

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: December 16, 2014 **Approx Time:** 10:00 am **Approx Length:** 30 min.

Presentation Title: Clackamas Industrial Area Opportunity (CIAO) Site: Development Targets

Department: Transportation and Development

Presenters: Dan Johnson, Development Agency

Other Invitees: Barbara Cartmill, Director
Gary Barth, BCS Director
Catherine Comer, BED
Cindy Hagen, BED
Nathan Boderman, Assistant County Counsel

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Is there direction the Board would like to provide staff regarding the establishment of specific development targets for the Clackamas Industrial Area Opportunity Site?

SUMMARY:

Clackamas County and the Department of Transportation and Development are joint owners of the Clackamas Industrial Area Opportunity (CIAO) site located on the bank of the Clackamas River, directly south of Capps Road in the industrial corridor of Clackamas County. The site consists of approximately 68 total acres with 61.8 acres recently certified through the Business Oregon Industrial Lands certification process. Approximately 38.7 acres of certified area are currently developable.

Attachment A provides a conceptual optimization plan which clearly identifies the developable portions of the site and the net benefits (job creation/assessed value) afforded such a plan.

Development Targets

On September 10, 2014, the Board heard a presentation from Business and Economic Development regarding the Clackamas County Employment Lands Study and Marketing Strategy Report. Included in this discussion was information on Clackamas County's limited industrial land supply, the Board's strategic objectives for job growth and wage rates, and the role of the County in addressing these supply and demand issues.

A portion of this discussion focused on whether the Board has interest in adopting specific development targets or performance objectives on employment lands currently owned by the County, such as the CIAO site.

Development-related performance objectives generally fall into one of three categories: development density, job creation (density and wage), and/or industry type. Following is a summary of viable performance targets for consideration by the Board.

Development Density

One of the most commonly used measures of development is Floor Area Ratio (FAR). FAR is defined in the Zoning and Development Ordinance (ZDO) as “(A) measurement of density expressed as the ratio of square footage of building floor area to the square footage of the net site area. The greater the ratio, the greater the density. For example, a building occupying one-fourth of the net site area has a FAR of .25:1, or .25; adding a second floor to the same building increases the FAR to .50:1, or .5.”

While the ZDO does not establish a minimum FAR for employment lands, there are regional objectives, such as those identified in the Portland Economic Opportunities Analysis (EOA), that range from .30 to .35. While there is no desire to create a FAR measure that is restrictive or unreasonable for this type of development, there is a desire to ensure the available land at the CIAO site is maximized.

Assuming a five acre developable pad, a reasonable assumption based on the dimensions of the CIAO site, and a .35 FAR, the minimum structure size would equate to roughly 76,230 sq. ft. A building of this size on that amount of available land is approximately 75% of the project density illustrated in the aforementioned optimization plan (Attachment A).

Potential Development Density Target: Resolve to give preference to developments providing a minimum Floor Area Ratio (FAR) of .35.

Job Creation

The recently developed Clackamas County Strategic Plan (2014-2019) has a number of specific objectives (Attachment B) related to a desire to increase the density and quality of jobs.

Density: In June of 2012, the Business and Economic Development Division completed a comparative analysis (Clackamas County Economic Landscape: Emerging Trends and Strategies) of various employment areas throughout the County. According to this analysis, jobs per developed acre in the Clackamas Industrial Area are estimated at 9.6. The ability to set any job density target greater than the current density of the area will assist in moving the needle on achieving the Board's strategic objectives on currently available lands.

While there is no exact science to determining the “correct” measure for density of jobs, staff would propose the use of a measure related to the *Square Foot of Building Area*. There are a number of different factors that vary greatly based on general use of building and percentages of structures used for these uses. The following is an example to help illustrate the complexity and variables impacting this measure. Assumptions include a .35 FAR, general manufacturing nature to use and industry standards based on the square footage per use and distribution of uses within the building:

Building Square Footage:	76,230
Mix of Uses:	Manufacturing (40% - 30,492 sq. ft.) Warehouse (50% - 38,115 sq. ft.) Office (10% - 7,623 sq. ft.)
Job Distribution per Use:	Manufacturing – 700 sq. ft. (ranges from 500 – 1,000 sq. ft.) Warehouse – 2,000 sq. ft. (ranges from 1,200 – 2,000 sq. ft.) Office – 500 sq. ft. (ranges from 350 – 500 sq. ft.)

