

ORDINANCE NO. 2178

AN ORDINANCE AMENDING THE HERMISTON COMPREHENSIVE PLAN FOR POLICIES AND IMPLEMENTING ACTIONS RELATING TO STATEWIDE PLANNING GOAL 9 REGARDING ECONOMIC DEVELOPMENT.

THE CITY OF HERMISTON DOES ORDAIN AS FOLLOWS:

SECTION 1. Policy 17 (Agriculture and Agricultural Related Economy) is hereby repealed and replaced with the following revised Policy 17:

POLICY 17: AGRICULTURE AND AGRICULTURE-RELATED ECONOMY

The Columbia Basin, including Umatilla County, is one of the most productive agricultural areas in the State of Oregon. Umatilla is the top wheat producing county in the state, in addition to producing significant crops of potatoes, alfalfa, hay, corn, melons, mint, beets, asparagus and onions. Because of its size and location, Hermiston serves as one of the main hubs in Northeast Oregon for agriculture-related businesses, such as businesses providing goods and services to surrounding agricultural producers, as well as related industries such as food processing and packaging, and farm equipment manufacturing.

Agriculture will continue to play a vital role in the local economy. Hermiston is in a strong position to grow its agriculture-related economy, through growing businesses in agricultural support activities, food processing and shipping, and agri-tourism.

THE CITY OF HERMISTON WILL UNDERTAKE ACTIVITIES WHICH REINFORCE ITS POSITION AS THE RURAL SERVICE CENTER FOR THE REGION.

- A) The City will maintain an adequate supply of designated commercial land within the City to provide a full range of goods and services needed by area farmers, and support agriculture-related industries;
- B) The City will encourage agriculture-related businesses which add value to agricultural production in the area, including food processing, storing and shipping, and agri-tourism.

IMPLEMENTING ACTIONS

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- Has designated sufficient vacant buildable commercial and industrial land within the City to provide the full range of goods and services needed by area farmers, and agriculture-related industries.
- The county has adopted a future urban zone (FU-10), with a minimum lot size of ten acres, to apply to all property within the urbanizable portion of the UGB not already zoned exclusive farm use; such zoning will encourage continued interim use of these areas for small-scale farming activities. For more information, see Policy 4: ORDERLY URBAN GROWTH.
- Has coordinated with surrounding jurisdictions and stakeholders on the provision of water and sewer service to agribusinesses outside of the UGB.

SECTION 2. Policy 18 (General Industrial Development) is hereby repealed and replaced with the following Policy 18:

POLICY 18: GENERAL INDUSTRIAL DEVELOPMENT

In addition to the traditional importance of agriculture, Hermiston has grown in importance as a regional center for other industries and commercial services. Currently, Transportation and Warehousing is the second largest sector of employment in the Hermiston, trailing the population-driven Education & Health sector services by only a slight margin.

Hermiston is ideally located at the confluence of two major interstates, and within a reasonable (distribution) drive-time from major population centers in the Northwest, Northern California, British Columbia, and the Western Mountain States. The City is also home to the Union Pacific Railroad switching station and features Columbia River access. The warehousing and distribution sectors are likely to grow in prominence as Hermiston grows.

Manufacturing, both food related and other, remain important components of the local economy, as does energy-related employment in the surrounding area. Hermiston's prospects for continued economic development are strong.

THE CITY OF HERMISTON WILL FACILITATE INDUSTRIAL DEVELOPMENT AS A MEANS OF CREATING NEW JOBS AND FOSTERING THE ECONOMIC WELL BEING

OF THE COMMUNITY. IN SUPPORT OF THIS GOAL, THE CITY OF HERMISTON ADOPTS THE FOLLOWING POLICIES:

- A) The City will maintain an adequate supply of designated industrial land to meet anticipated demand, including large developable parcels;
- B) Provide an appropriate level of urban services, including water, sewer, roads, and police and fire protection in a timely and efficient manner;
- C) Identify and recruit new types of industry as a means of diversifying the economic base, and building existing industry clusters.

IMPLEMENTING ACTIONS

- Has designated and zoned sufficient vacant buildable land for industrial activity to meet projected 20-year demand. In determining the location of future industrial development, the following has been considered: availability of large acreages, sufficient transportation access, adequate level of urban services and facilities, and segregation from residential and other sensitive uses.
- Will undertake capital improvements planning in areas designated for industrial development to insure the availability of a full complement of urban services, including water, sewer, roads, and fire and police protection.
- May undertake a formal economic development program including:
 - Identification and targeting of specific new industries which are likely to locate in the rural areas of the state;
 - Preparation of promotional materials including brochures and advertisements for insertion in business magazines with statewide and national distribution;
 - Exploration of innovative financial mechanisms including the establishment of a public economic development commission or private development corporation, utilization of economic development revenue bonds, etc.

