

# BASALT CREEK EMPLOYMENT (BCE) ZONE CODE PROJECT

Tualatin City Council – Legislative Hearing  
August 28, 2023

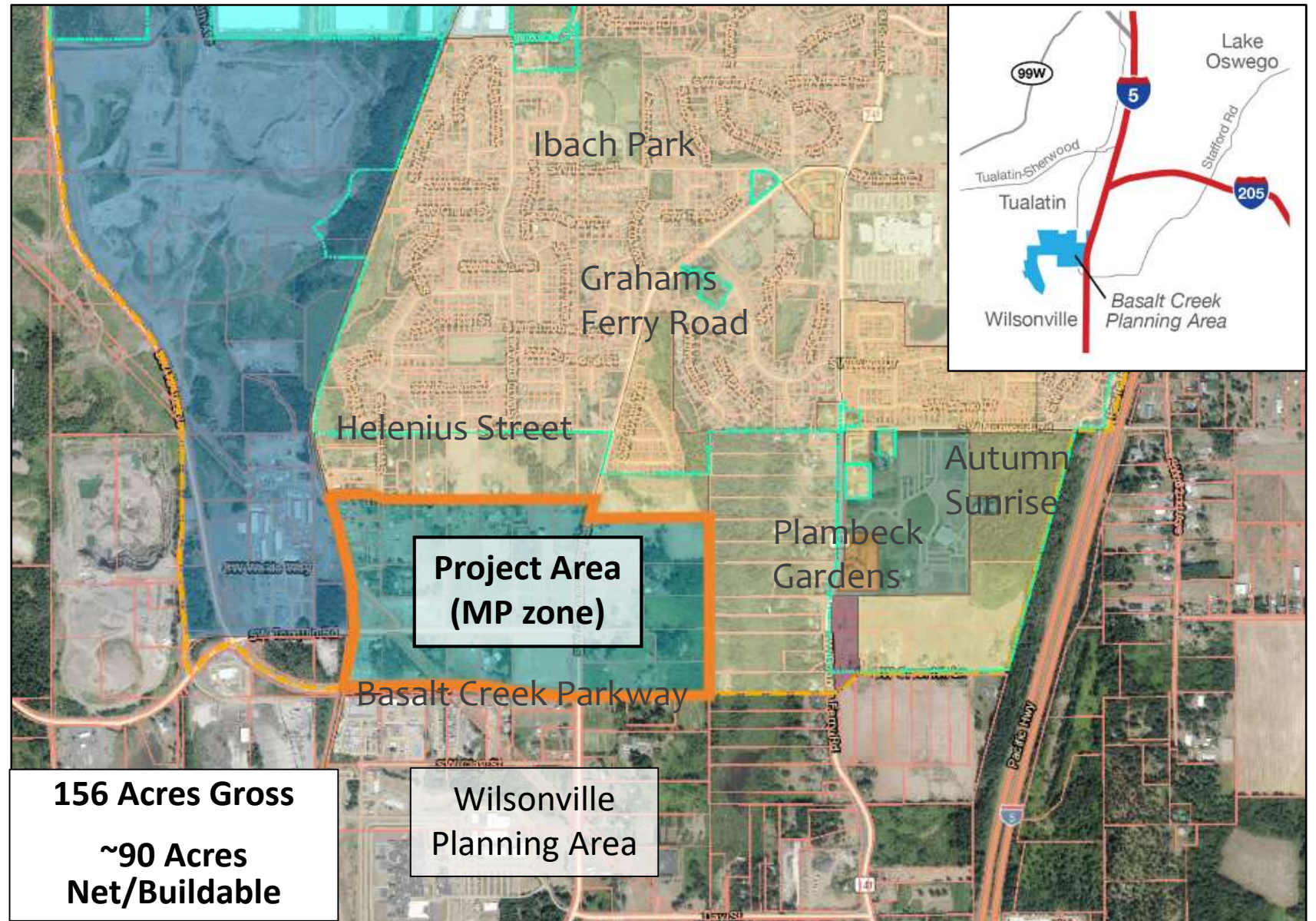


# Discussion Topics

- **Project Background & Goals**
- **MP Zone and Leveton Area Case Study**
- **Recap of Findings in Economic Opportunities Analysis**
- **Urban Renewal Goals & Revenue Considerations**
- **Public Outreach**
- **Overview of Basalt Creek Employment Zone Code**
- **Approval Criteria**
- **Planning Commission Recommendation**



# Project Background



## Project Background

**What is being proposed?** The BCE zone is a new industrial zoning code for the Basalt Creek Area

**Why is a new code needed?** The existing MP zoning code allows a narrow set of uses that are not supported by current market trends

