



COMPREHENSIVE
LAND USE PLAN

ECONOMIC ELEMENT

Adopted
September 03, 2019 (Ordinance No. 1006)

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1. EXECUTIVE SUMMARY

GOAL 9:
ECONOMIC DEVELOPMENT
 To Provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon’s citizens.

The City of Phoenix has an interesting economic history and promising future. With its central location within the greater Bear Creek region, it is well-situated to provide locations that are desirable to a variety of commercial enterprises. Phoenix has substantial economic development opportunities that would support local and regional employment.

Nevertheless, an Economic Opportunity Analysis completed by Eric Hovee Associates in 2018 identified several challenges facing the City Phoenix. Generally speaking, Phoenix residents travel elsewhere to work, and Phoenix has remained a bedroom community. Nearly as many people live in Phoenix and work elsewhere within the region as do people who live outside of Phoenix but work within its city limits. The City’s share of total County population is larger than its proportionate share of total County jobs. Of the jobs that are located within the City, many are in industries with lower average wages.

Phoenix’s own economy is greatly affected by regional factors, but it is endowed with unique characteristics that could give it a competitive advantage in attracting new businesses to the City and the surrounding region. Through the Regional Problem-Solving process, Phoenix was allocated approximately 272 acres of land likely suitable for development as employment land within an Urban Reserve Area (URA) known as PH-5. This Urban Reserve Area was intended to provide a location for the long anticipated “South Valley Employment Area,” an employment center able to accommodate larger employers seeking campus-style development configurations.

A Regional Economic Opportunity Study that was completed in 2017 identified a substantial shortage of large tracts of employment land capable of traded-sector employment uses in an area stretching from Eugene to Redding, California. In short, there is very little land available for development of large, campus-style employment centers envisioned for the South Valley Employment Area. PH-5 is uniquely suited to this type of development:

- The land in question is owned by a relatively small number of property owners making land assembly much easier;
- Very little land has been subdivided, thereby allowing it to be developed according to market forces and the needs and desires of the local community, end-users, and other regional stakeholders;
- PH-5 has outstanding highway access to I-5 and is served by a new interchange that was completed in late 2016;
- Flat to gently rolling land lends itself to more efficient and cost-effective development;
- There is an opportunity to integrate residential and supportive commercial uses with traded-sector employment uses to achieve a true mixed-use district.

In addition to the opportunity to accommodate regionally significant economic development, Phoenix is already home to a diverse array of employers. Several smaller companies produce essential oils, gluten-free baked goods, robotics educational equipment, and novelty gifts and memorabilia. Larger employers, like the Phoenix-Talent School District are also located in Phoenix.

The 2018 Local Economic Opportunity Analysis (Appendix A) evaluated several different job growth scenarios based on a number of assumptions. Some of these assumptions are matters of policy and reflect community preferences and aspirations. Most notably, the LEOA considered the potential impact of achieving employment to population parity. In other words, it pondered the question “What would happen if Phoenix’s share of Jackson County total employment was equivalent to its share of population?” Other policy issues affect the extent to which Phoenix may need additional employment land in order to meet short-term and long-term demand. These issues include the intensity to which employment lands should be developed. How many jobs can, or should an acre of land accommodate? How much additional land is needed to support economic development?

In consultation with its Planning Commission, Phoenix’s City Council has elected to pursue a policy of employment to population parity. It has also endorsed a general policy of more efficient land use, concluding that more jobs, rather than fewer, can and should be accommodated by each acre of employment land that is developed to support economic enterprise. In summary, based on the findings of the Local Economic Opportunity Analysis and its own public policy goals,

- According to “Adjusted Scenario 3,” presented in Section 4 of this document, Phoenix is planning to accommodate 1,106 new jobs over the next 20 years as Phoenix’s employment achieves parity with its projected 2.18 percent share of Jackson County’s total population in 2038;
- Based on this projected job growth, 72 net acres (nearly 90 gross acres) of employment land will be needed to meet “local” demand for industrial, commercial, and public/institutional land uses over the next 20 years;
- Based on the analysis provided in the Regional Economic Opportunity Study, there is “regional” demand for the entire employment land allocation of 272 acres in PH-5;
- Although the City currently has approximately 88 acres of land “suitable” for employment land development, it has no vacant, developable employment land that would accommodate industrial uses. In other words, the City cannot currently meet its statutorily mandated obligation to provide a five (5) year supply of industrial employment land. Industrial employment land need could be met in PH-5;
- The City currently has an adequate supply of land zoned for commercial (broadly understood as non-industrial employment land uses), although much of this land consists of smaller acreage infill development opportunities that may in reality not be desirable for short term development;
- The City has established a policy to plan for employment development at higher job densities than may be typical of older employment development in Phoenix and surrounding communities. Consistent with the City’s public policy goals, it has been assumed in this Economic Element that each acre of industrial land will accommodate 12

jobs, each acre of commercial land will accommodate 20 jobs, and each acre of “government” or institutional land will accommodate 12 jobs.

Phoenix has an opportunity to grow and further develop and diversify its local economy. In doing so, the City can facilitate additional economic development that will benefit surrounding communities—indeed the entire region. In order to do this, the City will need to identify more land for employment and aggressively pursue policies that support further development of existing businesses and attract new ones.

2. ECONOMIC ACTIVITY AND PLANNING IN PHOENIX

Local Economic History

More recently, Phoenix’s local economy has begun to diversify, and Phoenix is now home to several unique, regionally (and even nationally) recognized businesses. In its downtown, small, specialty food preparation and processing businesses produce organic gluten-free baked goods and donuts, natural essential oils, roasted coffee, educational robotics, and novelty accessories that are distributed throughout the region and nationally.

Outside of downtown, existing businesses are growing and Phoenix has attracted several new ones. Summit Beverage Distribution, one of the largest distributors of beer and wine in the region, relocated from Medford to Phoenix in 2016. In doing so, Summit Beverage improved and occupied the former Associated Fruit packing and distribution facility located at the corner of South “C” Street and West 1st Street. This 55,000 square foot industrial property had been empty and unused for several years preceding Summit’s relocation.

A small car repair cluster continues to thrive south of downtown. Vintage Sportscar Restorations owner Freddie Hernandez has completed restorations of vintage Porsches for clientele from around the world. Other shops include Henry’s Foreign Auto Sales and Service, Aaron’s Autowerks, and Pete’s Certified Transmission. Phoenix Industrial Studios, a multi-unit flex-space commercial project including space for food trucks adjacent to the Bear Creek Greenway, is also located south of downtown and was under construction as this document was written.

Several national retailers, including Home Depot and La-Z-Boy, are located around the Exit 24 “Fern Valley” Interchange. DSU Peterbilt recently expanded its operations and completed significant site improvements. The presence of these businesses, and the recent addition of the 150,000 square foot Exit 24 Self Storage facility demonstrate the desirability of land in the vicinity for commercial development.

With the recent completion of the Fern Valley Interchange, development of commercial land has witnessed steady growth. Anchored by a new Rite Aid Pharmacy, Circle K gas station / Dutch Bros. Coffee, and Ray’s supermarket, the intersection of OR-99 and North Phoenix Road now provides substantial opportunities for neighborhood shopping.

Phoenix is served by the Central Oregon & Pacific Railroad, Inc. (CORP), which provides freight service from a connection with UP at Eugene, Oregon, and to another UP connection at Black Butte, California, (303 miles). Connections are also made with Rogue Valley Terminal Railroad at White City, Oregon, and with Yreka Western at Montague, California. Traffic is primarily forest products, chemicals, steel and LPG. The only on/off loading site in Phoenix is a small spur serving the Summit Beverage property industrial area on C Street. No known extensions into the South Valley Employment Center (PH-5) are contemplated at this time, and would be extremely difficult given the need to cross both Interstate 5 and Bear Creek.

Regional Problem Solving and the Greater Bear Creek Regional Plan

The Greater Bear Creek Regional Plan, or Regional Plan as it is more commonly known, was adopted by the cities of Phoenix, Talent, Central Point, Eagle Point, Ashland, and Medford and Jackson County between 2010 and 2012. That plan included a “Regional Economic Opportunity Study” that projected the addition of approximately 96,000 jobs throughout the Rogue Valley over a 50-year time span.

The Regional Plan also established Urban Reserve Areas into which the urban growth boundaries of individual cities are to expand. One of those URAs, known as PH-5, contains one of the single largest tracts of land designated for employment uses of any URA established within any of the six RPS cities. PH-5 is also known as the “South Valley Employment Area,” and was primarily created to address the need within the region and beyond for large-tract employment land uses and/or “campus-style” employment development.

At the end of 2016, Phoenix completed conceptual land use and transportation plans that analyzed different development scenarios for PH-5 and the predominately residential URA, PH-10, located to the east of PH-5. Although the Regional Plan restricts the type of employment land uses to traded sector industries like light industry and advanced manufacturing, limited ancillary and supportive commercial development has been planned for and is anticipated to develop in PH-5 in order to achieve other Regional Plan objectives such as creating mixed-use “activity centers” that allow for less use of automobiles (Regional Plan, Chapter 5, Performance Measure 2.6).

