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City of Tualatin

CITY OF TUALATIN Staff Report

TO: Tualatin Planning Commissioners

THROUGH: Steve Koper, AICP, Assistant Community Development Director

FROM: Erin Engman, Senior Planner

DATE: January 19, 2023

SUBJECT:

Continuation of Planning Commission consideration of a recommendation to City Council on the Basalt Creek Employment (BCE) Zoning District Industrial Code Project: PTA 22-0001/PMA 22-0001.

RECAP OF SEPTEMBER 15, 2022 PLANNING COMMISSION ACTION:

At its regular meeting on September 15, 2022, the Planning Commission made a recommendation of approval to the City Council of the Basalt Creek Employment (BCE) Zoning Code, with direction to staff to develop additional landscape buffering standards between the BCE zone and adjacent residential zoning as well as decorative fencing standards.

REQUEST FOR RECONSIDERATION OF PLANNING COMMISSION ACTION:

Following the September 15, 2022, Planning Commission meeting, staff met with stakeholders on several occasions, the first of which was on September 29, 2022. Overall, the feedback was the draft code that Planning Commission has recommended approval of to the City Council was too inflexible relative to the current market needs. In response, staff worked collaborative with the stakeholders to craft several potential iterations of amended draft code. These code: scenarios (B and C) represent an attempt to balance this feedback with the community vision, goals, and aspirations for employment in the Basalt Creek area.

RECOMMENDATION:

In addition to the code edits prepared by staff in response to previous Planning Commission feedback (Scenario A), staff has presented the Planning Commission with several additional code scenarios. The Planning Commission may choose to reiterate their prior recommendation, or may consider incorporating parts of the code scenarios (Scenario A1, B, and C) and stakeholder feedback in reevaluating their prior recommendation to the City Council.

NEXT STEPS:

Staff will then present the outcome of the Planning Commission's recommendation to City Council on February 27, 2023 at a work session. Staff anticipates returning to the Planning Commission in March or April to present the City Council's feedback on these amendments with the intention of receiving a final recommendation from the Planning Commission to the City Council on the amendments.

PROJECT OVERVIEW:

Currently the Manufacturing Park (MP) district supports development of large-scale specialized manufacturers and research campuses. However market trends have shown a decline in this type of development. Additionally the Basalt Creek area lacks large parcels that could accommodate this scale of development. This project is exploring amendments that would apply to industrially designated property in

the Basalt Creek area. These amendments aspire to: expand and modernize allowed land uses, include standards that encourage employment dense development, and remain flexible for market opportunities.

This project was scoped with the following tasks (See Exhibit D1):

- 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.

BACKGROUND:

In 2019, the City:

- Adopted the Basalt Creek Concept Plan which established roughly 92.95 buildable acres zoned Manufacturing Park (MP) that are expected to accommodate 1,897 new jobs. The area is located adjacent to future residential lands, transitions to our border with Wilsonville, and lacks City infrastructure.
- Adopted an Economic Opportunities Analysis (EOA), which 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.

In 2021, the City:

- Adopted the Southwest and Basalt Creek Development Area, which serves as an urban renewal area to address the lack of infrastructure in the Basalt Creek Planning Area and to support future high-wage job growth.

In 2022:

- City staff embarked on the Basalt Creek Industrial Code Project (PTA/PMA 22-0001), in partnership with HHRP.
 - At a work session held on May 23, staff presented findings of the preliminary economic analysis report and code audit. Council directed staff to continue work on this legislative amendment to meet the goals identified in the adopted documents listed above and apply it to MP land identified in the Basalt Creek Concept Plan, and included the following feedback:
 - Limit warehousing uses and corresponding truck traffic, particularly on Boones Ferry Road;
 - Encourage flexible multi-tenant, multi-use development;
 - Desire neighborhood commercial uses; and
 - Maintain greenspace or trail connectivity for employees to enjoy.
 - At a Planning Commission meeting held on September 15th, staff presented PTA/PMA 22-000. The Planning Commission reviewed the draft code provided by staff and made a motion to forward a recommendation of approval of PTA and PMA 22-0001 to City Council with the following additions:
 - Reach out to Chamber to discuss food cart pod being an allowed use;
 - Standards requiring vegetative screening along nondecorative fences; and
 - Maintain no significant increase in trip generation through rezone efforts.