**Why is this needed now?** To act as a catalyst for development and tax base growth in Basalt Creek to meet urban renewal goals

**How was the code created?** By studying economic and market trends and incorporating Council, public, and stakeholder feedback

# Manufacturing Park (MP) Zone Allowed Uses



**Permitted uses are restrictive** to encourage large-scale manufacturing & research facilities

Table 62-1 Use Categories in the MP Zone

## Industrial Use Categories

Light Manufacturing

P (L)

Permitted uses limited to:

- Manufacture or assembly of electronic or optical instruments, equipment, devices; musical instruments; toys; and sporting goods.
- Production of textiles or apparel; Printing, publishing, and lithography shops; and
- Research and development laboratories.

*Primary processing of organic materials, such as tanning of leather, is prohibited.*



## MP Zone Case Study: Leveton Area

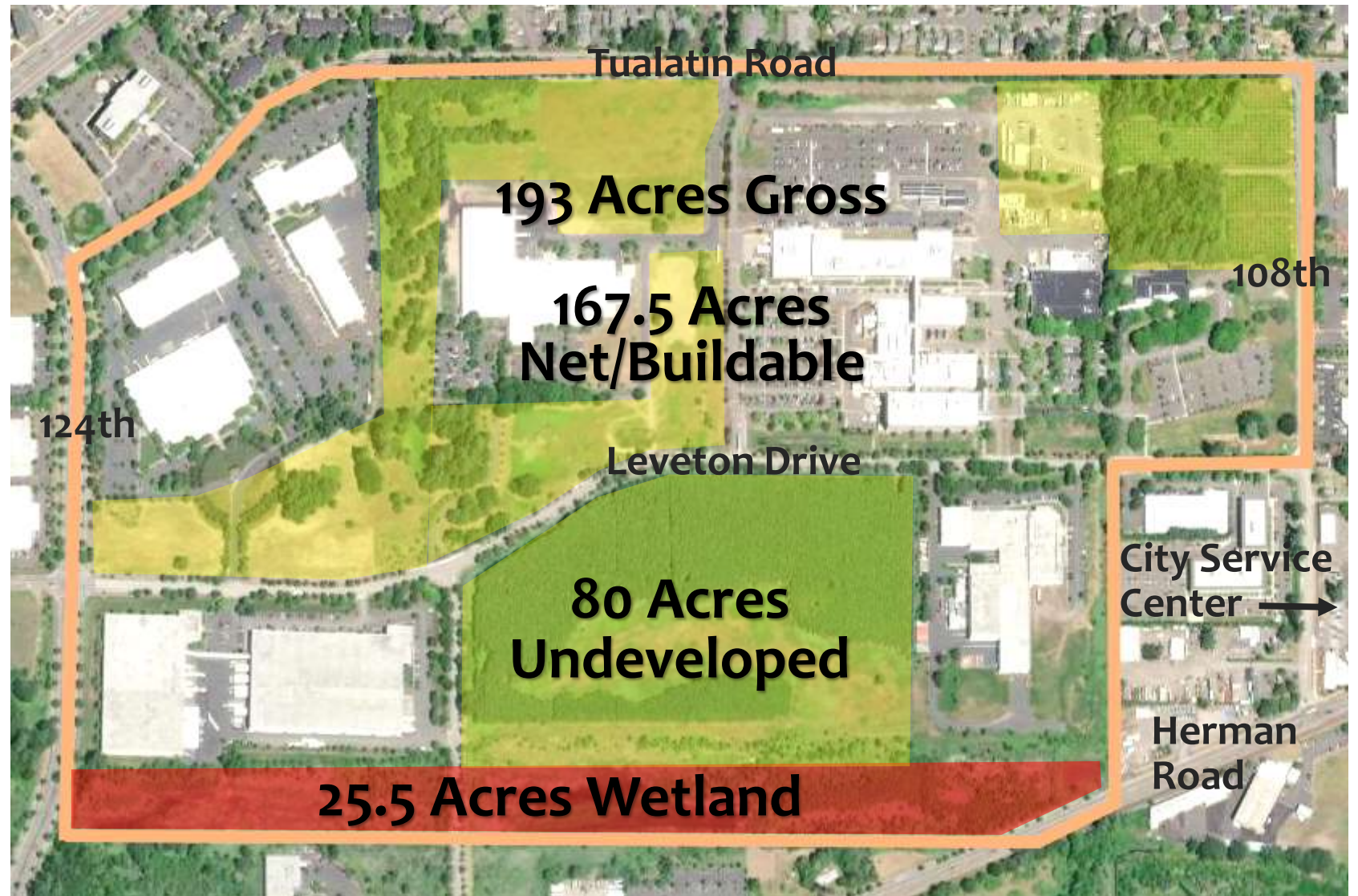
- The MP zone was created in the late 1980s to support the Leveton urban renewal area
- It is nearly 50% undeveloped and has seen limited recent development despite being “shovel ready” (all public facilities improved)
- Although it was initially successful, there is no longer market demand for the type of development that is allowed
- The lessons learned from the MP zone have informed the need for a new zoning code to support the Basalt Creek urban renewal area.