Having completed Regional Problem Solving with the adoption of the Regional Plan into its own Comprehensive Plan in 2012, the City of Phoenix began to explore economic development policies and programs. The City established an Urban Renewal district in 2009, with the intention of supporting redevelopment within its downtown. The Phoenix Urban Renewal Agency (PHURA) has provided façade improvement grants and supported efforts to enhance the appearance of its downtown. Most recently, PHURA and the City have worked to assemble land for redevelopment, construct public infrastructure improvements, and construct the Phoenix Plaza community events and meeting facility in the heart of downtown. This project is intended to help Phoenix establish a stronger sense of place and community while providing a downtown destination for residents and visitors.

Local Economic Opportunity Analysis and Regional Economic Opportunity Study

The City of Phoenix last updated the Economic Element of its comprehensive plan in 1996. That amendment was acknowledged by the Department of Land Conservation and Development in 1998. At the time, the Economic Element identified 18 acres of developed industrial land. Economic conditions have changed significantly over the intervening decades, and with the conclusion of Regional Problem Solving in 2012 the City began to explore its current economic state and its future.

Pursuant to statewide planning Goal 9 as defined by Oregon Administrative Rule 660, Division 9 and the Regional Plan Element of its Comprehensive Plan, the City began two separate but complementary studies to better understand these issues. A Local Economic Opportunity Analysis (LEOA) and Regional Economic Opportunity Study (REOS) were initiated and largely completed from 2015 through 2017. These two documents provide the technical foundation for this 2018 amendment to the Economic Element of the City's comprehensive plan and are incorporated into this Economic Element as Appendices A and B.

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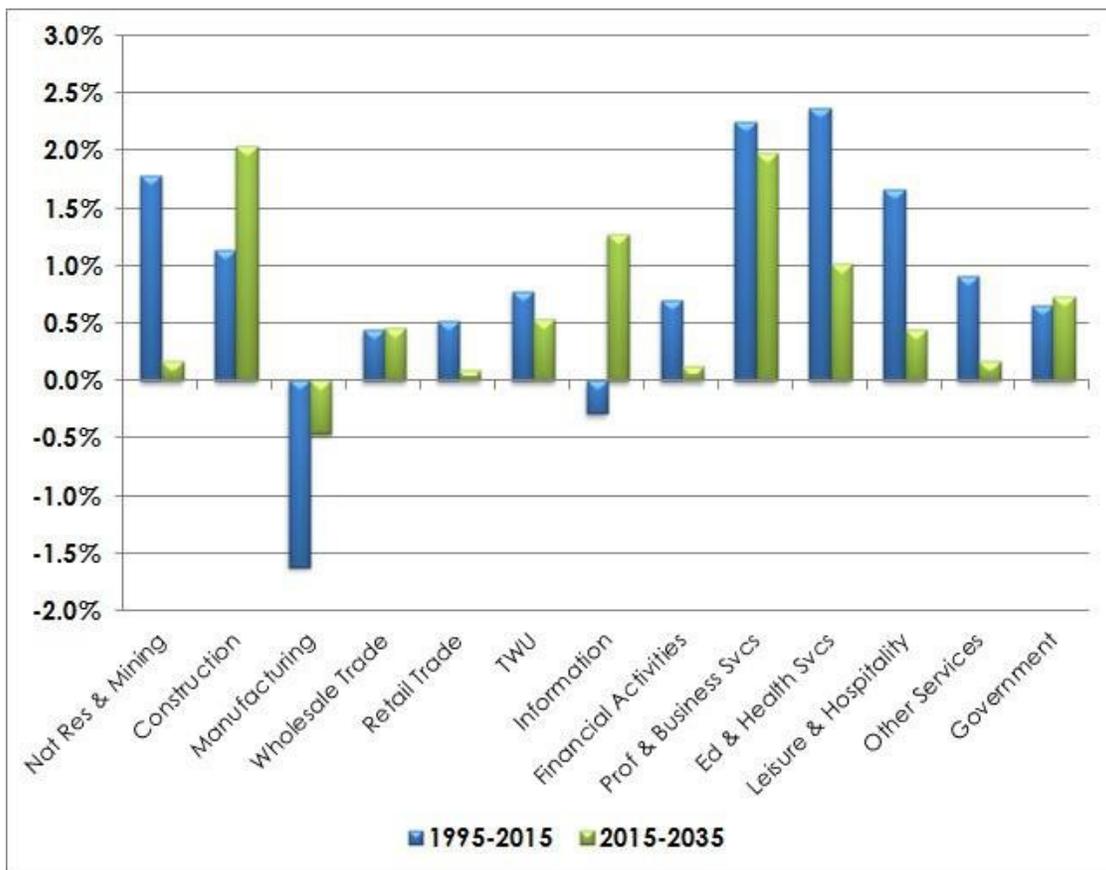
3. NATIONAL, STATE, REGIONAL & LOCAL ECONOMIC CONDITIONS AND TRENDS

OAR 660-009-0015(1) requires that economic opportunity analyses review “national, state, regional, county, and local” economic trends. The following section considers each of these and assesses implications for economic activity and planning in the City of Phoenix.

National Economic Conditions and Trends

According to the LEOA, IHS Global Insight projects that national employment will grow at a rate of 0.8% annually between 2015 and 2035.

Figure 3-1: U.S. Annual Average Job Growth by Sector (1995-2035)

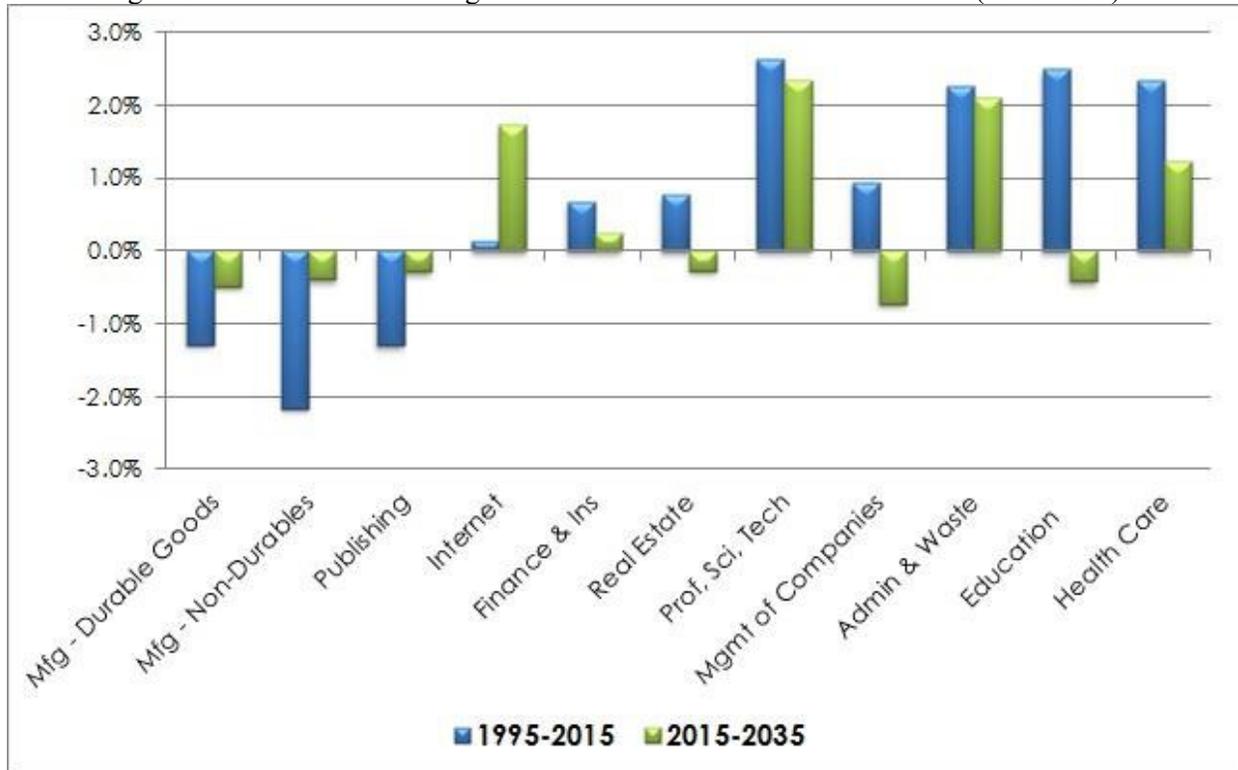


Sources: IHS Global Insight as compiled for Metro, November 2013.

