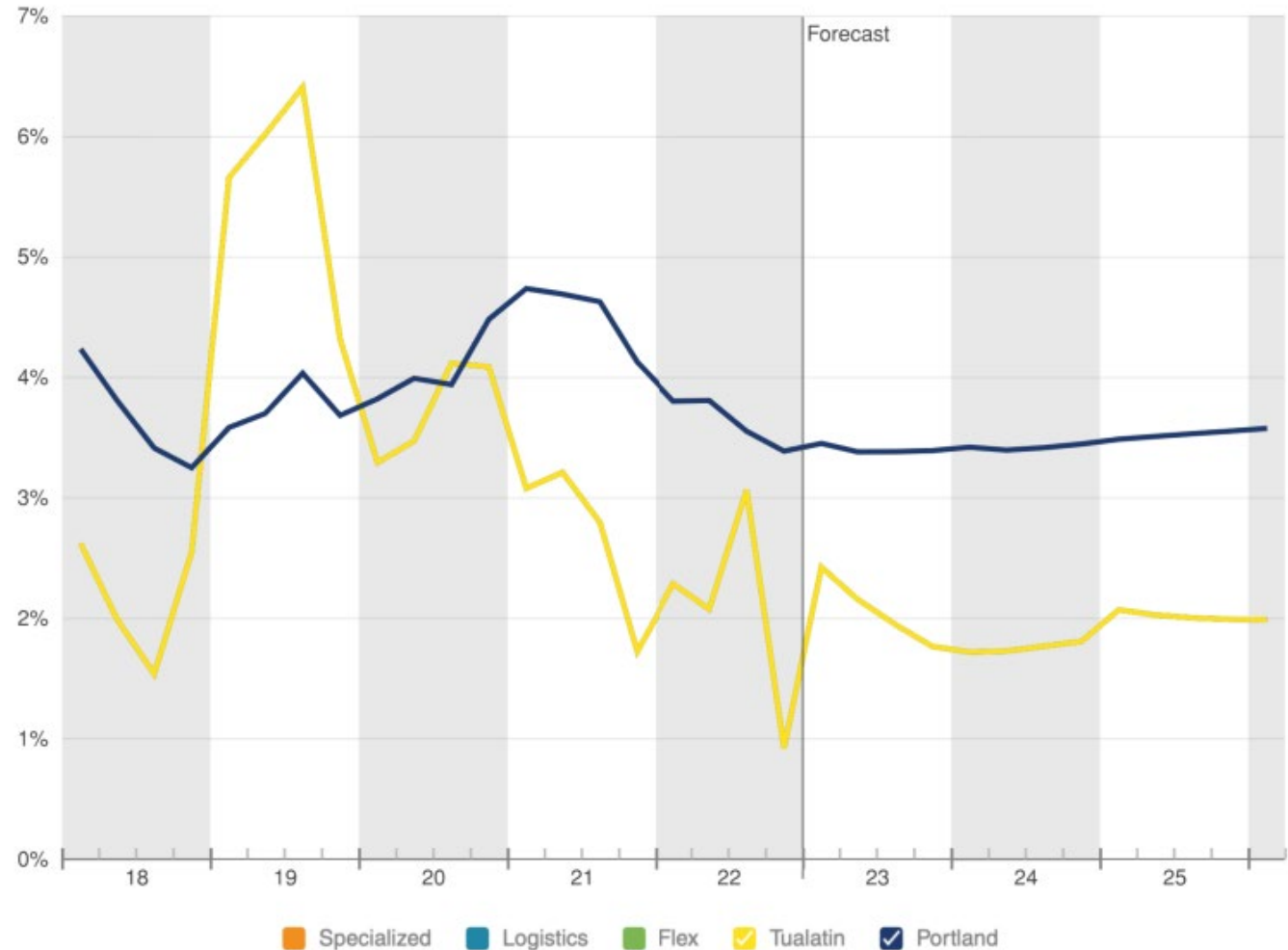
» From the September 2022 Leland Economic Analysis Memo:

Recommended Actions. Specific actions to address the barriers and leverage regional opportunities described in this memorandum include:

- Expand the allowed use table to be more inclusive of other industrial uses and to be better aligned with market demand that includes flex, distribution, manufacturing, and warehouse space. Allowed uses should reflect the economic diversity of the South I-5 Corridor market. The industrial market is dynamic and moves quickly, so flexibility in the zoning code is critical to mitigate risk and attract investment over the long term.
- Revise development standards to reflect some of the model zones outlined in this memorandum. Landscaping requirements should total no more than 15 percent of the total land area, and setbacks should be reduced while continuing to provide additional buffers between industrial and residential areas with larger setbacks.
- In conjunction with expanding allowed uses, consider adding some restrictions—such as maximum building sizes—to maintain some control over future uses and likely tenants.

Market Trends

- » **Low Vacancy and Increased Rents due to low supply/available space**
 - » Current Vacancy: 1.5%
 - » Rents: increase with limited vacancy.



Market Trends

» Industrial Trends and Market Analysis

- » City study: manufacturing growing more slowly than other sectors
- » City study: recommends broader range of allowed uses including flex, warehouse and wholesale.
- » Flex Use can meet employment density and high wage targets
- » Likely to happen sooner vs. speculative manufacturer recruitment

Transportation Review of Flex Industrial

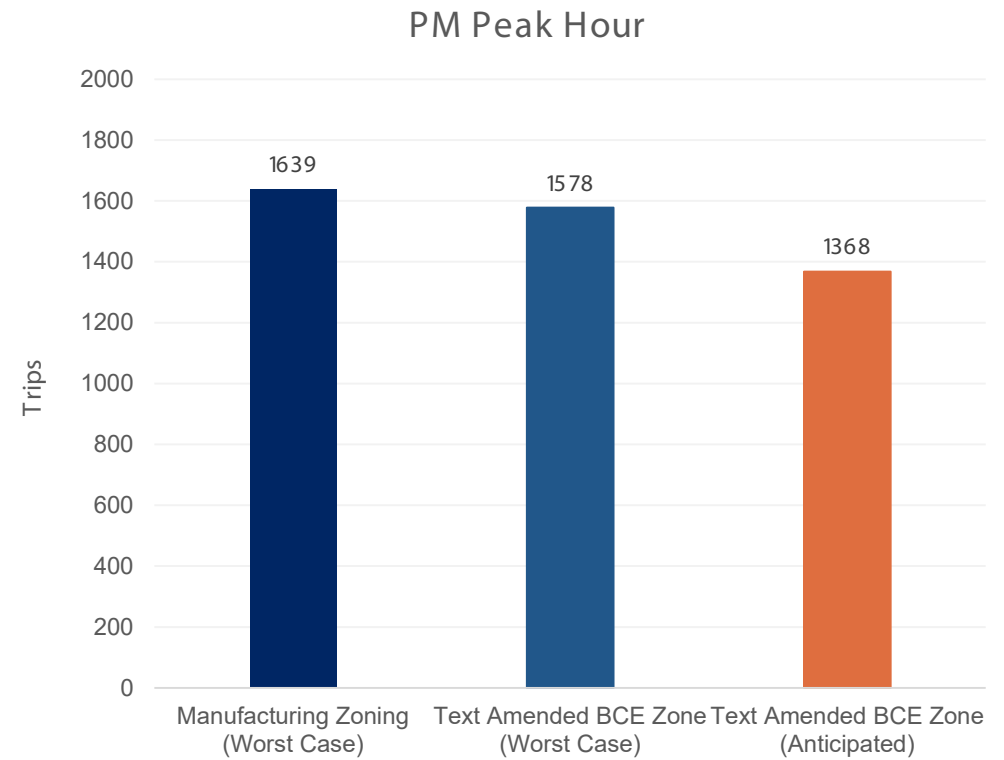
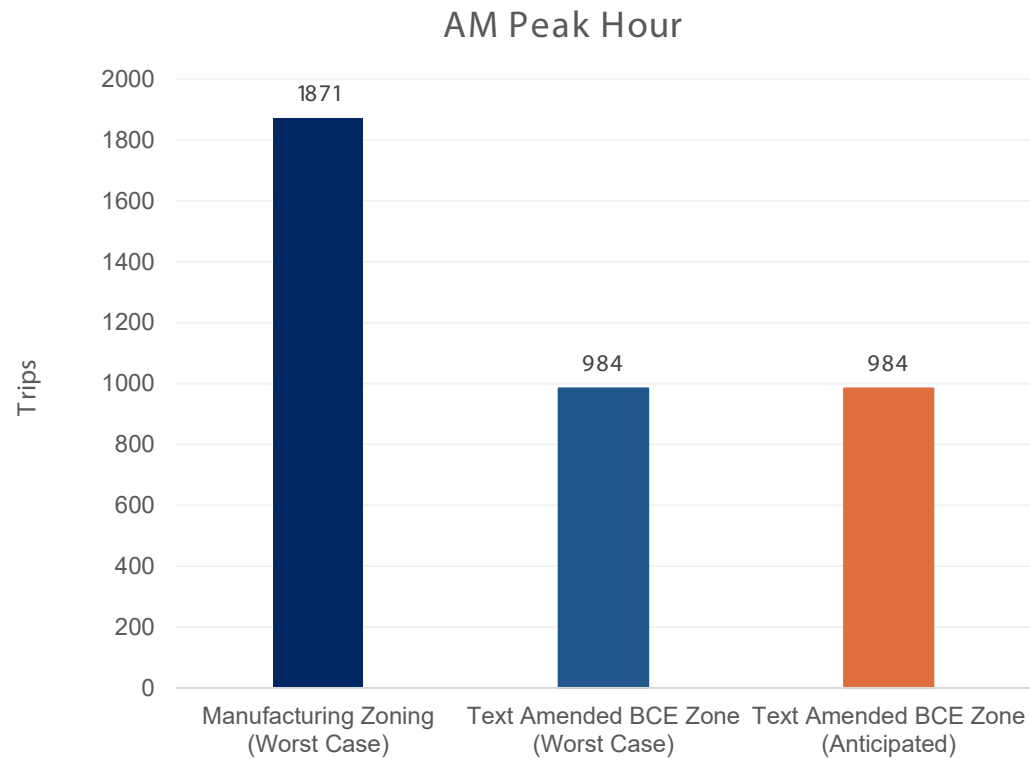
» **Key Transportation Findings**