# MP Zone Case Study: Leveton Area





# MP Zone Case Study: Leveton Area





# Project Goals: Council Priorities



Limit warehouse uses



Encourage flex space



Incorporate commercial uses



Maintain landscaped feel

# Economic Opportunities Analysis (2019)

## Findings:

- Tualatin is forecast to grow by about 5,800 new industrial employees over the 2020–2040 period
- 1,897 new jobs are identified in the Basalt Creek area
- Industrial land should produce an average of 15 employees per net acre



# Economic Opportunities Analysis (2019)

## Why do industrial firms locate where they do?

- Skilled workforce
- Land availability
- Robust local infrastructure with affordable service
- Access to transportation routes
- Material availability & Industry clusters
- Innovative community

## How does public policy affect these decisions?

Regulations protect a community's quality of life. However burdensome regulations, can be disincentives for businesses to locate in a community.

**Straightforward regulations reduce the burden on businesses** and help them react quickly in a competitive marketplace.

# Economic Opportunities Analysis (2019)

## Manufacturing & industrial businesses that are likely to locate in Tualatin will have a range of space needs:

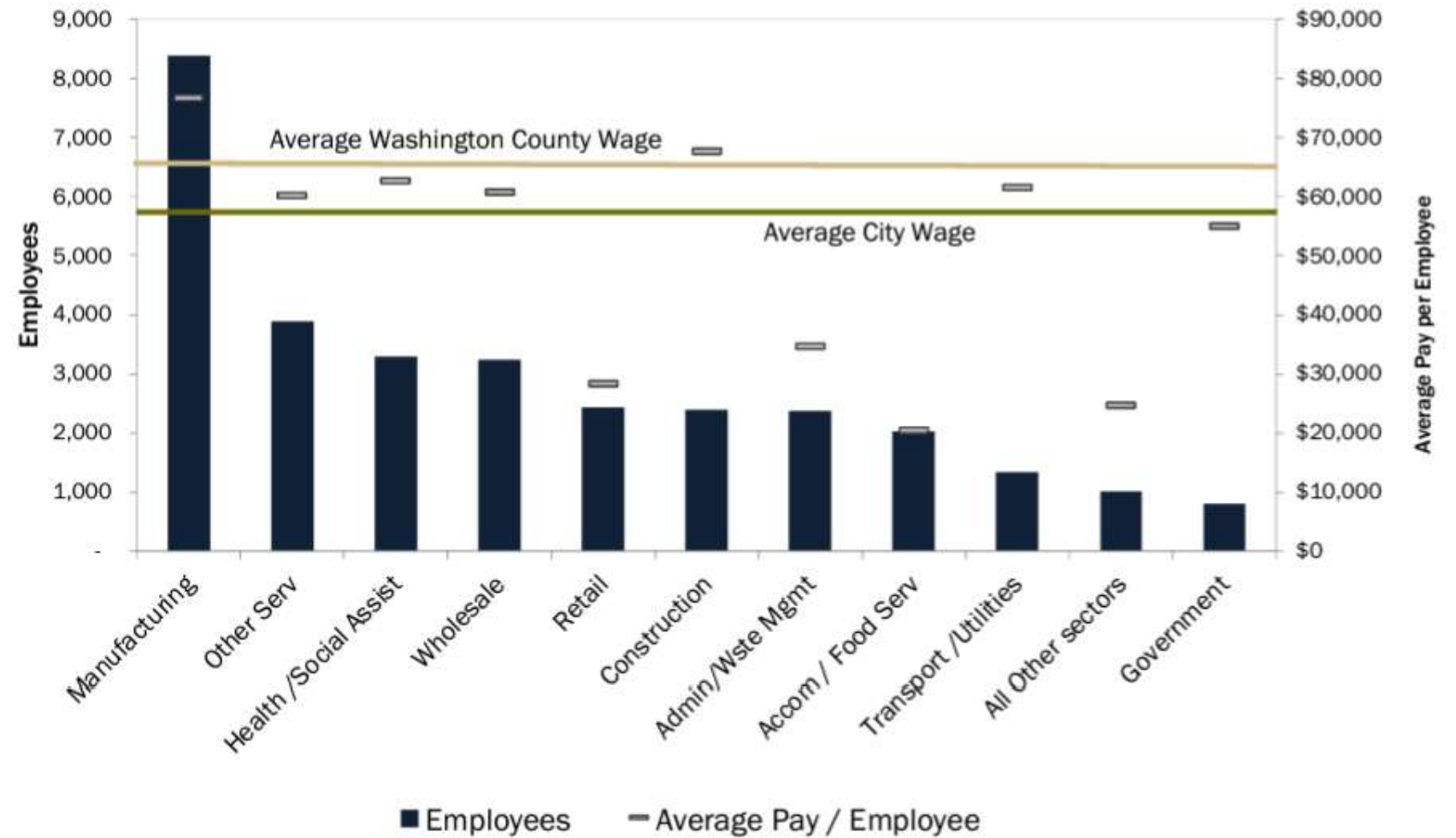
- **Small-scale manufacturing spaces.** Businesses would be located in an industrial building with many other users.
- **Space in flex-service buildings.** Businesses locate in a building that includes other industrial businesses, as well as commercial businesses that prefer to locate in flex space buildings. Vacancy rates are exceptionally low compared to more traditional employment spaces.
- **Mid-sized manufacturing.** Businesses located in a building or site with a few other businesses. Projects are typically between 35,000 square feet (2-4 acre sites) and 118,000 square feet (8-10 acre sites).