Growth industries over the last two decades include education, health, professional and business services, leisure and hospitality, and natural resources and mining. However, all of these sectors, with the exception of professional and business services, are expected to decline. Not surprisingly, manufacturing has declined but that decline may slow as this sector continues

to become more efficient. The Information sector has undergone a radical transformation as print continues to give way to digital media. Information is expected to recover as job gains in digital media offset job losses in conventional print publishing.

Figure 3-2: U.S. Annual Average Job Growth for Selected Traded Sectors (1995-2035)



Sources: IHS Global Insight as compiled for Metro, November 2013.

Forecasts for job growth within broader industrial sectors are more nuanced, and gains can be highly sensitive to a variety of factors. The LEOA therefore concludes that “the rocky and often unpredictable pattern of job growth and decline of the last two decades should be expected to continue, but with a somewhat different mix of winners and losers going forward. Communities seeking to maintain strong local economies with robust employment will be those that can adapt to continued change – both short- and long-term” (LEOA, p. 15).

Based on projections by IHS Global Insight, the Local Economic Opportunity concludes that:

- Job losses in durable and non-durable manufacturing will slow, provided that onshoring of US manufacturing (particularly advanced technologies) continues;
- Job growth in knowledge-based industries like financial services and real estate will slow and remain highly sensitive to business cycles;
- Job growth in professional/scientific & administrative/waste industries will remain strong;
- Job growth in education may slow as the population ages and public spending on education continues to shrink;
- Job growth in health care will continue to be positive, but may slow as cost-containment initiatives are implemented.

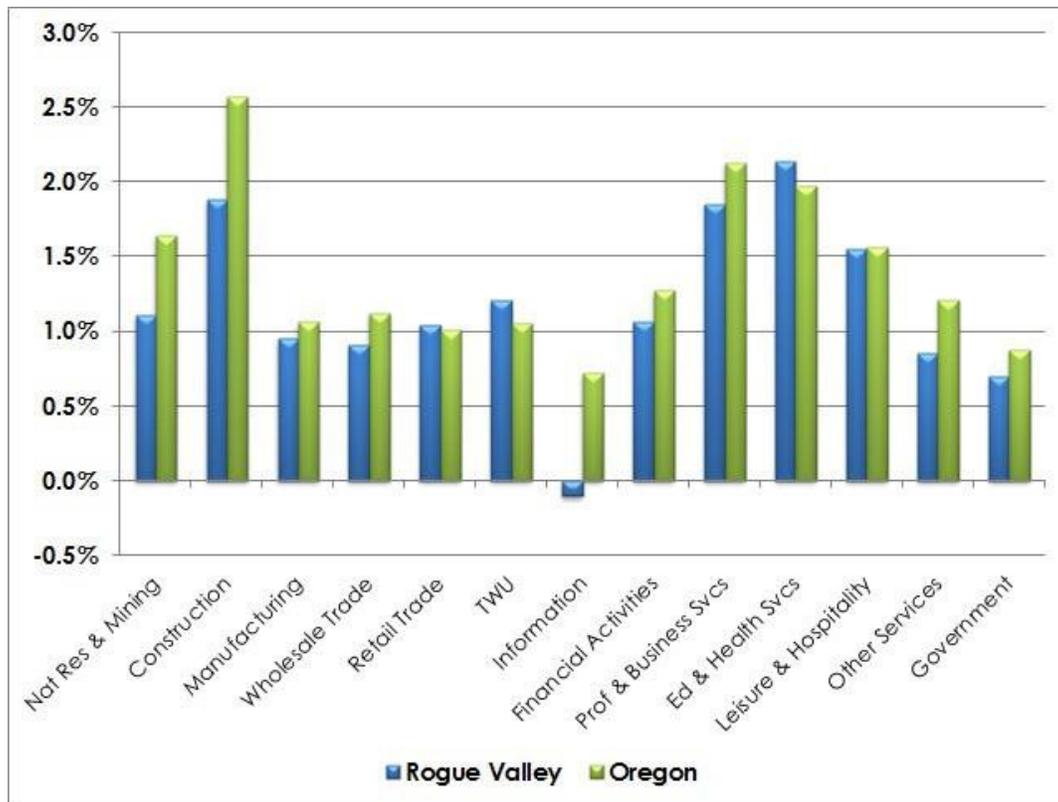
These are important considerations for the City of Phoenix as it charts its own economic future. With enormous opportunities for development of employment land in its Urban Reserve Areas, the community and its policymakers will need to make wise decisions about which industries to retain, support, and attract for the benefit of the City of Phoenix, surrounding communities, and the region at-large well beyond the planning horizon of the next 20 years.

As discussed in the next section, Oregon and the Rogue Valley are poised to grow faster than the national average.

Statewide and Regional Economic Conditions and Prospects

The Local Economic Opportunity Analysis considered the Oregon Office of Economic Analysis 20-year economic projections for the state and the Rogue Valley.

Figure 3-3: Rogue Valley & Oregon Overview Forecast (2012-22)



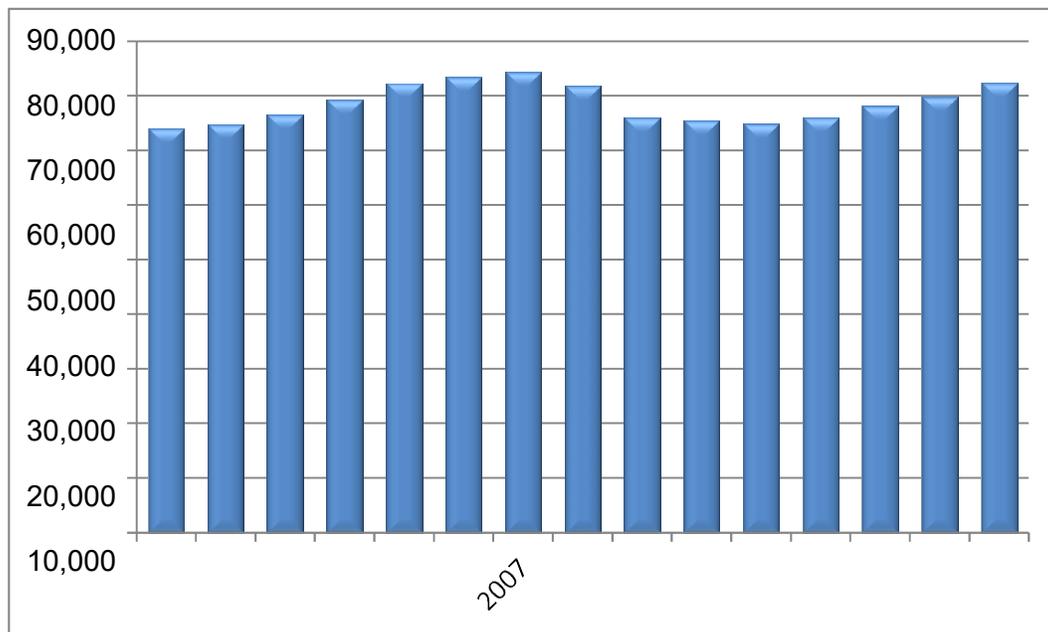
Source: OED

Over the next decade, the OEA forecasts annual growth in the number of jobs in the region at 1.3%, versus 1.4% for the entire state. Job growth, which probably peaked in 2014 and 2015, will settle into “a more sustainable, long-term rate” (Oregon Economic and Revenue Forecast, Nov. 29, 2017, p. 22). Agreeing with IHS Economics, the OEA is optimistic about Oregon’s economic prospects through 2022 noting that:

The state’s Real Gross State Product is projected to be the fifth fastest among all states across the country in terms of growth with gains averaging 2.8 percent through 2022. Total employment is expected to be the eighth strongest among all states at an annualized 1.4 percent, while manufacturing employment will be the second fastest in the country at 2.0 percent. Total personal income growth is expected to be 4.6 percent per year, the twelfth fastest among all states. (p. 18)

The LEOA reports that “As of 2015, there were 82,740 persons employed in Jackson County” (p. 8). That amounts to 2% fewer employed than before the recession in 2007, but employment does appear to be recovering steadily with a 3.4% increase in employment between 2014 and 2015. Nevertheless, the recession affected Jackson County much more severely than it did the state of Oregon on average (p. 9).

Figure 3-4: Jackson County Employment (2001-2015)



Quarterly Census of Employment and Wages (QCEW), Oregon Employment Department.

Like the national economy, certain industrial sectors are forecasted to perform better than others. For the Rogue Valley, three sectors are expected to grow at a rate faster than the state as a whole: Retail Trade; Transportation, Warehousing, and Utilities; and Education and Health Services. Only the Information sector is expected to experience a slight reduction in job growth.

Several traded sector industries (industries that produce goods and services primarily for export outside of the state) are expected to grow at rates of 2% or more annually. These include professional, scientific and technical services, administration, waste management, and health services. This is noteworthy for the City of Phoenix, which has an Urban Reserve Area (PH-5) that is planned to accommodate traded-sector employment development.