Jobs Estimates Per Use:	Manufacturing (30,492/700) = 43.56 Warehousing (38,115/2000) = 19.05 Office (7,623/500) = 15.25
Total Jobs:	77 (77.86)
Sq. Ft. Bld Area per Job:	990
Jobs per Acre:	15.4

The aforementioned exercise makes a number of assumptions that may vary based on the type of use. If a measure of this nature is of importance to the Board, staff would recommend some adjustment to allow flexibility in the varying business plans. Adoption of a standard closer to 1,100 sq. ft. per job would allow such flexibility and would result in a job per acre ratio close to 14.1, a number significantly greater than the current estimate of 9.6:1 for the Clackamas Industrial Area.

While this target is attractive, it can be limiting in some cases where manufacturers rely more on automated production equipment. Businesses of this nature tend to place more investment on personal property to provide such automation resulting in an increased assessed value, an equally beneficial objective.

Potential Job Density Target: Resolve to give preference to developments creating jobs at a ratio of at least one job per 1100 square feet of building area. This measure may be proportionally adjusted for project developments resulting in "significant" investment in Personal Property.

Job Quality: While there are a number of ways to measure the "quality" of a job, one of the most obvious is wage rate. The Development Agency has used a number of different measures of wages (x% of minimum wage, x% of median, etc...) as a measure of quality job creation in the past. To ensure consistency with the Board's Strategic Objectives that emphasize increasing wages earned at or above the national average, staff would propose a measure that stipulates wages of any development opportunity considered shall be at or greater than the Annual Mean Wage as identified by the United States Department of Labor.

Potential Wage Target: Resolve to give preference to developments with wages greater than the Annual Mean Wage as identified by the United States Department of Labor.

Industry Type

In addition to the specific measures identified above, there are a number of general terms or requirements that could also be considered to dictate the type of user. These include, but are not limited to, the following:

- Local vs. Traded Sector
- Current Clackamas County Clusters
- Emphasis on quality/type of construction to ensure future flexibility and longevity

Application of Targets

Where any of the aforementioned development targets are applied to the site is of equal importance to the targets themselves. While the property in its totality is approximately 68 acres in size, only 61.8 acres is certified through the Business Oregon Industrial Lands certification process. Of those certified lands, approximately 38.7 acres are developable. As such, staff would recommend limiting the application of any desired development targets to those certified and developable areas of the site.

Another factor the Board may wish to consider when determining the area these targets may be applied is the location of those areas of the site currently in pending property negotiations, essentially those areas east of the 120th Avenue extension. Application of these standards in those areas may require further negotiations and may not be feasible under the current proposals.

QUESTION(S) PRESENTED FOR CONSIDERATION:

QUESTION 1: Does the Board wish to adopt targeted development objectives for the CIAO site?

OPTIONS AVAILABLE:

- **Option 1:** Reject adoption of development targets and continue marketing consistent with Board direction to date.
- **Option 2:** Adopt development targets consistent with Board's preference.

Recommendation: Staff respectfully recommends the Board adopt development targets consistent with Board's preference.

QUESTION 2: If the Board does want to adopt targeted development objectives, do they wish to adopt them for the entire certified portion of the site or to specific portions of the site?

OPTIONS AVAILABLE:

- **Option 1:** Apply development targets to the entire certified portion of the site and renegotiate current terms under consideration to ensure consistent with development objectives.
- **Option 2:** Apply development targets to areas other than those currently under negotiation, and advance current terms under negotiation for future consideration by the Board.
- **Option 3:** Apply development targets to areas west of 120th and advance current terms under negotiation for the areas east of 120th for future consideration by the Board.

Recommendation: Staff respectfully recommends the Board apply development targets to areas west of 120th and advance current terms under negotiation for the areas east of 120th for future consideration by the Board.

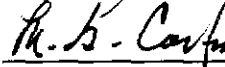
ATTACHMENTS:

Attachment A: CIAO Optimization Plan

Attachment B: Clackamas County Strategic Plan: Grow a Vibrant Economy

SUBMITTED BY:

Division Director/Head Approval 

Department Director/Head Approval  12-10-14

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Dan Johnson at
503-742-4325 or DanJoh@co.clackamas.or.us

CIAO Development Site

Clackamas County Employment Lands Project



SITE AREA:	59.75 ACRES
BUILDING AREA:	563,250 SF
PARKING:	832 STALLS
SITE BOUNDARY:	
STORM POND:	
LANDSCAPING:	
PAVED SURFACE:	




CLACKAMAS COUNTY
 Business and Economic Development


Metro MACKENZIE

Economic and Fiscal Impact Analysis

Site Uses:

Regional concentrations of users specializing in advanced metals manufacturing is high, and the site has been marketed to such users in the past. Our model assumes a single user advanced metals manufacturer on this site.