# Economic Opportunities Analysis (2019)

**Exhibit 9. Covered Employment and Average Pay by Sector, Tualatin, 2017**

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.



# Economic Opportunities Analysis (2019)

## Automation Concerns:

- Automation is a long-running trend in employment
- The types of jobs being automated are broadening
- Lower-paying jobs are more likely to be automated (over the next 20+ years)
  - 80% of jobs paying less than \$20 per hour over
  - 30% of jobs paying \$20 to \$40 per hour



# Southwest & Basalt Creek Development Area Plan (2021)

## **Urban Renewal Goals:**

- Facilitate development and stimulate growth
- Provide new employment opportunities
- Increase area tax base
- Fund needed transportation and public utility infrastructure improvements

## **How to meet these goals:**

- Creating development opportunities early in the urban renewal district's planning period will magnify future opportunity and total tax increment

# Urban Renewal Revenue Considerations

## Forecasted Urban Renewal Revenues over 30 year period in Basalt Creek

Under MP zone	Under Proposed BCE zone
\$4.5 Million	\$58 Million

- The MP zone in Leveton has had little recent development and would likely be the same in Basalt Creek area
- The proposed BCE zone is projected to result in greater near-term development, resulting in more urban renewal revenue
- A limited development scenario creates uncertainty which potentially delays installation of infrastructure like sanitary sewer