Local Economic Conditions and Prospects for the City of Phoenix

Like many of the smaller cities within the Rogue Valley, Phoenix’s economy is regional in nature. That is to say, it is closely linked to economic activity in other jurisdictions from Grants Pass to Ashland, and particularly the largest city in the region, Medford.

As of 2014, the LEOA reports, 137 employers were located in Phoenix (specifically the 97535-area code) employing 1,329 employees at an average wage of \$30,721 (p. 9). The top five sectors ranked by number of employees were:

1. Retail with 343 employees;
2. Government with 217 employees (likely Phoenix-Talent school district faculty, support staff, and administrative personnel);
3. Natural resources with 202 employees, though these jobs are likely to be located in unincorporated Jackson County outside of city limits but within the 97535-area code;
4. Accommodations/food service with 128 employees;
5. Wholesale trade with 58 employees.

On average, businesses in Phoenix are relatively small employing 10 or fewer people. The best-paying jobs in Phoenix seem to be in wholesale trade. Employees in this sector earned, on average, \$52,400/year. Although it is still a smaller employment sector, wholesale trade has grown faster than any other sector in the local economy (p.10).

Table 3-1: Phoenix Employment by Industrial Sector

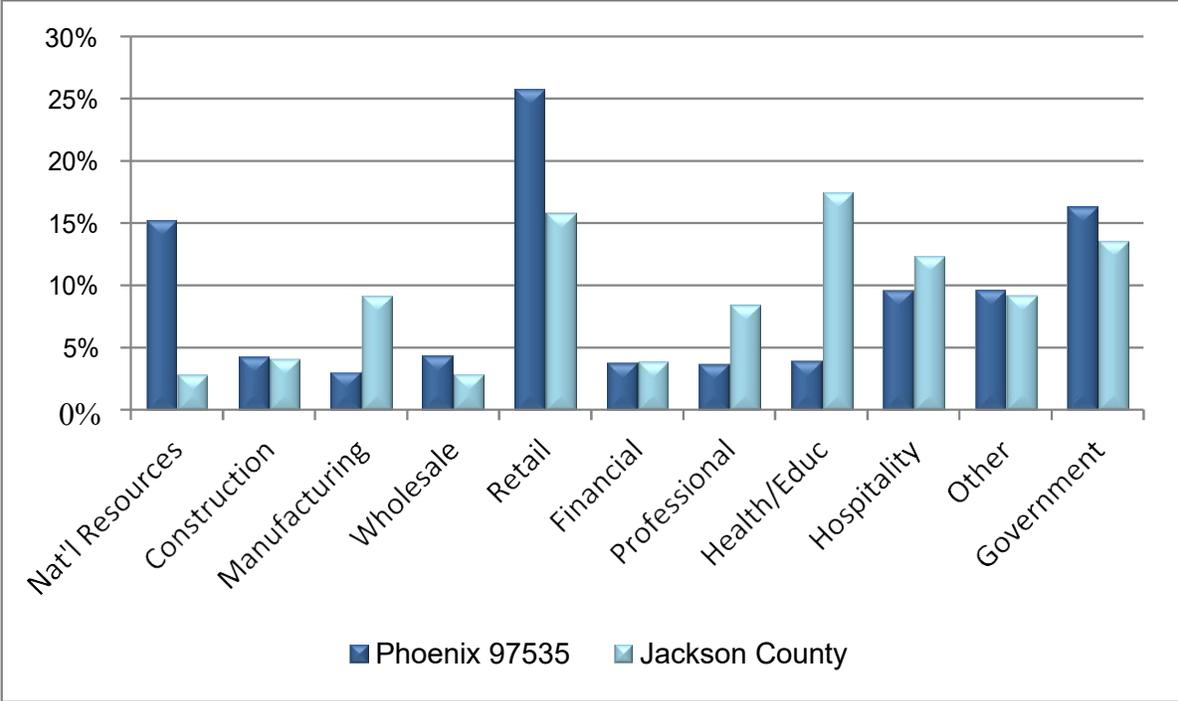
Phoenix 97535 Zip Code Employment by NAICS industrial sector 2014					
NAICS Employment Sector		Firms	Jobs	Payroll	Wage
All	Total All Sectors	137	1,329	\$40,813,104	\$30,721
11	Natural Resources	3	202	\$7,237,068	\$35,812
23	Construction	14	57	\$2,135,963	\$37,309
31-33	Manufacturing	5	42	\$1,361,021	\$32,730
42	Wholesale Trade	5	58	\$3,032,519	\$52,435
44-45	Retail Trade	21	343	\$8,087,992	\$23,586
52	Finance & Insurance	3	17	\$752,407	\$43,830
53	Real Estate	8	33	\$1,269,210	\$38,558
54	Professional Services, etc.	4	11	\$259,418	\$23,946
56	Administrative, etc.	8	39	\$636,837	\$16,294
62	Health & Social Services	7	54	\$1,427,127	\$26,675
72	Accommodations/Food Service	17	128	\$2,163,168	\$16,856
81	Other Services (e.g., personal)	32	89	\$2,383,247	\$26,778
Other	Non-Disclosed Sectors (2014)*	5	39	\$1,976,551	\$50,681
Govt	Government**	5	217	\$8,090,576	\$37,284

* For 2014, includes warehousing, utilities, information, educational services
 ** Total of private, federal and local government (including government educational services.
 Source: Quarterly Census of Employment and Wages (QCEW), Oregon Employment Department.

The LEOA also addresses the effect of the recession and subsequent economic recovery. That study found that, like Jackson County as a whole, Phoenix remains below pre-recession employment by 300 jobs (as of 2014). It should be noted that this figure does not account for new business activity in Phoenix since 2014 which includes the relocation of Summit Beverage Distribution from Medford in 2015 and the addition of several small retail and service commercial businesses in downtown Phoenix, including two successful cannabis dispensaries.

Figure 3-5 compares employment within 11 core industrial sectors between the City of Phoenix and Jackson County. Phoenix has more jobs (as a percentage of the total) in Natural Resources, Retail and Government than the County. Phoenix is relatively underrepresented in Manufacturing, Professional, and Hospitality. Workers in Phoenix are also paid less than the county-wide average. This is probably attributable, according to the LEOA, to the fact that Phoenix has nearly twice as many retail jobs as the county average. These jobs tend to pay less—often the least—of any of the major industrial sectors. One exception is Wholesale Trade where employees earn 9% more than the County-wide average.

Figure 3-5: Comparative Distribution of Employment (As % of Total Employment 2014)



Source: QCEW, Oregon Employment Department.

Finally, Phoenix has a lower share of total county employment relative to its population. Although Phoenix is home for 2.2% of county residents, it provides only 1.6% of all jobs in Jackson County (p. 9). In other words, Phoenix is a “bedroom community.”

Addressing Phoenix’s smaller share of total county-wide employment and the growth of lower-paying retail sector jobs will be important for Phoenix as it considers future development patterns and the economic opportunities provided to its residents.

However, Phoenix is well-positioned to confront this and other challenges. As the Regional Economic Opportunity Study (REOS) concludes, Phoenix has several characteristics that position it for beneficial economic growth over the planning period. Much of this has to do with the fact that, through the Regional Problem-Solving process and resulting Regional Plan, Phoenix has been allocated a 427-acre area known as PH-5 or the “South Valley Employment Campus” or “Area” (see Chapter 5 of the Regional Plan, Performance Measure 2.9.9). These lands are centrally located within the Rogue Valley and along a 320+ mile stretch of I-5, from Eugene to Redding, to serve as a regional center for traded-sector employment. Jackson County is also the only county within the six-county, Eugene to Redding market analyzed by the study that has experienced any significant economic growth over the last 20 years (REOS, p. 14). Even when the effects of the recession are taken into consideration, Jackson County and the Rogue Valley region has experienced an average of more than 1% net job growth in Transportation, Warehousing, and Utilities (TWU), education and health services, and leisure and hospitality (REOS, p. 15).

The REOS evaluated the comparative advantages that PH-5 (and Jackson County and the Rogue Valley region more generally) may have in certain industries (p. 16 – 21). It found that Jackson County, the Rogue Valley, and the entire Eugene-Redding corridor all show a relatively strong comparative advantage [...] vis-à-vis Oregon for the employment sectors of retail trade, education and health and leisure and hospitality” (p. 18). In looking at trends toward changes in comparative advantage, it found that “While still under-represented relative to the state of Oregon, the three geographies of the Eugene-Redding corridor have all experienced improving comparative advantage in wholesale trade and financial activities” (p. 18). The REOS then goes on to suggest, based on current and changing competitive advantage, which industries are emerging, declining, ascending, and stabilizing.

