

# MEMORANDUM

To: Shane Potter, City of Molalla  
From: Jesse Winterowd  
Date: August 3, 2009  
Re: **Employment Land Needs Analysis, 2030 & 2030-2060**

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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 2060 urban reserve area (URA). This memorandum is intended to provide the factual and analytical basis for allocating future employment land within the 2060 URA and the 2030 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 Land Needs Analysis*:

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Winterbrook Planning  
310 SW Fourth Avenue, Suite 1100  
Portland, OR 97204  
503.827.4422 ■ 503.827.4350 (fax)  
jesse@winterbrookplanning.com

- builds on the analysis provided in the Economic Profile;
- extends the 20-year planning period from 2025 to 2030;
- 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 2030 site needs and 2030-2060 employment land needs.

The conclusion of the *Employment Land Needs Analysis* is summarized in Table 1 below. The City of Molalla will need to add about 45 gross buildable acres of employment land to meet 2030 employment site needs and about 566 gross buildable acres to meet 2030-2060 employment land needs. Molalla will need a total of 611 gross buildable acres to meet 2008-2060 employment land needs.

**Table 1: 2030 and 2030-2060 Land Need and Supply\***

<b>Year</b>	<b>Employment Land Need</b>	<b>Employment Land Supply</b>	<b>Acres Surplus (Deficit)</b>
2030	257	212	(45)
2030-2060	566		(566)
<b>Total</b>	<b>823</b>	<b>212</b>	<b>(611)</b>

Source: Winterbrook Planning

\*Gross buildable acres

## **EMPLOYMENT SECTOR GROWTH**

Employment growth in Molalla was projected through 2025 by the *Economic Profile*, and extended through 2030 and 2060 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**

<b>Sector</b>	<b>2025 Projection</b>	<b>Percent</b>
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
<b>Total</b>	<b>4268</b>	<b>100%</b>

Source: H.D. Hovee

Since five years have passed from the time the Economic Profile was completed, Table 3 extends the sector projections to 2030, aiming at providing analysis for a 20-year planning period. The five-year extension maintains the same employment growth rate as the Economic Profile, approximately 2.7%. This resulted in a total employment of 4,871 for Molalla in the year 2030, with sector employment as shown in Table 3 below.

**Table 3: Employment Sector Projection, 2030**

<b>Sector</b>	<b>2030 Projection</b>	<b>Percent</b>
Retail	1128	23%
Services	1128	23%
Manufacturing	833	17%
School	467	10%
FIRE	347	7%
Construction	251	5%
TCPU	249	5%
Government	179	4%
Agriculture / Fores	177	4%
Wholesale	113	2%
Mining	NA	NA
<b>Total</b>	<b>4871</b>	<b>100%</b>

Source: Winterbrook Planning

To simply and conservatively project employment needs for the URA 2030 to 2060 timeframe, this analysis assumes Molalla will maintain the same population/employment ratio, and the same commercial/manufacturing ratio as projected for 2030.

## 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 (2030).

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.

Table 4 projects employment site needs for 2030, 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% (319 of 341) of new firms in Molalla through 2030 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 257 acres of employment land, including three sites in the 5 – 20 range and one site in the 20 – 50 acre range, to meet 2030 employment needs.

**Table 4: 2030 Employment Site Needs**

Employees	Distribution	Employees	Firms	Sites Needed	Average Site Size	Size Range	Needed Acres
0 to 9	25%	747	249	166	0.5	< 1	83
10 to 24	35%	1045	70	46	1.5	1 to 2	70
25 to 49	20%	597	17	11	3.5	2 to 5	40
50 to 99	10%	299	5	3	12	5 to 20	40
100+	10%	299	2	1	25	20 to 50	25
<b>Total</b>	<b>100%</b>	<b>2986</b>	<b>341</b>	<b>227</b>			<b>257</b>

Source: Winterbrook Planning

Table 5 projects employment land needs in the 2030-2060 timeframe. As noted earlier, this analysis simply maintains the 2030 population/employment ratio of 2.2 population per employee, and the 2030 commercial/industrial ratio (68%/32%) for the URA timeframe. This is a conservative land need, as Molalla's long-term objectives as expressed in its Comprehensive Plan are to increase its employment/population ratio, and foster a more industrial job base – both of which would increase employment land need over these assumptions.

**As shown in Table 5, this analysis projects a gross buildable land need of 566 acres for employment in the 2030-2060 timeframe.**

**Table 5: 2030-2060 Employment Land Needs**

Factors	Totals
2030 Employment	4,871
2030 Population	10,532
Population / Employee Ratio, 2030	2.2
2030 Commercial %	68%
2030 Industrial %	32%
2030 Commercial Employees / Acre	15
2030 Industrial Employees / Acre	8
2060 Population	24,829
2060 Employment @ 2030 Ratio	11,483
2030-2060 Additional Employees	6,612
2030-2060 Commercial Employees	4,470
2030-2060 Industrial Employees	2,142
2030-2060 Commercial Land Need	298
2030-2060 Industrial Land Need	268
<b>2030-2060 Total Employment Land Need</b>	<b>566</b>

Source: Winterbrook Planning

## EMPLOYMENT LAND SUPPLY

As shown on Table 6 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 (City of Molalla, 2009).

**Table 6: Employment Land Supply**

<b>Plan Designation</b>	<b>Buildable Acreage</b>
Commercial	52
Industrial	160
<b>Total</b>	<b>212</b>

Source: City of Molalla, Winterbrook Planning

An aggregate land need and supply comparison is shown on Table 7. Given a total employment need of 257 acres for 2030, and a supply of 212 acres, Molalla has a 2030 employment land deficit of 45 acres. Molalla has a deficit of 566 employment acres in the 2030-2060 timeframe, and a total deficit of 611 acres for the 2008-2060 timeframe.

**Table 7: 2030 and 2060 Land Need and Supply**

<b>Year</b>	<b>Employment Land Need</b>	<b>Employment Land Supply</b>	<b>Acres Surplus (Deficit)</b>
2030	257	212	(45)
2030-2060	566		(566)
<b>Total</b>	<b>823</b>	<b>212</b>	<b>(611)</b>

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 193 acres of sites under five acres to meet 2030 employment needs. If Molalla provide 193 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 8 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 8, 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 8: Buildable 5-acre+ Sites**

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

Source: Winterbrook Planning

Table 9 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 2030 timeframe within the existing UGB – but still has an aggregate deficit of 45 acres.

**Table 9: Large Site Need and Supply, 2030**

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

## CONCLUSION

**In the aggregate, Molalla has a year 2030 employment land deficit of 45 acres, and a 2030-2060 deficit of 566 acres, leading to a total 2008-2060 deficit of 611 gross buildable acres of employment land. This means that the 2030 Urban Growth Boundary should include at least 45 additional acres of employment land, and that the combined UGB and Urban Reserve Area should include at least 611 acres to meet year 2060 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.**