# Project Economic Analysis

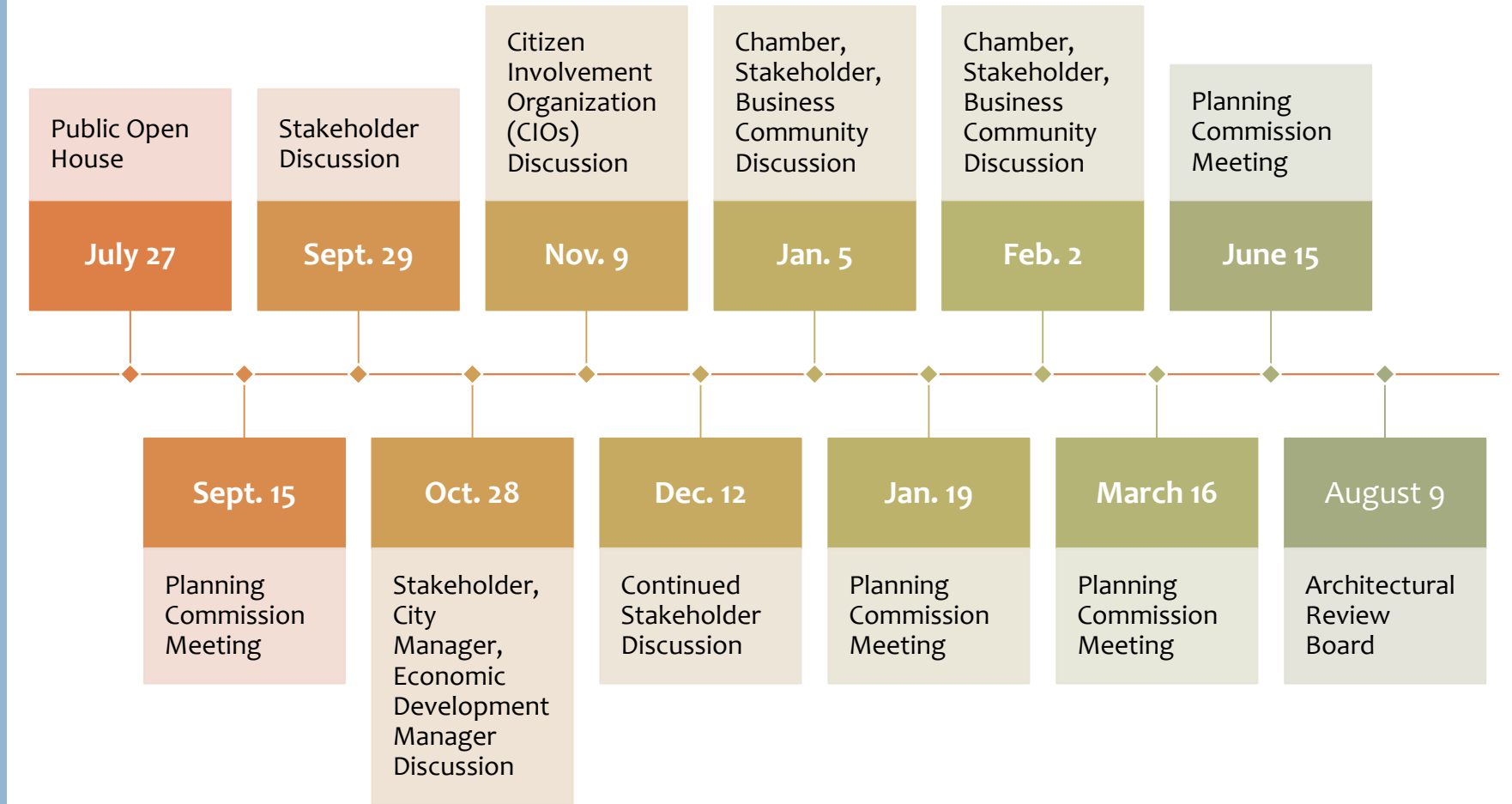
Average industrial vacancy of 3.7%, pricing per square foot has more than doubled over the past decade

Constrained land supply has pushed activity toward more difficult parcels, and secondary markets (Salem, Woodburn, Newberg, etc.)

Demand for industrial-commercial “flex” space that can be used by multiple different tenants



# Public Outreach



# Public Feedback

- Residents expressed the following concerns:
  - Road construction and maintenance should keep pace with increased industrial traffic;
  - Uses should be conducted in a completely enclosed building;
  - Landscape buffers should be used to separate industrial from residential areas;
  - The city should encourage uses that provide high-wage jobs and support commercial uses that can be patronized by nearby residents

## Industrial Developer & Broker Feedback

- Flexible tenant space (“spec” development) has replaced owner-occupied, purpose-build development.
- Development driven by tenant model requires greater flexibility to ensure tenant occupancy *and* to secure capital for construction.
- Many tenants require on-site warehousing/wholesale sales to support operations.

## Proposed BCE Zone: Guiding Principles

- **Council direction:** limit warehousing & distribution uses; support job density
- **Economic analysis:** industrial flex space is needed as opposed to owner/occupant buildings
- **Public feedback:** maintain a buffer between industrial and residential uses
- **Stakeholder and industry feedback:** flexibility is critical to support financial viability; some on-site warehousing & distribution is needed
- **Planning Commission direction:** incorporate design standards to ensure quality development



# Summary of Amendments

## Plan Text Amendment PTA 22-0001 (Exhibit 4):

- **Comprehensive Plan**
  - Ch. 4: Memorialize goals, policies, and strategic actions identified in Economic Opportunities Analysis 2019
  - Ch. 10: Basalt Creek Employment (BCE) district purpose statement
- **Municipal Code**
  - Ch. 9-10: Add Basalt Creek Employment (BCE) to locational standards for mobile food units
- **Development Code**
  - Ch. 31: Added definition for Mobile Food Unit
  - Ch. 38: Industrial sign standards for Basalt Creek Employment zone
  - Ch. 39: Define advanced manufacturing use; add mobile food unit development as a commercial use category
  - Ch. 62: Remove reference to Tonquin Loop Road in MP Chapter
  - Ch. 65: Establish BCE Zoning District uses and development standards
  - Ch. 73A: Establish BCE zone design standards
  - Ch. 73B: Establish BCE zone landscape standards