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SECTION 3. Policy 19 (Commercial Development) is hereby repealed and replaced with the following Policy 19:

POLICY 19: COMMERCIAL DEVELOPMENT

Hermiston serves as a commercial center for the broader region, providing many retail and commercial service options not available in surrounding communities, and also attracting customers from Washington State seeking to avoid the sales tax. This role has grown over the last two decades, and given the demand generated by continued population growth, the commercial sector is likely to remain the fastest growing part of the local economy over the coming decades.

In addition to ensuring an adequate supply of commercially-zoned land, location of commercial activities is also important. By encouraging small neighborhood shops in residential areas, the City can improve access for the elderly and disabled and reduce dependence on the automobile. Furthermore, in developing portions of the UGB, the City can identify nodes of commercial activity to serve as focal points for new neighborhoods.

Maintaining the vitality of downtown Hermiston, the community's historic commercial center, is an important goal. It is also necessary to continue to provide for adequate commercial areas on outlying highways to accommodate auto-oriented uses.

THE CITY OF HERMISTON WILL ASSURE THE AVAILABILITY OF A SUFFICIENT SUPPLY OF COMMERCIAL LAND TO ACCOMMODATE 20-YEAR PROJECTED NEED AND STRIVE TO ACHIEVE THE BALANCED DISTRIBUTION OF COMMERCIAL ACTIVITIES IN NEIGHBORHOODS, DOWNTOWN, AND ALONG OUTLAYING HIGHWAYS.

IMPLEMENTING ACTIONS

- Has zoned sufficient areas of central commercial (C1) and outlying commercial (C2) to accommodate anticipated 20-year demand.

- Has created a Downtown Commercial Overlay focusing on pedestrian oriented commercial uses and encouraging mixed use housing and commercial uses.
- Has modified zoning code to allow development of small neighborhood shops including markets, drug stores, and barber and beauty shops, in existing and new neighborhoods. Designate on comprehensive plan map likely locations for future nodes of neighborhood commercial activity.
- The City may, with adequate public process, undertake economic development and capital improvement projects in the downtown core, or other areas of commercial focus, in partnership with businesses and/or merchants associations. Potential improvements might include updating building facades, planting trees, providing street furniture (such as benches, water fountains and bicycle racks) and improving lighting and parking. With the assistance of the Hermiston Heritage Association, encourage merchants to highlight the downtown's historic past by placing plaques on historic buildings describing their original use and date of construction, and to display historic memorabilia in their windows.

SECTION 4. The Hermiston Comprehensive Plan is hereby amended with a new Policy 20 (General Economic Development) as follows and all subsequent existing policies 20 (Housing Availability and Affordability) through 33 (Transportation System Plan) shall be renumbered to accommodate the new policy 20:

POLICY 20: GENERAL ECONOMIC DEVELOPMENT

Overview

Vision

Employment

Competitive Advantages

Projected Employment Growth

Buildable Lands vs. Future Land Need

Economic Policies and Implementing Actions

Overview

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Hermiston is well situated as an economic hub in Umatilla County and the surrounding region. The city enjoys some competitive advantages which can be enhanced in the future to grow employment, establish successful industry clusters, and diversify the employment base. An ample supply of buildable commercial and industrial lands, in multiple zoning classifications, will provide the flexibility to meet the needs of new and expanding businesses.

Vision

To become the center of commercial and industrial activity in northeast Oregon providing an attractive, livable community utilizing adaptive, modern policies to capture economic development opportunities.

Employment

While agriculture remains a major factor in the regional economy, it tends to be concentrated outside of the city itself. Since 2004 agriculture production related commerce (excluding retail) has rarely exceeded 5% of total employment in Hermiston itself. However, the city is an important hub for providing retail and service options which do rely on surrounding agricultural activity.

In recent years, Hermiston's unique location along the Union Pacific Rail line has facilitated a diversification into warehousing, storage, and distribution industries. Other growth industries have primarily been demographically driven as Hermiston has played a larger role as a service provider in the region. In 2010 firms in Retail Trade combined with Transportation, Warehousing, and Utilities employed nearly 35% of workers in Hermiston.

However, the largest share of employment by industry classification, belongs to Education and Health Care Services, representing 23% of local employment.