PUBLIC OUTREACH:

There have been seven opportunities for public outreach with a summary included as Exhibit C4.

- 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

EXECUTIVE SUMMARY:

- PTA/PMA 22-0001 is a Type IV-B legislative land use case, subject to a hearing before City Council. Legislative land use proceedings include proposals to amend the Tualatin Comprehensive Plan and zoning maps and involve the creation, revision, or implementation of broad public policy generally impacting more than one property owner or a large number of individual properties.
- The hearing will be noticed in accordance with TDC 32.250. A date for this hearing has not yet been set.
- PTA 22-0001/PMA 22-0001 will affect land that is currently designated Manufacturing Park (MP), limited to the Basalt Creek Planning Area and located south of SW Tonquin Loop Road, west of Basalt canyon, north of Basalt Creek Parkway and east of the P&W rail track.
- Based on stakeholder feedback, staff is returning to the Planning Commission to review additional code scenarios for consideration.

CODE SCENARIOS FOR PLANNING COMMISSION CONSIDERATION:

- Scenario A (Exhibit A1)

The Planning Commission previously made a motion to forward a recommendation of approval to the City Council of code language similar to Scenario A, with a minor amendment to require vegetative screening along non-decorative fences viewable to the public.

Scenario A Summary	
Heavy Manufacturing	<ul style="list-style-type: none"> • Not permitted
Light Manufacturing	<ul style="list-style-type: none"> • Machine shop not permitted • Building contractor’s offices with on-site storage not permitted • Trade schools conditional
Warehousing	<ul style="list-style-type: none"> • Permitted as an accessory use to permitted light manufacturing use <ul style="list-style-type: none"> ◦ Size limited to 50% GFA of primary light manufacturing use
Wholesale Sales	<ul style="list-style-type: none"> • Not permitted
Pros	Cons
<ul style="list-style-type: none"> • Encourages development in support of adopted planning documents • Expands range of uses under current MP designation • Supports Council’s desire to limit warehousing uses which may be in conflict with nearby residential land 	<ul style="list-style-type: none"> • May be too aspirational to encourage near-term industrial development

- Scenario A1 (Exhibit A2)

Based on feedback from our Economic Development Program Manager, Jonathan Taylor, this scenario has been expanded to include limited heavy manufacturing uses in support of advanced manufacturing. It was brought to our attention the manufacturing use categories found in our development code (Chapter 39) are dated and no longer align with the way the state economic development agency categorizes industrial uses. Machine shops are also permitted in support of advanced manufacturing. Note that all uses are required to be conducted wholly within a building and may be subject to additional landscape buffer and/or sound wall requirements if near residential zoning.

