



MEMORANDUM

To: Shane Potter, City of Molalla
From: Jesse Winterowd
Date: November 13, 2007
Re: **Employment Site Needs Analysis, 2027 & 2050**

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INTRODUCTION

Molalla is in the process of reviewing the need for – and supply of – suitable industrial land within its 20-year urban growth boundary (UGB). The City is also considering how much and what type of land should be included with its year 2050 urban reserve area (URA). This memorandum is intended to provide the factual and analytical basis for allocating future employment land within the 2050 URA and the 2027 UGB.

In 2004, the City of Molalla contracted H.D. Hovee and Company (Hovee) to prepare an economic analysis and strategic plan in order to meet Statewide Planning Goal 9 (Employment) requirements, and for use in determining 20-year employment (industrial and commercial) land needs. The *Molalla Economic Profile* (Hovee, 2004) provides 20-year population and employment projections, an assessment of employment trends, and a commercial and industrial land demand analysis.

The Goal 9 (Economy) administrative rule provides guidance to local governments regarding the preparation of economic plans (OAR Chapter 660, Division 009). OAR 660-009-0025(1) states that:

“...the plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies.”

This memorandum, the *Employment Site Needs Analysis*:

- builds on the analysis provided in the Economic Profile;
- extends the 20-year planning period from 2025 to 2027;
- identifies and projects site requirements of firms that are likely to locate in Molalla; and
- provides a land need and supply comparison based on projected 2027 and 2050 site needs.

The conclusion of the *Employment Site Needs Analysis* is summarized in Table 1 below. The City of Molalla will need to add about 18 acres of employment land to meet 2027 employment site needs and about 337 acres to meet 2050 employment site needs. The 337 acres needed for 2050 employment should include at least two sites in the 20 – 50 acre range. To help meet and preserve lands for regional employment needs, if a large (60-100 acre) flat, buildable site with direct highway access is located within the study area, such a site should be included within a 2050 urban reserve.

Table 1: 2027 and 2050 Land Need and Supply

Year	Employment Land Need	Employment Land Supply	Acres Surplus (Deficit)
2027 Local	230	212	(18)
2027 Regional	60-100	0	(80)
2050 Local	549	212	(337)

Source: Winterbrook Planning

EMPLOYMENT SECTOR GROWTH

Employment growth in Molalla was projected through 2025 by the *Economic Profile*, and extended through 2027 and 2050 by Winterbrook. Table 2 summarizes the 2025 employment sector projection provided by the *Economic Profile*. In 2025, Molalla is projected to have about 4300 employees, concentrated primarily in the Retail, Services, and Manufacturing sectors.

Table 2: Hovee 2025 Employment Sector Projection

Sector	2025 Projection	Percent
Retail	988	23%
Services	988	23%
Manufacturing	730	17%
School	409	10%
FIRE	304	7%
Construction	220	5%
TCPU	218	5%
Government	157	4%
Agriculture / Forestry	155	4%
Wholesale	99	2%
Mining	NA	NA
Total	4268	100%

Source: H.D. Hovee

Since two years have passed from the time the Economic Profile was completed, Table 3 extends the sector projections to 2027, to be consistent with the statutory 20-year planning period. The two-year extension maintained the same employment growth rate as the Economic Profile, approximately 2.7%. This resulted in a total employment of 4,500 for Molalla in the year 2027, with sector employment as shown in Table 3 below.

Table 3: Employment Sector Projection, 2027

Sector	2027 Projection	Percent
Retail	1042	23%
Services	1042	23%
Manufacturing	770	17%
School	431	10%
FIRE	321	7%
Construction	232	5%
TCPU	230	5%
Government	166	4%
Agriculture / Forestry	163	4%
Wholesale	104	2%
Mining	NA	NA
Total	4500	100%

Source: Winterbrook Planning

After 2027, through 2050, Molalla’s population growth *rate* is projected to decline – from 2.9% to 1.5%. The 2050 employment projection reflects population growth trends, and also decreases in growth rate – from 3.8% to 2.5%. This leads to a year 2050 total employment of 7,940, with sector employment broken down as shown in Table 4 below.