# Summary of Amendments

## Plan Map Amendment PMA 22-0001 (Exhibit 1):

- **TSP Figure 1 and Map 8-1:** Reclassify 112th Avenue and Tonquin Loop a Minor Collector / Major Collector respectively
- **Map 8-3:** Separate local (residential) road network from industrial road network in Basalt Creek
- **Map 8-4:** Amend consistent with Map 8-1
- **Map 10-1:** Rezone Manufacturing Park (MP) land to Basalt Creek Employment (BCE) in Basalt Creek Planning Area



## BCE Purpose Statement

The purpose of this district is [...]to provide an environment conducive to the development and protection of employment uses that contribute to the local economy and support nearby residential uses. [...] The emphasis of the zone is on providing a variety of manufacturing, office, and incubator space for established and emerging businesses, typically in a flex-space development pattern. Commercial uses are allowed but limited in intensity to maintain adequate employment development opportunities.

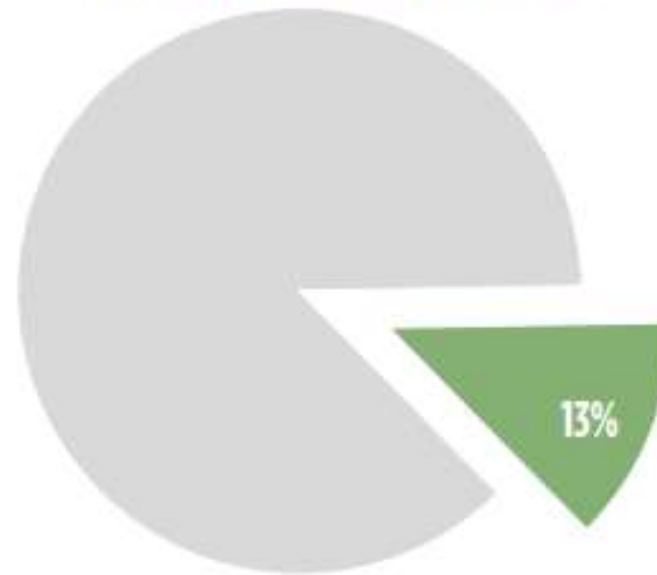


# Tualatin's Advanced Manufacturing Industry Cluster

## ADVANCED MANUFACTURING



### INDUSTRY CLUSTER EMPLOYMENT



### QUICK FACTS

Total Employment:	3,940
Average Salary:	\$60,000
Number of Firms:	93

#### Largest Employers:

Nortek  
Campbell Soup Supply  
Pacific Motion  
Milgard Manufacturing  
KAI USA





# Proposed Industrial Uses

INDUSTRIAL USE CATEGORIES		
Heavy Manufacturing	P (L)	<p>Permitted uses limited to:</p> <ul style="list-style-type: none"><li>• Casting or fabrication of metals, including electroplating;</li><li>• Manufacture, assembly, processing, or packaging of the following types of products: [...]</li></ul> <p>Other similar advanced manufacturing uses as determined by application of TDC 31.070.</p>
Light Manufacturing	P/C (L)	<p>Conditional uses limited to trade and industrial school or training center. Truck driving schools are prohibited.</p> <p>All other uses Permitted outright except: Building, heating, plumbing and electrical contractor's offices, with on-site storage of equipment or materials are prohibited.</p>
Warehouse and Freight Movement	P/C (L)	<p>Permitted and Conditional uses limited subject to TDC 65.210(5).</p>
Wholesale Sales	P (L)	<p>Permitted uses limited to:</p> <ul style="list-style-type: none"><li>• Sales of industrial products primarily sold wholesale to other industrial firms or industrial workers, subject to TDC 65.210(6).</li></ul>



## Proposed Limitations on Certain Uses

### TDC 65.210. Additional Limitations on Uses.

- (5) **Warehouse and Freight Movement.** Warehouse and freight movement is allowed as specified below.
  - (a) *Limited Use as Accessory to a Manufacturing Use.* The use must be conducted wholly in conjunction with a permitted light and/or heavy manufacturing use on the same lot, parcel, or development site, and facilitate the storage and distribution of goods produced on-site.
    - (i) *Maximum Size.* The use must not exceed more than 50% of the gross floor area of the permitted light and/or heavy manufacturing use. A Conditional Use Permit is required for uses greater than 50% and up to 200% of the gross floor area of the permitted light and/or heavy manufacturing use.
  - (b) *Other Limited Uses.* A primary warehouse and freight movement use may be permitted on a site that includes a light and/or heavy manufacturing use comprising a minimum of 30% of the total building square footage on the site. No single building may exceed 150,000 square feet in size.
- (6) **Wholesale Sales.** Wholesale sales is a permitted use as specified below.
  - (a) *Limited Uses.* A primary wholesale sales use is limited to the sales of industrial products primarily sold wholesale to other industrial firms or industrial workers may be permitted on a site that includes a light and/or heavy manufacturing use comprising a minimum of 30% of the total building square footage on the site. No single building may exceed 150,000 square feet in size.