The REOS concludes that, rather than seek only opportunities to attract and retain industries that are “strong and growing,” a more “diversified portfolio approach” could be pursued to the economic benefit of Phoenix. Policy suggestions include:

1. Continued strategic business development for “strong and growing” industries
2. Repositioning mature sectors
3. Targeted business recruitment and workforce training in “emerging” industries
4. Limited for “weak and declining industries”

Within this context of a local economy in transition, PH-5 represents a unique opportunity to promote “strong and growing” and “emerging” industries. PH-5 is located within one mile of the recently completed Exit 24 interchange, and along North Phoenix Road, a designated freight corridor. The land is currently divided among a relatively small number of property owners. The land is relatively flat and likely easier and less costly to develop. The land that constitutes PH-5 is configured in relatively large tracts—a characteristic that allows for large traded-sector employers to develop campus-style facilities. As the REOS found through a

What is a traded-sector industry?

According to ORS 285B.280, traded sector industries are those “in which member firms sell their goods or services into markets for which national or international competition exists.”

comparison of other employment land sites along the I-5 corridor from Eugene to Redding, “only two counties--Douglas in Oregon and Shasta in California—appear to have any significant inventory of large shovel-ready (100+ acre) vacant sites served from an I-5 interchange at present” (p. 27). Of these, however, only one 140-acre site in Roseburg and one 50-acre site in Shasta Lake, provide immediate access to an I-5 interchange. The City of Springfield recently completed an Urban Growth Boundary amendment that will provide it with 132 acres of developable employment land with immediate access to I-5 (p. 29).

It should be understood that this Economic Element does not intend to focus on regional employment and economic development opportunities that could be located in PH-5 to the exclusion of other community economic development opportunities and needs. Rather the intention of this Element and the challenge for Phoenix will be to integrate future development of the regional employment center (the South Valley Employment Area) with local economic development considerations.

The Local Economic Opportunity Analysis identifies “lead” and “supportive” industrial sectors best suited for each of these. Industrial sectors that represent the greatest potential for local (as opposed to regional) job creation and growth include:

- *Wholesale trade & transportation services – as with smaller, independent local delivery, specialty wholesaling operations and transportation service firms.*
- *Subassembly manufacturing – focused on small specialty/customized manufacturers serving larger manufacturers locally or regionally.*
- *Financial services – providing banking, credit, lending and investment services to an expanding local business and population base.*
- *Retail trade – catering to needs of regional employers and their employees whether as suppliers or workforce retail and to needs of a growing population for full service, competitive local retailers.*
- *Vehicle & repair services – oriented to service transport vehicles, major PH-5 and support firms as well as the traveling public using the I-5 and Highway 99 corridors. (p. 20).*

Lead sectors for regional employment that would occur in PH-5 include:

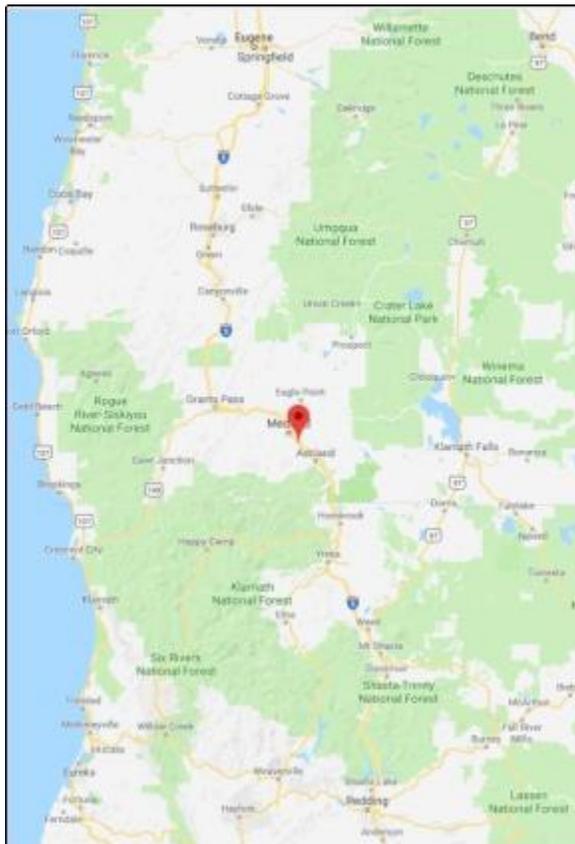
- *Distribution and transportation services – with PH-5 properties oriented toward small to mid-sized firms not requiring extensive outdoor vehicle and equipment storage but including operations in multi-tenant business parks and end-user sites of 5-20 acres*
- *Advanced manufacturing – focused on high value, technology-forward companies and including value-added, specialty foods including Rogue Valley agricultural products/wines and supporting industries*
- *Financial, professional, scientific, technical and health services – emphasizing firms that serve customers regionally and globally*

According to the Local Economic Opportunity Analysis, supportive sector industries include:

- *Construction services – ranging from site preparation to building construction and infrastructure for the regional employment center coupled with commercial and residential development throughout the greater Phoenix community.*
- *Hospitality – with overnight lodging readily accessible to I-5 travelers and to business clients and customers of the South Valley regional employment center.*
- *Professional & business services – covering business and population needs ranging from information technology to accounting, engineering and marketing services.*
- *Health & Education (workforce) services – as for local health clinic satellite facilities and also the possibility of an education/workforce center in proximity to the PH-5 regional employment center. (p. 20)*

Supportive sectors for regional employment include:

- *Construction services – including suppliers of specialty materials, engineering and design services to the construction industry together with possible showroom function.*
- *Government and education / workforce services – oriented to the PH-5 traded sector employment base.*
- *Retail and hospitality – providing small- to mid-scale amenity services supporting lead sector firms and benefitting from direct I-5 access. (p. REOS, p. 42)*



As previously noted, the City of Phoenix exists in a region comprised of multiple cities where residents and employees routinely cross jurisdictional boundary lines traveling between home, work, shopping, dining and leisure. There is no clearly defined boundary of the Rogue Valley. It extends generally from Eagle Point at the north to Ashland at the south, and to Grants Pass at the west. Some would argue it also includes the communities of Shady Cove and Cave Junction as well as the Applegate Valley. All told, the Rogue Valley region, including Jackson and Josephine Counties, is home to roughly 295,000 people, many of whom cross multiple jurisdictional boundaries between home, work and play. Establishing a clear boundary between local and regional employment is therefore both impossible and impractical. Regardless of the final outcome, new employment (lands) in Phoenix will enable job creation that serves and benefits both the local and regional population.

4. EMPLOYMENT LAND NEEDS ANALYSIS AND REQUIRED SITE TYPES

Pursuant to OAR 660-009-25 (4), the Local Economic Opportunity Analysis estimates “the amount of serviceable industrial and other employment land likely to be needed during the planning period” (p. 21). As advised in “The Goal 9 Industrial and Other Employment Land Analysis Guidebook,” the LEOA uses the Oregon Employment Department’s 10-year job forecast for the Rogue Valley and incorporates previous employment projections presented in the 2007 Economic Opportunity Analysis completed for the Regional Plan. It also takes into account the findings of the Regional Economic Opportunity Study, which “has been prepared to identify and quantify regional traded sector Rogue Valley and Jackson County employment opportunities that can be uniquely served by UGB inclusion” (LEOA, p. 1).

This section compares several different scenarios that rely on different assumptions concerning the factors that drive employment land development. Typically, the demand created by the local economy of an individual city is evaluated in order to calculate the need for employment land within that City’s Urban Growth Boundary. To evaluate local demand for employment land in Phoenix, three separate scenarios were considered: one in which the amount of employment occurring in Phoenix remains a consistent share of total County employment (1.67%); one in which the amount of employment occurring in Phoenix becomes consistent with its proportional share of total County population residing within 1.5 miles of the geographic center of the City (3.69%); one in employment occurring in Phoenix becomes consistent with its proportional share of total County population residing within its Urban Growth Boundary (2.18%). It is this last scenario, as known as “Adjusted Scenario 3,” that has been selected to provide the basis for determining need for employment land over the next 20 years; discussion of the other two scenarios is provided because they were evaluated in the Local Economic Opportunity Analysis and to provide an understanding of the process and policy considerations leading to the development of the “Adjusted Scenario 3”.

Local Demand for Employment Land

Based on OED projections, the LEOA estimates that at an average annual employment growth rate of 1.3%, 29,250 jobs will be added in the two-county Rogue Valley region between 2016 and 2036 (p. 23). Historically, Jackson County has captured 77% of these jobs. Therefore, Jackson County can reasonably be expected to add 22,525 (net) jobs during the planning period. Jackson County’s projected employment in 2038 is 111,720. Under current conditions, wherein Phoenix captures a smaller percentage of total county employment (1.67% of total jobs in the county) relative to its share of total county population, Phoenix could be expected to capture 375 additional jobs over the planning period. However, if Phoenix’s share of County employment matched its share of total County population including residents within 1.5 miles of its current UGB, it could be expected to capture 2,790 new jobs. These two scenarios were considered in the Local Economic Analysis to address the City’s stated policy preference to achieve greater parity between jobs and population. Such an increase would, however, be

inconsistent with previous economic growth for the City of Phoenix. It would, as noted in the Local Economic Analysis, require the City of Phoenix to implement policies that aggressively support this outcome. A third scenario was developed in order to find a plausible middle ground between an extreme where Phoenix grows very modestly over the next 20 years and remains a bedroom community and a future of uncharacteristically fast growth.