Table 4: Employment Sector Projection, 2050

Sector	2050 Projection	Percent
Retail	1838	23%
Services	1838	23%
Manufacturing	1358	17%
School	761	10%
FIRE	566	7%
Construction	409	5%
TCPU	406	5%
Government	292	4%
Agriculture / Forestry	288	4%
Wholesale	184	2%
Mining	NA	NA
Total	7940	100%

Source: Winterbrook Planning

EMPLOYMENT SITE NEEDS

Firms wanting to expand or locate in Molalla will be looking for a variety of site and building characteristics, depending on the industry and specific circumstances. The *Economic Profile* identified the following target industries for Molalla:

- Agriculture and forestry related wholesaling;
- Smaller industrial users (10,000 – 25,000 square feet) with freestanding facilities, primarily manufacturing and distribution;
- Smaller scale retail and services;
- Office employment serving area residents.

In general, employment firms need sites that are relatively flat, free of natural or regulatory constraints on development, with good transportation access and adequate public services. For Molalla, this leads to the following siting criteria:

- Flat land: Under 10% slope;
- Access to transportation: Within ¼ mile of, and with direct access to, one of Molalla's two state highways;
- Buildable: Site acreage outside of mapped natural features (riparian areas, wetlands, etc.); and
- Public Facilities: Efficient provision of public facilities within the planning horizon (2027 or 2050).

Molalla's location at the intersection of two highways makes it a viable economic center for its market area; however, the City's distance away from Interstate 5 makes it unlikely to attract employers with large-scale manufacturing or distribution needs. Molalla's target industries reflect this dynamic, primarily focusing on industries that require small to medium lot sizes.

Tables 5 and 6 below project employment site needs for 2027 and 2050, based on employment growth, sector growth, and target industries. Since different firms often share a site or building, this projection assumes that one “site” will be needed for every 1.5 new firms. Approximately 90% (279 of 298) of new firms in Molalla through 2027 are expected to be relatively small businesses with less than 25 employees – needing employment sites of two acres or less. Molalla is projected to require a total of 230 acres of employment land, including three sites in the 5 – 20 range and one site in the 20 – 50 acre range, to meet 2027 employment needs.

Table 5: 2027 Employment Site Needs

Employees	Distribution	Employees	Firms	Sites Needed	Average Site Size	Size Range	Needed Acres
0 to 9	25%	654	218	145	0.5	< 1	73
10 to 24	35%	915	61	41	1.5	1 to 2	62
25 to 49	20%	523	15	10	3.5	2 to 5	35
50 to 99	10%	261	4	3	12	5 to 20	36
100+	10%	261	2	1	25	20 to 50	25
Total	100%	2615	298	199			230

Source: Winterbrook Planning

Table 6 projects site needs through 2050. For this extended timeframe, Molalla would need to provide a total of 549 acres of employment land, including seven sites in the 5 – 20 acre range, and three sites of 20 – 50 acre range.

Table 6: 2050 Employment Site Needs

Employees	Distribution	Employees	Firms	Sites Needed	Average Site Size	Size Range	Needed Acres
0 to 9	25%	1514	505	336	0.5	< 1	168
10 to 24	35%	2119	141	94	1.5	1 to 2	141
25 to 49	20%	1211	35	23	3.5	2 to 5	81
50 to 99	10%	606	10	7	12	5 to 20	84
100+	10%	606	5	3	25	20 to 50	75
Total	100%	6055	691	460			549

Source: Winterbrook Planning

EMPLOYMENT LAND SUPPLY

As shown on Table 7 below, Molalla has an aggregate of 212 acres of suitable employment land, including 52 acres of commercial land and 160 acres of industrial land. This is shown on the Molalla Buildable Lands Map (Winterbrook, 2007).

Table 7: Employment Land Supply

Plan Designation	Buildable Acreage
Commercial	52
Industrial	160
Total	212

Source: City of Molalla, Winterbrook Planning

An aggregate land need and supply comparison is shown on Table 8. Given a total employment need of 230 acres for 2027, and a supply of 212 acres, Molalla has a 2027 employment land deficit of 18 acres. Molalla has a deficit of 337 employment acres through the Year 2050.