Figure 9.1: Employment by Industry Sector, City of Hermiston (2010)

| Employment Sector | 2010 Employment | Share of Total | |
|------------------------------------|-----------------|----------------|--|
| Natural Resources | 278 | 2% | |
| Construction | 385 | 3% | |
| Manufacturing | 493 | 4% | |
| Wholesale Trade | 140 | 1% | |
| Retail Trade | 1,710 | 15% | |
| Transport., Warehousing, Utilities | 2,170 | 19% | |
| Information | 80 | 1% | |
| Financial Activities | 737 | 7% | |
| Professional & Business Services | 727 | 6% | |
| Education & Health Services | 2,612 | 23% | |
| Leisure & Hospitality | 976 | 9% | |
| Other Services | 802 | 7% | |
| Government | 199 | 2% | |
| Total | 11,312 | | |

TWU: Transportation, Warehousing and Utilities

Source: US Census, Johnson Reid LLC

Competitive Advantages

Sound economies are often organized around a healthy set of industry clusters—similar and related businesses and industries that are mutually supportive, regionally competitive, attract capital investment, and encourage entrepreneurship.

The following target industry clusters were identified which have an existing competitive presence in Hermiston or reasonable opportunities for growth or emergence:

Agricultural Support/Food Manufacturing: Agriculture has long been a staple of both the Umatilla County and Hermiston economies. In 2010, combined crop and livestock production in Umatilla County totaled nearly \$400 million in production value. Crop production specifically represented 11% of the statewide crop production value in 2010, and 20% of statewide wheat production. This sector represents an emerging opportunity for agriculture related economic activity in the region through expansion of value-added products. Efforts to further Hermiston's agricultural reputation will facilitate opportunities for new agriculture related products and

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markets.

Agritourism: Rich agricultural tradition and resources make agritourism and recreation based on agriculture a natural extension of the economies in Umatilla County's cities. Agritourism can support related wine industry, agricultural support activities, and to a certain extent, leisure and hospitality services. Agritourism includes such activities as offering farming or ranch vacations, or on-site activities such as wine tasting or produce markets.

Regional Retail: As a regional economic hub, Hermiston serves a very broad geographic region. Hermiston is ideally located near the Washington/Oregon state-line and within a 40 minute drive from the tri-cities, while offering the advantage of no sales tax. Hermiston has the opportunity to continue to service a broader region and provide adequate land for regionally drawing retailers to do business in Hermiston—recapturing leaking local spending while capturing a greater share of the regional market.

Warehousing and Distribution: In 2010, Transportation and Warehousing was the second largest sector of the Hermiston economy, accounting for one in five jobs in Hermiston. Hermiston is ideally located at the confluence of two major interstates, and within a reasonable (distribution) drive-time from major population centers in the Northwest, Northern California, British Columbia, and the Western Mountain States. The City is also home to the Union Pacific Railroad switching station. Other distribution & warehousing oriented infrastructure include a refrigerator cargo dock on the Columbia River, and fiber optic telecommunications.

Projected Employment Growth

Based on employment and industry trends, there is projected to be roughly 13,400 jobs in Hermiston in 2030, an increase of almost 2,100 jobs. This represents an average annual growth rate of .9%.

The greatest number of additional jobs are expected in the Education and Health Services, followed by Transportation, Warehousing and Utilities, and Retail Trade. The Professional and

Business sector is expected to lose some employment based on historical trends and state projections.

Figure 9.2: Projected Employment Growth, City of Hermiston (2010 - 2030)

| BASELINE FORECAST NAICS | 2010 | Forecast Estimates | | | | '10-'30 Growth | |
|----------------------------|---------------|--------------------|---------------|---------------|---------------|----------------|--------------|
| | Base Year | 2015 | 2020 | 2025 | 2030 | Jobs | AAGR |
| Natural Resources | 278 | 399 | 411 | 421 | 429 | 151 | 2.20% |
| Construction | 385 | 433 | 443 | 452 | 459 | 74 | 0.88% |
| Manufacturing | 493 | 504 | 511 | 518 | 523 | 29 | 0.29% |
| Wholesale Trade | 140 | 178 | 185 | 191 | 196 | 56 | 1.68% |
| Retail Trade | 1,710 | 1,766 | 1,864 | 1,951 | 2,020 | 309 | 0.83% |
| T.W.U. | 2,170 | 2,440 | 2,497 | 2,545 | 2,584 | 413 | 0.88% |
| Information | 80 | 92 | 91 | 89 | 88 | 8 | 0.45% |
| Financial Activities | 737 | 816 | 844 | 870 | 889 | 153 | 0.95% |
| Professional & Business | 727 | 750 | 680 | 626 | 587 | (140) | -1.07% |
| Education & Health | 2,612 | 2,737 | 2,959 | 3,161 | 3,326 | 714 | 1.22% |
| Leisure & Hospitality | 976 | 1,006 | 1,058 | 1,105 | 1,142 | 166 | 0.79% |
| Other Services | 802 | 825 | 865 | 901 | 929 | 128 | 0.74% |
| Public Administration | 199 | 213 | 218 | 223 | 226 | 27 | 0.64% |
| Total | 11,311 | 12,159 | 12,626 | 13,052 | 13,398 | 2,087 | 0.85% |

SOURCE: Johnson Reid, LLC

Buildable Lands vs. Future Land Need

The projected new jobs over the next 20 years will be housed in a mixture of existing and new businesses. Some new commercial development will be necessary to accommodate this economic growth, and therefore sufficient buildable commercial lands are required.