- » Proposed amendment reduces peak hour vehicle trips (compared to existing code)
- » Flex scenario results in fewer total trips and fewer truck trips
- » Majority of site vehicle trips to/from I-5 (vs. residential areas to north)
- » Development will be required to construct additional roadway infrastructure and other public infrastructure (sewer, water, storm)
- » Urban Renewal District can construct additional improvements if funded through timely development

Transportation Review of Flex Industrial

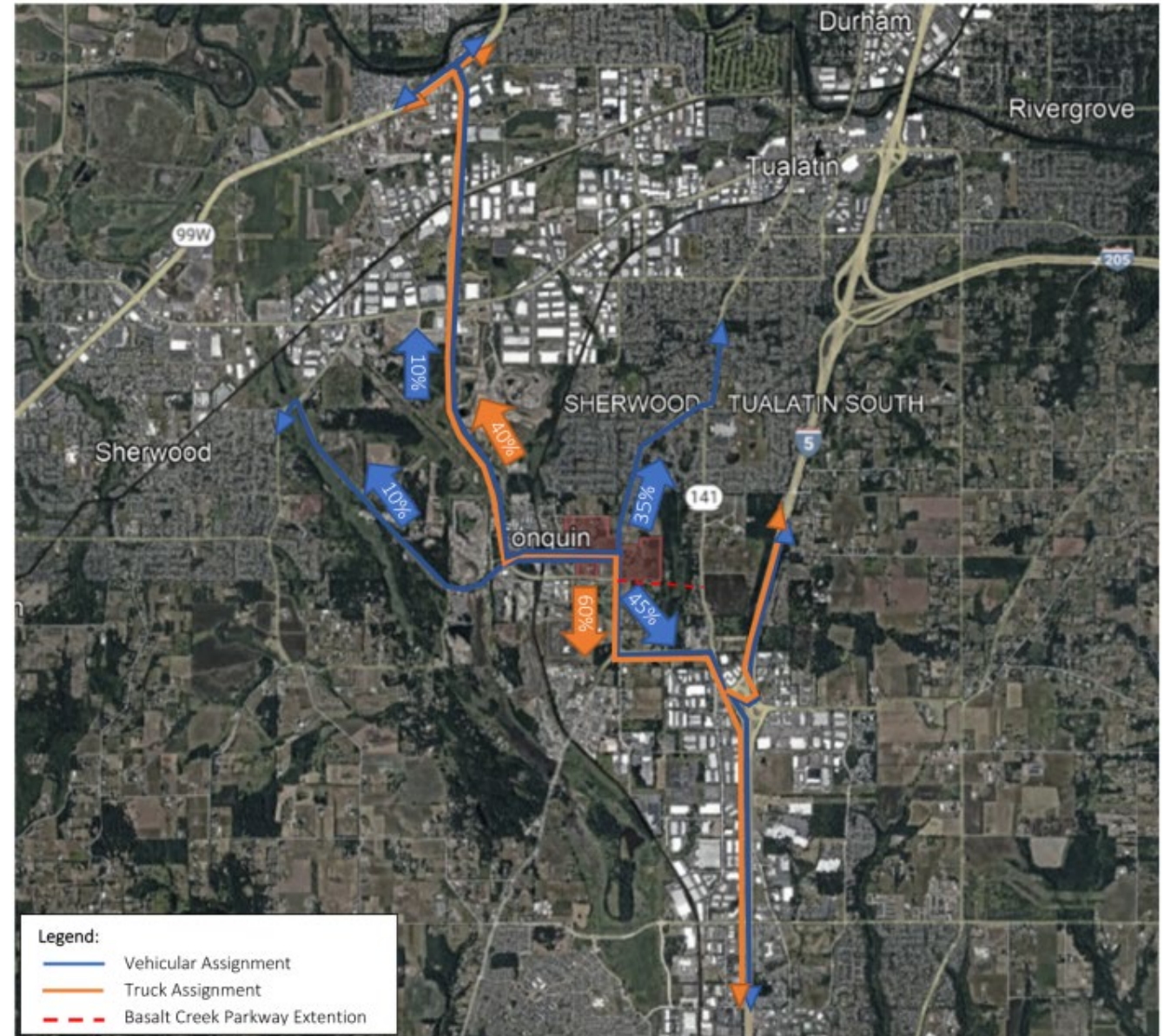
» Transportation Impacts

» Peak Hour Trip Comparison of Scenario C



Transportation Review of Flex Industrial

- » Transportation Impacts
 - » Trip Distribution



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» We request that the Planning Commission recommend modified Option B1 to the City Council:

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Thank you. Questions?

Ryan Schera

Schnitzer Properties

Mimi Doukas

AKS Engineering & Forestry, LLC





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» Option C1 Alternative:

Scenario BC1 Summary	
Heavy Manufacturing	<ul style="list-style-type: none"> • Same as Scenario A1
Light Manufacturing	<ul style="list-style-type: none"> • Same as Scenario A1
Warehousing	<ul style="list-style-type: none"> • Permitted as an accessory use to permitted light and/or heavy manufacturing use <ul style="list-style-type: none"> • Size limited to 50% GFA of primary light and/or heavy manufacturing use • Permitted as a primary use for contiguous development sites over 10 acres except: <ul style="list-style-type: none"> ○ Together, Warehousing and Wholesale Sales uses mayMay not exceed 35%70% of the total building square footage on the site. ○ No single building may exceed 150,000 square feet in size. ○ More than one building on a site may meet this limit. ○ Parcels comprising a contiguous site may be separated by a road/right-of-way.
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