Total Construction Costs for Building Development*: **\$44,850,600**

* In 2014 Dollars, rounded to 1,000th

Building Use Matrix

Building A	General Manufacturing/Flex
Building B	Warehouse
Building C	General Manufacturing/Flex
Building D	General Manufacturing/Flex
Building E	General Manufacturing/Flex
Building F	General Manufacturing/Flex

Phasing Schedule for Site Build-Out



Economic Impacts

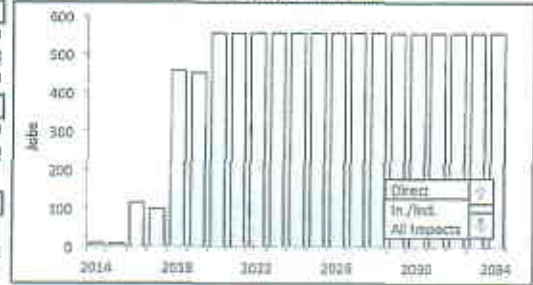
- SITE** - Figures represent direct, indirect, and induced economic impacts from site development activities over the 18-month site development period.
- FACILITIES** - Figures represent direct, indirect, and induced economic impacts from construction of our facilities over 18 development phases.
- OPERATIONS** - Figures represent direct, indirect, and induced economic impacts from on-going operations at businesses on site at full-build-out capacity.

	Jobs	Payroll	Output
Direct	9	\$660,000	\$720,000
In./Ind.	9	\$490,000	\$760,000
TOTAL:	18	\$1,150,000	\$1,480,000

	Jobs	Payroll	Output
Direct	72	\$5,640,000	\$6,240,000
In./Ind.	64	\$3,650,000	\$5,630,000
TOTAL:	136	\$9,290,000	\$11,870,000

	Jobs	Payroll	Output
Direct	557	\$56,320,000	\$52,380,000
In./Ind.	1,006	\$70,270,000	\$92,500,000
TOTAL:	1,563	\$126,590,000	\$144,880,000

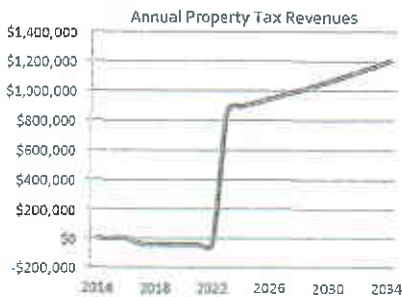
Annual Employment Impact



Fiscal Impacts:

LOCAL PROPERTY TAXES

20-Year Revenue Impact: \$10,861,000



Property Tax Revenues @ First Year Build-out*

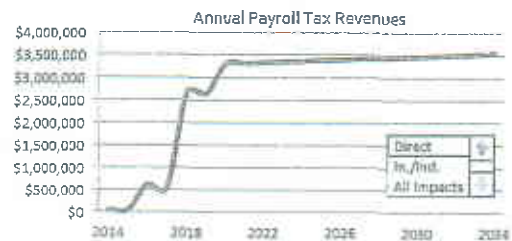
Education:	\$310,000
Local Gov't:	\$460,000
Bonds:	\$140,000
TOTAL:	\$870,000

(in 2023)*

*Or 1st year following E-zone expiration

STATE PAYROLL TAXES

	Avg. Wage	Annual Impact	20-year Impact
Direct	\$101,000	\$3,300,000	\$54,386,000
In./Ind.	\$70,000	\$4,730,000	\$58,820,000
TOTAL:	\$81,000	\$8,030,000	\$120,850,000



GROW A VIBRANT ECONOMY

The future prosperity of Clackamas County's residents will be built on good paying jobs that support families, affordable housing, capital investments that grow current businesses, and on the availability of employment lands where new businesses can easily locate and expand within the county.

- By 2019, 10,000 family wage jobs will be created in Clackamas County.*
- By 2019, wages earned in Clackamas County will be at or above the national average.**
- By 2019, the home ownership rate in Clackamas County will be 72 percent or greater.
- By 2019, \$500 million in new capital asset investment will be realized within Clackamas County.
- By 2020, Clackamas County will have and maintain a 20-year supply of serviceable non-retail employment land in the urban growth boundary.
- By 2019, Clackamas County will have and maintain a supply of employment land, including large lot industrial, sufficient to provide 500 jobs within a nine-month window.

*Compared to 2012.

**All industries, as measured by the Bureau of Labor and Statistics.