# Proposed Limitations on Certain Uses

August 28, 2023



# Additional Tools to Support Job Density

Recommendations under Economic Development Strategy (2019)	Priority
<b>1.5a:</b> Encourage and assist landowners to get their sites certified through the Business Oregon Certified Shovel Ready program.	Low
<b>1.5b:</b> Continue to work with landowners to ensure that development sites are listed on Business Oregon's prospector site.	Low
<b>1.6b:</b> Develop and implement a system to monitor the supply of industrial land every two years.	High
<b>3.1a:</b> Establish an Economic Development Commission to guide development of the economic development strategy.	Medium
<b>3.3a:</b> Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin.	High
<b>3.4a:</b> Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \$57,300.	Medium
<b>3.5a:</b> Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer.	Medium





# Proposed Commercial Uses

COMMERCIAL USE CATEGORIES		
Commercial Recreation	P (L)	Permitted uses limited to a health or fitness facility subject to TDC 65.210(1).
Eating and Drinking Establishments	P (L)	Permitted uses limited to eating and drinking establishments without drive-up or drive-through facilities subject to TDC 65.210(1).
Mobile Food Unit Development	P (L)	Permitted uses limited subject to TDC 65.120(2).
Medical Office	P (L)	Permitted uses limited subject to TDC 65.120(1).
Office	P (L)	Permitted uses limited subject to TDC 65.210(3).
Other Educational and Vocational Services	P (L)	Permitted uses limited to: <ul style="list-style-type: none"><li>• Correspondence, trade, or vocational schools; and</li><li>• Job training or related services subject to TDC 65.210(1).</li></ul>
Retail Sales and Services	P (L)	Permitted uses limited to: <ul style="list-style-type: none"><li>• Child day care center permitted subject to TDC 34.200.</li><li>• Retail Sales and Services uses without drive-up or drive-through facilities subject to TDC 65.210(1) and (4).</li></ul>