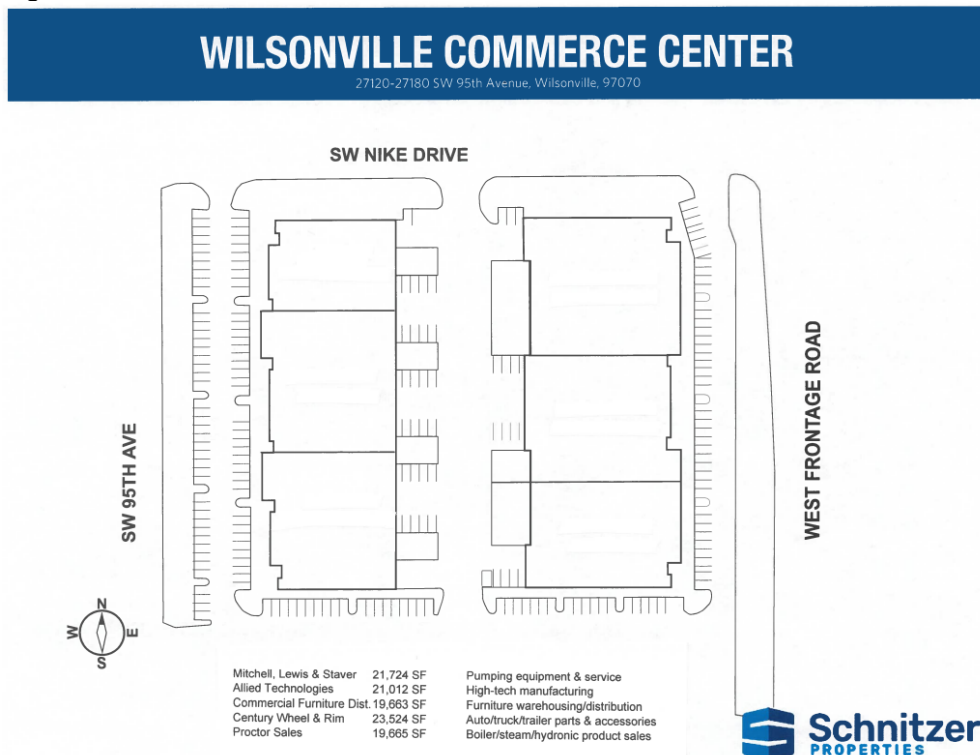
Scenario A1 Summary	
Heavy Manufacturing	<ul style="list-style-type: none"> • Uses limited to those that support advanced manufacturing
Light Manufacturing	<ul style="list-style-type: none"> • Machine shop permitted • Other uses same as Scenario A
Warehousing	<ul style="list-style-type: none"> • Permitted 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
Wholesale Sales	<ul style="list-style-type: none"> • Not permitted (Same as Scenario A).
Pros	Cons
<ul style="list-style-type: none"> • Expands range of uses in support of best practices recognized by the state • All uses, including heavy manufacturing must occur in a completely enclosed building 	<ul style="list-style-type: none"> • Although minimized by the proposed standards, there is still some potential for impacts of heavy manufacturing on nearby residential zoning and land uses.

- Scenario B (Exhibit A3)

Scenario B is a response to feedback from the stakeholder groups, subsequent to the September 15, 2022, Planning Commission meeting. Staff was provided with an example of a nearby flex industrial space in Wilsonville, known as Wilsonville Commerce Center (See *Figure 1* below and Exhibit E5). This draft iteration responds to the stakeholder feedback that including warehousing and wholesale sales uses are conducive to a successful flex industrial space development. This scenario includes those uses with size limitations that approximate the example.

Scenario B 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.
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.
Pros	
<ul style="list-style-type: none"> Balance between council direction and goals, with feedback received from the stakeholder groups. Warehouse and wholesale sale space supplement and support other job dense industrial uses. Supports market demand for warehousing space with size limitations to discourage development of a logistics or last mile delivery center. 	
Cons	
<ul style="list-style-type: none"> May be seen as a compromise on Council desires. May not produce targeted job density. 	

Figure 1.



- Scenario C (Exhibit A4)

Scenario C is in response to Scenario B and incorporates greater flexibility for warehousing and wholesale sale uses based on continued feedback from the stakeholder groups. This scenario is Based on a conceptual development plan (See *Figure 2* below and Exhibit 3) shared with staff at an additional stakeholder meeting held on December 12, 2022. It contains the least development restrictions and may not result in development that aligns as closely with the community vision and aspirations as desired.

Scenario B 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"> May not exceed 35% 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.
Wholesale Sales	<ul style="list-style-type: none"> Use limited to sales of industrial products primarily sold wholesale to other industrial firms or industrial workers for contiguous development sites over 10 acres, and: <ul style="list-style-type: none"> May not exceed 35% 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.
Pros	
<ul style="list-style-type: none"> Supports market demand and may encourage immediate development in the area to generate assessed value. Assures some level of desired development. Further incorporates stakeholder feedback. 	
Cons	
<ul style="list-style-type: none"> Building on cons in Scenario B, this code may not discourage what the community views as undesirable development. Code based on goals of stakeholder group, which serves a limited number of property owners but applies to the broader area. If area develops prior to the close of the urban renewal project, there may limited opportunities to spend the capital in the area. There are limited assurances that final development would resemble the conceptual plan or that other sites 10 acres and greater would produce similar development. 	

Figure 2.