A third scenario that is perhaps more realistic, but still addresses the community’s desire to achieve jobs to population parity, uses the share of the County’s population that reside within the City’s Urban Growth Boundary. According to the PSU population forecast, 2.18% of Jackson County residents are anticipated to live within Phoenix’s UGB. Using the same assumptions as the two other scenarios described above, Phoenix could expect to capture 1,106 new jobs by 2038. Of these jobs, 321 would be industrial, 609 would be commercial, and 177 would be public. **The City Council has expressed a desire to pursue “Scenario 3.”**

The LEOA provides a Goal 9 compliant Employment Forecast on page 26. The Forecast for the three population to employment parity scenarios has been updated to account for revised population projections released by Portland State University in 2017. Employment resulting from each of these scenarios is summarized in the following table:

Table 4-1: Phoenix Employment Forecast, Scenarios 1,2, and 3

	Phoenix Job Capture Scenario 1	Phoenix Job Capture Scenario 2	Phoenix Job Capture Scenario 3
Total Jackson County Jobs 2038	111,720	111,720	111,720
Phoenix Share of Jackson Co. Population/Employment 2038	1.67%	3.69%	2.18%
Total Phoenix Employment 2038	1,866	4,122	2,435
Current Phoenix Job Base (2014)	1,329	1,329	1,329
Phoenix Job Growth 2018-2038	375	2,793	1,106

Source: E.D. Hovee & Co., based on Housing Needs Analysis, Nielsen, and OED-QCEW, summary by City staff

The Local Economic Opportunity Analysis then calculates employment land demand by “dividing” employment growth by employment density expressed in terms of number of jobs per unit of land—in this case employees per acre (p. 25). The LEOA utilizes employment densities that are consistent with guidance provided by the DLCDC Goal 9 Guidebook and the Regional Economic Opportunity Analysis performed in 2007. These densities are presented in a table on page 26 of the LEOA.

The LEOA provides 4 possible forecasts based on: 1) a shift from underrepresentation in total County employment to proportional representation; and 2) whether the current job mix continues a strong decline of industrial employment as a share of total forecasted employment in Phoenix (p. 26). In other words, the LEOA answers the questions, “What if the number of jobs in Phoenix matched its proportion of total County-wide residents and 2) “What if the employment base in Phoenix continues as it is at this moment in time or if industrial employment sectors decline as rapidly as they have been over the last decade or more (p. 26).”

The implications for each of these scenarios are very significant insofar as they represent vastly different needs for employment land. If, for example, Phoenix maintains its 2014 percentage of jobs relative to its share of total county population, but its job mix shifts consist with a trend toward de-industrialization (“Employment Scenario 1, Option B”), the City will need 29.9 additional net acres of employment land. On the other hand, if Phoenix achieves jobs-population parity, it would need 221.9 net acres of employment land (LEOA, p. 29).

Due to the City’s stated desire to improve its jobs to population parity while promoting a jobs mix with more higher paying, family-wage jobs, the scenarios summarized in the following table assume that Phoenix will maintain a job mix that favors employment in industrial rather than retail and service commercial industries.

Table 4-2: Three Scenario Employment Land Demand Summary

	% of Total Jobs Added	# Jobs Added	Job Density (/Acre)	Land Needed (Net)	Land Needed (Gross @25%)
Scenario 1 - Maintain 2014 Percentage of Jackson County Jobs					
Industrial	0.29	110	10.00	11.00	13.75
Commercial	0.55	205	18.00	11.40	14.25
Public Employment	0.16	60	8.00	7.50	9.38
Total Jobs Added	Total Jobs Added	375	Total Emp. Land Needed	29.90	37.38
Scenario 2 - Achieve Jobs-Population Parity within 1.5 miles of center of Phoenix					
Industrial	0.29	810	10.00	81.00	101.25
Commercial	0.55	1,535	18.00	85.30	106.63
Public Employment	0.16	445	8.00	55.60	69.50
Total Job Added	Total Job Added		Total Emp. Land Needed	221.90	277.38
Scenario 3 - Achieve Jobs-Population Parity w/UGB population					
Industrial	0.29	321	12.00	26.74	33.43
Commercial	0.55	609	20.00	30.43	38.04
Public Employment	0.16	177	12.00	14.75	18.44

Total Job Added	1,106	Total Emp. Land Needed	71.92	89.90
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Source: E.D. Hovee & Company, LLC, and City of Phoenix

Total employment land needed under Adjusted Scenario 3 is 72 net acres, and 90 gross acres. Scenario 3 was also calculated using higher job densities than the first two scenarios, again reflecting the City’s stated desire to use its employment in a more efficient manner.

Regional Demand for Employment Land

It is very important to note that this does not include jobs created through the development of regional employment in the “South Valley Employment Area.” Job creation described above is attributed solely to employment opportunities that can reasonably be expected to occur based on historical economic activity and expansion within the City of Phoenix. Job creation within PH-5, on the other hand, can be attributed primarily to the unique opportunity to locate regionally significant employers that currently have no other options in Southern Oregon.

The REOS evaluated two different scenarios to determine employment land need attributable to opportunities to create regional traded-sector employment in PH-5. “Alternative A” considered “Proven Winners”— industries that have “already proven as sources of significant Rogue Valley regional employment growth since 2000” (p. 39). “Alternative B” included “New Market Niches”— industries that “have been underrepresented locally and regionally but that offer good national or statewide growth prospects” (p. 39). Based on stakeholder comment and further analysis, the Regional Economic Opportunity Analysis recommended that Phoenix pursue a “hybrid approach that combines elements of a strategy involving both proven winners (per Scenario A) and new market niches (Scenario B)” (p. 41). The “combined approach offers advantages” over either Scenario A or B, including (and perhaps most importantly from a regional economic development standpoint) avoidance of intra-regional competition for business development and job creation opportunities. Other benefits include:

- *Greatest focus on traded rather than service sector uses*
- *Maximum market flexibility and pace of space absorption to build-out*
- *Complementary rather than competitive role with respect to the Central Point (CP-1B) freeway site which is anticipated to be oriented to large scale, land-extensive transportation and distribution uses*
- *Also complementary to Medford’s MD-5 area (directly adjoining PH-5) which is anticipated to be developed for a greater mix of commercial office and retail as well as institutional uses and possibly phased to follow and build-on initial PH-5 absorption due to closer proximity to the I-5 Exit 24 (North Phoenix Road) interchange*
(Lead and supportive sectors identified for the “hybrid approach” are described above toward the end of Section 3 “National, State, Regional and Local Economic Conditions and Trends-- Economic conditions and prospects for Phoenix”).

The need for employment land identified in the Local Economic Opportunity Analysis (LEOA) and the Regional Economic Opportunity Study (REOS) are distinct from one another. Although some limited employment in supportive industries is expected to occur in PH-5, employment land demand identified in the REOS is based entirely on regional need. Conceptual Planning conducted by the City of Phoenix during development of the REOS assumes development of limited retail and service commercial uses that would enable the South Valley Employment Area to be developed as a mixed-use neighborhood or district where employees working within the South Valley Employment Area could have convenient multimodal access to commercial businesses like restaurants, grocery stores, pharmacies, financial institutions, etc. Most of the local-serving commercial activity is anticipated to occur

in PH-10, in the available commercial lands adjacent to Grove Road inside the existing UGB, and in downtown Phoenix. PH-5 would, as required by Performance Measure 2.6 of the Regional Plan, be developed as an activity center—albeit one dominated by traded-sector employment land uses. Non-traded-sector employment would support these uses, enabling those working in traded-sector industries to take care of daily needs in close proximity to their places of employment. “Horizontal” mixed use neighborhoods, where land uses that tend to be more service and retail commercial oriented exist adjacent to traded-sector employment land uses, have been conceptually planned for PH-5 through a TGM grant-supported initiative completed in late 2016.

The REOS forecasts traded-sector employment land need by:

1. Establishing a preferred or desirable parcelization plan for PH-5 that would most efficiently serve the needs of industries identified by the recommended “hybrid approach”;
2. Calculating the total regional job creation for employment based on a 20-year extrapolation of 10-year employment forecasts for the Rogue Valley;
3. Assigning an average number of jobs per employment land development size category (e.g. “50+ acres,” “20-50 acres,” etc.);
4. Assigning the average number of jobs for each employment land development category (or “Firm”);
5. Calculating the total number of sites needed, based on these averages;
6. Consequent demand for employment land development sites of various sizes based on this forecast;
7. Allocating to a number of such sites “captured” by PH-5;
8. Assigning an average site development size to these sites;
9. Calculating the total land area needed to accommodate the number of employment sites of various sizes.