As Figure 9.3 shows, a 2010 inventory of buildable lands in Hermiston finds 850 vacant buildable acres in a variety of commercial and industrial zoning designations. The projected job growth presented above may require 45 to 50 acres of buildable land. Therefore there is no current identified need to add commercial or industrial acreage.

Figure 9.3: Buildable Commercial and Industrial Land, City of Hermiston (2010)

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| Site Type/ Zone | Sites 1/ | | | Net Buildable Acreage | | | |
|--------------------------|------------|-----------|-----------|-----------------------|--------------|--------------|--------------|
| | Small | Medium | Large | Small | Medium | Large | TOTAL |
| IN CITY LIMITS | | | | | | | |
| <i>Commercial</i> | | | | | | | |
| C-1 | 72 | 5 | 0 | 19.4 | 7.0 | - | 26.3 |
| C-2 | 85 | 40 | 4 | 32.0 | 68.0 | 61.8 | 161.7 |
| <i>Industrial</i> | | | | | | | |
| M-1 | 25 | 6 | 6 | 19.9 | 22.4 | 55.1 | 97.5 |
| M-2 | 0 | 0 | 3 | - | - | 57.9 | 57.9 |
| C-2/M-1 | 27 | 9 | 4 | 24.9 | 28.9 | 36.2 | 90.0 |
| C-2/M-2 | 1 | 3 | 5 | 1.5 | 11.4 | 166.5 | 179.4 |
| <i>Airport</i> | | | | | | | |
| | 3 | 0 | 2 | 2.9 | - | 185.3 | 188.2 |
| IN UGB | | | | | | | |
| <i>Commercial</i> | | | | | | | |
| C-2 | 7 | 15 | 0 | 4.0 | 29.3 | - | 33.4 |
| F-2 | 0 | 1 | 1 | - | 1.2 | 18.6 | 19.7 |
| <i>Industrial</i> | | | | | | | |
| M-1 | 9 | 1 | 0 | 8.5 | 2.6 | - | 11.1 |
| M-2 | 3 | 1 | 0 | 5.0 | 3.4 | - | 8.4 |
| TOTAL SITES/ACRES | | | | | | | |
| <i>Commercial:</i> | 164 | 60 | 4 | 55.3 | 104.3 | 61.8 | 221.4 |
| <i>Industrial:</i> | 68 | 20 | 20 | 62.7 | 68.8 | 501.0 | 632.5 |

Source: Real Urban Geographics, City of Hermiston, Johnson Reid LLC

Hermiston is well situated as an economic hub in Umatilla County and the surrounding region. The city enjoys some competitive advantages which can be enhanced in the future to grow employment, establish successful industry clusters, and diversify the employment base. An ample supply of buildable commercial and industrial lands, in multiple zoning classifications, will provide the flexibility to meet the needs of new and expanding businesses.

Economic Policies and Implementing Actions

THE CITY OF HERMISTON SUPPORTS ECONOMIC DEVELOPMENT AND JOB GROWTH WHICH WILL DIVERSIFY AND STRENGTHEN THE MIX OF ECONOMIC

ACTIVITY IN THE LOCAL MARKETPLACE AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR LOCAL RESIDENTS:

- A) The City will continually strive to strengthen the community's industry, business, financial, medical, tourism and retail activities and to capitalize on its comparative advantages in the local and regional marketplace.
- B) The City will seek to retain and support the expansion of existing businesses in Hermiston.

IMPLEMENTING ACTIONS

- Identify opportunities and incentives to encourage value-adding, family-wage business to expand or locate in the community.
- Support the retention and attraction of firms with high wage rates relative to all industries, or within their industry classification.
- Identify opportunities and incentives to encourage industry related to the area's competitive advantages.

SECTION 5. The findings of fact as adopted by the City Council on July 25, 2011 are incorporated herein by reference.

SECTION 6. The effective date of this ordinance shall be the thirtieth day after enactment.

PASSED by the Common Council this 25th day of July, 2011.
SIGNED by the Mayor this 25th day of July, 2011.

MAYOR

ATTEST:

CITY RECORDER

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