Table 8: 2027 and 2050 Land Need and Supply

Year	Employment Land Need	Employment Land Supply	Acres Surplus
2027	230	212	(18)
2050	549	212	(337)

Source: Winterbrook Planning

Medium and Large Site Supply

This memorandum assumes that smaller site (under five acres) needs can be accommodated by providing enough suitable industrial acreage. For example, Molalla requires 169 acres of sites under five acres to meet 2027 employment needs. If Molalla provide 169 suitable acres of employment land in the aggregate, this need is met. There is no need to “protect” sites of five acres or less to meet the needs of specific users.

However, larger sites are typically more difficult to find and retain. While a large site can be divided to serve multiple smaller firms, it’s much more difficult to consolidate a large site from smaller lots.

Much of Molalla’s industrial land is outside of its City Limits, in the southern portion of the UGB, which has served to maintain some sites over five acres in size.

Table 9 shows Molalla’s inventory of employment sites over five acres. These sites are shown in a map titled “Molalla Large Employment Sites”, attached to this memorandum. As shown in Table 9, Molalla has a total of nine sites over five acres in size, ranging from 6.6 to 14.2 acres. All of these sites meet the target industries siting criteria described earlier in this memorandum.

Table 9: Buildable 5-acre+ Sites

Plan Designation	Acres
Commercial	14.2
	8.7
	6.7
Industrial	10.9
	9.5
	8.5
	6.7
	6.6
	6.6
Total Large Sites	9

Source: Winterbrook Planning

Table 10 shows a comparison of large site needs with large site supply. Molalla currently has a surplus of sites in the 5 – 20 acre range, and a deficit of one site over 20 acres. However, the two largest commercial sites – 14.2 and 8.7 acres, at the southwest corner of the intersection of Cascade and Woodburn-Estacada Highways – can be consolidated to form a single 23-acre site, meeting the largest site need. Therefore, Molalla has an adequate supply of large sites for the 2027 timeframe within the existing UGB – but still has an aggregate deficit of 18 acres.

Table 10: Large Site Need and Supply, 2027

Site Size	Sites Needed	Site Supply	Surplus (Deficit)
5 to 20	3	7	4
20 to 50	1	1	0

For 2050, Molalla has an adequate supply of sites in the 5 – 20 acre range, but has a deficit of two sites in the 20 – 50 acre range. As shown earlier in this memorandum, the aggregate employment lands deficit for 2050 is 337 suitable acres. However, to meet large-site employment needs through the year 2050, this 337 acres should include at least two sites of 20 to 50 acres.

Table 11: Large Site Need and Supply, 2050

Site Size	Sites Needed	Site Supply	Surplus (Deficit)
5 to 20	7	7	0
20 to 50	3	1	(2)

Large Site Need

In addition to employment site needs defined by an employment projection, the City of Molalla is pursuing a large site industry – the City sees potential for development of emerging industries such as bamboo manufacturing and processing, but does not have a large site over 30 acres inside its UGB. Clackamas County Rural Economic Development Coordinator Jamie Johnk has also indicated a regional (Metropolitan Area) need for large scale industrial sites. We anticipate

further support for this regional large scale employment site need from Clackamas County. These would be considered aspirational needs – and they can only possibly be realized if the City provides the opportunity. A flat, buildable, serviceable site of 60-100 acres in size, with direct highway access, would provide that opportunity. Should Molalla have such a site in its immediate vicinity, it should also be included within the UGB, and preserved for a large scale industrial use.

CONCLUSION

In the aggregate, Molalla has a year 2027 employment land deficit of 18 acres, and a year 2050 deficit of 337 acres. This means that the 2027 Urban Growth Boundary should include at least 18 additional acres of employment land, and that the combined UGB and Urban Reserve Area should include at least 337 acres to meet year 2050 employment needs. In addition, Molalla should seek to include a large (60-100 acre) employment site within its UGB to meet regional employment needs.

Molalla has an adequate supply of medium and large sites in the 5-20 and 20-50 acre range for the 20-year timeframe within the existing UGB, but lacks a large 60-100 acre site to meet aspirational needs. The Urban Reserve Area should also include at least two additional sites in the 20-50 acre range to meet year 2050 large-site employment needs.