The OED forecast, for example, suggests that 4,680 jobs will be added within the Rogue Valley for employment sites of fifty (50) or more acres. With an average of 572 employees working for “firms” that typically use more than 50 acres, the consultant concludes that 6, 50 acre+ sites will be needed. The average amount of land use by such a firm is 67 acres. Therefore, Phoenix can and should identify at least 67 acres that can be devoted to this type of development. The outcome of this methodology is reproduced here in the following table:

Table 4-3: Recommended Parcelization of Regionally Demanded Employment Land

Site Size (acres)	% of Jobs*	Added Jobs**	Average Jobs/Site*	# of sites needed	PH-5 Site Allocation			Gross Site Average
					#	Capture	Avg. Size	
50+	16%	4,680	572	6	1	17%	67	67
20-50	14%	4,095	147	20	4	20%	25	100
5-20	14%	4,095	71	41	8	20%	10	80
< 5	56%	16,380	7	1742	5	0.30%	5	25
Total (All Sites)	100%	29,250	797	1,809	18			272

Notes: * Added jobs are extrapolated over a 20-year time frame from the 10-year OED Rogue Valley forecast.
 ** Job distribution and average number of jobs per firm are per the 2007 Bear Creek Valley EOA which also indicates an average of 1.43 firms per site. Source: E.D. Hovee & Company, LLC

The REOS provides further recommendations for the preferred development pattern and eventual land division of PH-5. It notes that **at least one site larger than 50 acres should be “allocated for a large traded sector use, as for advanced manufacturing, financial, professional, scientific, technical or health services employers”** (p. 43). The report further recommends that PH-5 include four (4) sites between 20 and 50 acres. In order to attract and accommodate large traded sector employers, Phoenix should maintain at least 130 acres that could be developed for larger employers desiring campus-style developments. Ideally, however, it should preserve between 170 to 200 acres for these purposes. This would leave between 70 to 100 acres for medium and smaller size employers, many of which would provide supportive and ancillary services to larger employers. Smaller employers could include a limited number of retail commercial business serving the needs of employees working at the South Valley Employment Area.

Additional information was obtained late in the process of creating this document, which points to an **immediate need for at least one site of 100 acres or more. No such site exists in the entire Rogue Valley region as of August 2019**, which means entities looking for such a site are avoiding Southern Oregon entirely. This issue is discussed in greater detail under the section titled **For Further Consideration** on page 30 of this document.

5. EXISTING LAND SUPPLY AND SUITABILITY ANALYSIS

Current Employment Land Supply

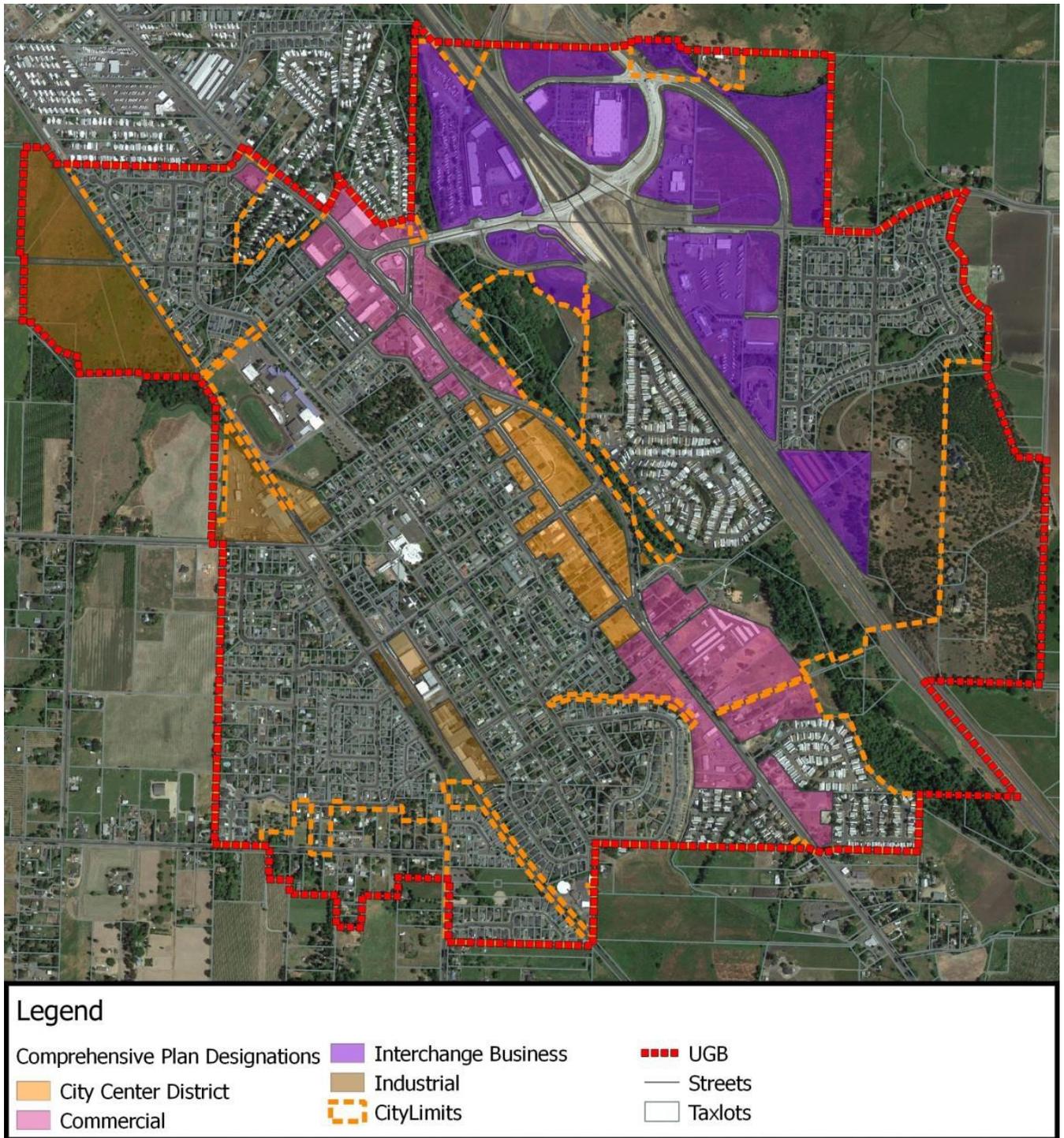
Pursuant to Goal 9, an Employment Buildable Lands Inventory (EBLI) was completed to determine the current availability of Employment Land for future development. In order to complete this analysis, a BLI analyzes the development status of land designated for employment uses by the City's comprehensive land use map. It then assesses the ability of those lands to be developed. The Employment Buildable Lands Inventory explains the process used in reaching these determinations in great detail.

The inventory was assembled and analyzed using the Geographic Information Science (GIS) technologies. Output was further reviewed by City staff on a parcel-by-parcel basis to verify the validity of these analytical results. The inventory is aggregated by comprehensive plan designation in accordance with OAR 660-009-0015.

As reported in the 2018 BLI, there are 1,582 individual parcels within Phoenix's current political boundary, covering 867.6 acres. There are an additional 69 tax lots outside of this boundary but within its Urban Growth Boundary (UGB) covering an additional 185.4 acres (p. 6). The City of Phoenix currently utilizes four categories to designate employment land:

1. City Center (CC);
2. Commercial (COM);
3. Industrial (IND); and
4. Interchange Business (IB)

Of the 1,053 acres of land within its current UGB, almost 264 acres or 23.3% fall into one of these categories (depicted in Map 3, found on page 9 of the BLI and reproduced below). The most prevalent is Interchange Business, with nearly 104 acres representing 9.8% of all employment land; the least prevalent is City Center with nearly 24 acres representing only 2.3% of all employment land (p. 6-7). As the BLI notes, "The difference between employment land in the incorporated and unincorporated portions of the UGB is almost entirely attributable to the landlocked tract (items 8 -12 in the table at the end of this document) commonly known as the 'Helicopter Pad'" (p. 7). Once owned by the City, ownership of this tract of land has reverted to its former owner, Jackson County. Due to its inability to be serviced by public infrastructure and lack of access to Phoenix's transportation system, the City will seek to have this land removed from its UGB prior to or concurrent with any UGB expansion efforts.