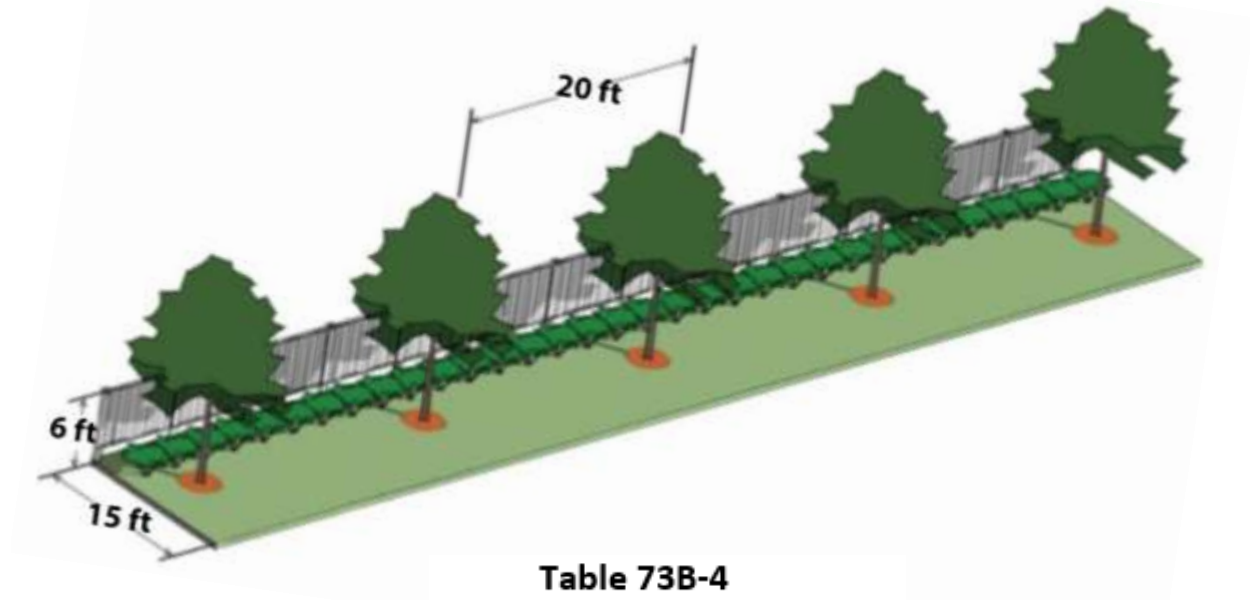
## Psilocybin Uses

- A psilocybin clinic is treated like a medical office and would be allowed in any zone which allows this use, including the BCE zone
- Other psilocybin uses, like production or storage would be treated as manufacturing or warehousing and would be allowed any zone which allows these uses, including the BCE zone
- Off-site impacts are expected to be minimal
- State law:
  - Prohibits retailing
  - Requires a 1,000 ft buffer from schools & residential zones
  - Requires a land use compatibility statement



# Proposed Landscape Buffer

Landscaping buffer standards adjacent to residential uses



**Table 73B-4**  
**Landscaping and Screening**

D	1	30	10 feet min/30 feet max spacing	Shrubs	Berm
	2	20		Shrubs	6 feet hedge
	3	15		Shrubs	6 feet fence
	4	10		Shrubs	6 feet wall



# Proposed Building Design Standards

## TDC 73A.600 – Basalt Creek Employment (BCE) Design Standards.

- (3) *Building Design Standards.* BCE zone development must provide building design as follows:
- (a) *Building Composition.* New buildings shall use massing characteristics and asymmetrical composition to avoid the monolithic expanse of frontages and roof lines and break up building sections using elements including variable planes, projections, bays, setbacks, canopies, awnings, and parapets, changes in the roof line, materials, color, or textures.
  - (b) *Primary Facades.* All facades that abut the public right of way and/ or a residential zone must be architecturally significant and give the appearance of high quality design. Exterior buildings materials must have a durability equivalent to that expected of contemporary office, flex and industrial buildings. Appropriate materials include, but are not limited to: masonry (e.g., brick or architectural block); glass; synthetic plaster; pre-cast concrete; or, stone.
  - (c) *Secondary Facades.* All facades that do not abut the public right of way and/ or a residential zone may include exterior building materials of lesser durability or appearance. Materials considered of lesser durability or appearance include, but are not limited to: metal panels/sheet metal, fiberglass panels, vinyl or aluminum siding, or wood shingles.
  - (d) *Exterior Colors.* The dominant exterior must have earth-tone shades, such as gray, tan, brown, rust, green, red, etc. The contrast between trim or mortar and the dominant exterior finish should be moderate.





# Proposed Building Design Standards

(3) *Building Design Standards.* BCE zone development must provide building design as follows:

(e) *Upper Floor Appearance.* When buildings have two or more stories, the material used at the ground level must differ from that used at upper levels in order to create a clear distinction between the ground and upper levels. For buildings in excess of 12 feet in height, each whole increment of 12 feet shall be considered a story for the purposes of this provision.

(f) *Stepback.* Buildings greater than three (3) stories must be stepped back, resulting in no more than three (3) stories of façade being on the same vertical plan. Generally, the fourth (4th) story must be stepped back; however, the required stepback may occur at the third (3rd) floor if the developer prefers. For buildings in excess of 12 feet in height, each whole increment of 12 feet shall be considered with a single story that is more than 12 feet above grade at any point, every twelve feet shall be considered a story for the purposes of this provision. Required stepbacks must be a minimum of twelve (12) feet.

(g) *Enclosure or Screening of Mechanical Equipment.* Roof mounted mechanical equipment on flat roofed structures must be screened by parapet walls to the maximum degree possible. Site located mechanical equipment must be installed in below grade vaults where possible or screened by a site obscuring fence or landscaping. Other building mounted mechanical equipment must be screened from view to the maximum degree possible.



# Proposed Building Design Standards



# Approval Criteria for Amendments

## **PTA & PMA 22-0001 complies with:**

- Oregon Statewide Planning Goals
- Oregon Administrative Rules
- Metro Code
- Tualatin Comprehensive Plan
- Tualatin Development Code

# Transportation Planning Rule Evaluation

## Oregon Administrative Rule (OAR) 660-012-0060: Transportation Planning Rule (TPR)

- Ensures that future land use and traffic is consistent with transportation system planning and does not create a significant effect on the surrounding transportation system beyond what is currently allowed.
- The proposed zone change would result in an estimated reasonable worst-case trip decrease of 50 daily trips and 64 PM peak hour trips.

## Planning Commission Recommendation

- The Planning Commission unanimously recommended approval of proposed amendments, which would be implemented by Council adoption of Ordinance No. 1480-23.



Questions?