- Stakeholder Requests Not Included in Code Scenarios

- Broaden wholesale sale uses to include:
 - Sale or rental of machinery, equipment, building materials, special trade tools, welding supplies, machine parts, electrical supplies, janitorial supplies, restaurant equipment, and store fixtures; mail order houses; and wholesalers of food, clothing, parts, building or office hardware and office supplies.
 - Sale, lease, or rent of products primarily intended for industrial, institutional, or commercial businesses. Sales to the general public are limited as a result of the way in which the firm operates. Products may be picked up on site or delivered to the customer.

Pros	Cons
<ul style="list-style-type: none"> • Supports market demand and may encourage immediate development in the area to generate assessed value. • Further incorporates stakeholder feedback. 	<ul style="list-style-type: none"> • Exceeds wholesale sale use limitations in other zoning districts, including General Manufacturing. • May not be consistent with the purpose of the district and/or the community vision and aspiration.

- Allowing warehouse and freight movement and wholesale sales uses outright on sites less than 9 acres with no size limitations.

Pros	Cons
<ul style="list-style-type: none"> • Supports market demand and may encourage immediate development in the area to generate assessed value. • Further incorporates stakeholder feedback. 	<ul style="list-style-type: none"> • Allows for potentially medium/large distribution hub. For example, Amazon's facility is on only 11 acres. • Allows for these uses in a variety of locations as many parcels within the area are under 9 acres. • No limit or control to assure that employment density or wage goals are met.

- Provision to increase size limitation of warehouse and freight movement and wholesale sale uses by conditional use permit.
 - A conditional use permit provides a set of procedures and standards for conditional uses of land or structures which, because of their unique characteristics relative to locational features, design, size, operation, circulation and public interest or service, require special consideration in relation to the welfare of adjacent properties and the community as a whole. Staff finds that these industrial development tends to be speculative in nature. And that there are no standards applicable solely to warehousing and wholesale sale uses that require special consideration for a conditional use.

Pros	Cons
<ul style="list-style-type: none"> • Supports market demand and may encourage immediate development in the area to generate assessed value. • Further incorporates stakeholder feedback. 	<ul style="list-style-type: none"> • Unclear what basis for denial or rejection of a facility exceeding size limitations would be. • Code based on goals of stakeholder group, which serves as a limited number of property owners but applies to the broader area.

- Permitting fleet vehicle storage
 - Staff finds this use requires a disproportionate amount of land to job density and is not supported in the economic analysis prepared for the project or by the stakeholders.

Pros	Cons
<ul style="list-style-type: none"> • Supports market demand and may encourage immediate development in the area to generate assessed value. • Further incorporates stakeholder feedback. 	<ul style="list-style-type: none"> • Code based on goals of stakeholder group, which serves as a limited number of property owners but applies to the broader area. • Does not appear to meet employment density or wage goals.

ATTACHMENTS:

- Presentation

- Attachment A: PTA 22-0001
 - Exhibit A1: Scenario A Code
 - Exhibit A2: Scenario A1 Code
 - Exhibit A3: Scenario B Code
 - Exhibit A4: Scenario C Code
 - Exhibit A5: Project Economic Analysis
 - Exhibit A6: Project Traffic Analysis

- Attachment B: PMA 22-0001
 - Exhibit B1: Existing Map 10-1
 - Exhibit B2: Proposed Map 10-1
 - Exhibit B3: Existing Map 8-3
 - Exhibit B4: Proposed Map 8-3

- Attachment C: Public Outreach
 - Exhibit C1: Notice of Open House
 - Exhibit C2: Open House Presentation
 - Exhibit C3: Open House Public Comments
 - Exhibit C4: Public Outreach Summary
 - Exhibit C5: Public Comments

- Attachment D: Project Scope
 - Exhibit D1: RFP Solicitation for Project

- Attachment E: Stakeholder Exhibits
 - Exhibit E1: Stakeholder Code
 - Exhibit E2: Stakeholder Comments
 - Exhibit E3: Stakeholder Development Concept
 - Exhibit E4: Stakeholder Economic Study
 - Exhibit E5: Stakeholder Traffic Analysis
 - Exhibit E6: Stakeholder Additional Development Examples
 - Exhibit E7 - Stakeholder Presentation