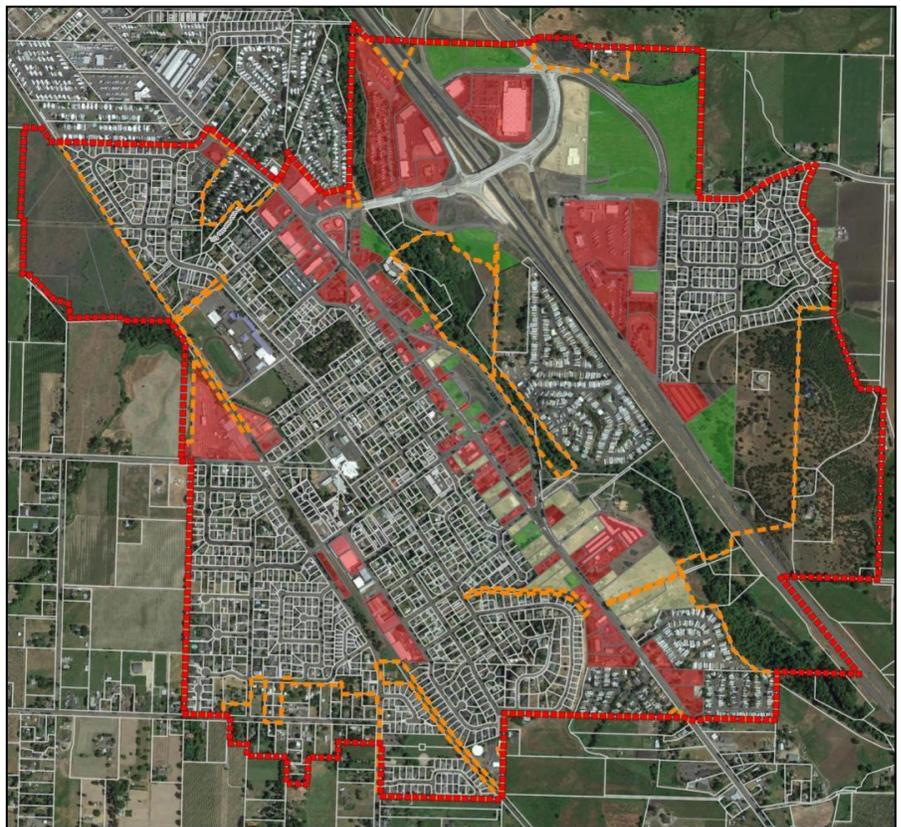
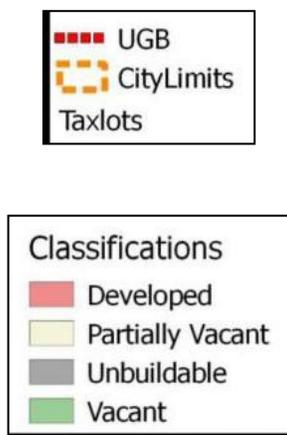
Suitability Analysis

Of the employment land within the UGB, the BLI found that 132 acres have been fully developed; nearly 31 acres are “partially vacant;” nearly 51 acres are “vacant;” and almost 50 acres are unsuitable for development due to environmental, regulatory, and other development constraints (p. 10). This information is summarized in Table 4 of the BLI, reproduced here:

Table 5-1: Employment Land by Comprehensive Plan Designation and Development Status

Plan Designation	Tax Lots	Acres	Developed	Partially Vacant	Unbuildable	Vacant
City Center	73	23.88 Ac.	12.11 Ac. (40 TL)	4.54 Ac. (8 TL)	3.60 Ac. (7 TL)	3.63 Ac. (18 TL)
Commercial	94	66.75 Ac.	40.26 Ac. (64 TL)	19.46 Ac. (11 TL)	4.62 Ac. (15 TL)	2.41 Ac. (4 TL)
Interchange Business	34	121.63 Ac.	61.43 Ac. (14 TL)	6.95 Ac. (1 TL)	8.57 Ac. (5 TL)	44.68 Ac. (14 TL)
Industrial	19	51.28 Ac.	18.37 Ac. (14 TL)		32.91 Ac. (5 TL)	
Total	220	263.54 Ac.	132.17 Ac. (132 TL)	30.95 Ac. (20 TL)	49.70 Ac. (32 TL)	50.72 Ac. (36 TL)
Percent of Total		100%	50.15% (60%)	11.75% (9%)	18.85% (15%)	19.25% (16%)

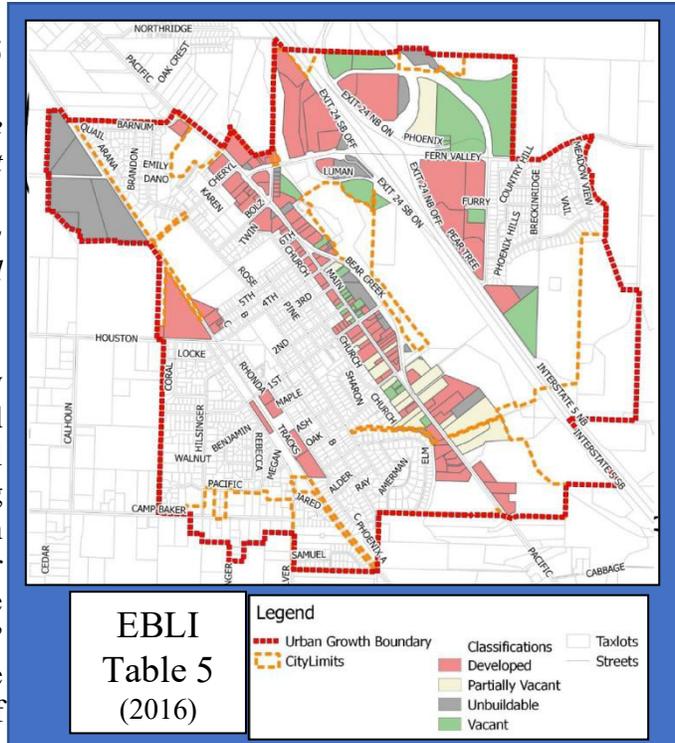
The development status of employment land with Phoenix’s UGB is depicted in Map 4 on page 11, and reproduced here:



The designation “partially vacant” is a term of art defined by OAR 660-009-0005 as [...] a lot or parcel:

- (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or
- (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

Phoenix is small enough geographically for this assessment to be performed through visual assessment of aerial imagery and areal measurement using GIS. This is an important step in determining total land available for development for employment uses. The remnant, “undeveloped” or “vacant” portion of “partially vacant” land must be included in the final summation of developable employment land. According to Table 5, on page 10 of the Employment Buildable Land Inventory, roughly 14 acres of the partially vacant land is developable—before removing land that is constrained (undevelopable) due to environmental, development, and regulatory factors. One example of this discrepancy is the 1.32-acre parcel owned by PHURA adjacent to Blue Heron Park. The property is zoned C-C but a wetland precludes access to the developable portion of the property. This parcel should be labeled Unbuildable. Another 1.11-acre parcel, the site of a church that has been under construction for several years, is also shown as Partially Vacant even though development is proceeding. These two parcels on their own reduce the “Partially Vacant” total to less than 12 acres.



Removing constrained lands from the inventory of vacant and partially vacant land leaves a little more than 55.58 acres available for development (41.14 acres of vacant “unconstrained” employment land + 14.44 acres partially vacant “unconstrained” land). Table 7 on page 12 of the EBLI delineates the amount of land suitable for development within each Comprehensive Land Use Map category:

Table 5-2: Employment Land by Comprehensive Plan Designation

Development Status	Plan Designation (acres)				Total	Percent of Total
	C-C	COM	I-B	G-I		
Partially Vacant	2.45	9.35	2.64	0	14.44	25.90%
Vacant	2.69	1.49 Ac.	36.96	0	41.14	74.10%
Total	5.14	10.84	39.6	0	55.58	100%
Percent of Total	9.20%	19.50%	71.30%	0.00%	100%	

Source: Phoenix Planning Department

As the table demonstrates, the vast majority (71%) of developable employment land is currently designated as “Interchange Business.” Lands with this designation “[surround] the Fern Valley Road / Interstate 5 interchange. They are intended to provide services and goods for the traveling public, as well as business locations serving the community and the region. Uses typically include truck stops, auto repair / service stations, restaurants, motels, other tourist accommodations, vehicle sales and service, product manufacturing, storage and distribution facilities, offices, and retail.” (Comprehensive Plan Land Use Element, p. 10)

The “Interchange Business” uses range from service commercial to light industrial. As mentioned previously, there is no developable land designated for industrial uses. There are nearly 11 acres available for development in the COM Commercial designation and a little more than five acres available for development are designated CC City Center.

In addition to the 55.58 acres of buildable vacant/partially vacant employment land, the EBLI estimates that “about 32.5 acres (or 39 Tax Lots) [are] potentially redevelopable.” (p. 18) For the purposes of the EBLI, “redevelopable” lands are those with higher land values relative to the value of improvements. More specifically, lands where the value of improvements was less than 50% of the land were considered to be more likely to be redeveloped than not within the 20-year planning horizon. A property, for example, with a small commercial building valued at \$100,000 located on one acre of commercial land valued at \$200,000 is considered to be redevelopable. To a prospective developer, acquiring this property which would have a total value of \$300,000 may be represent a feasible investment opportunity.

Redevelopment Potential

Not all development sites are suitable for the types of land uses planned for by the City’s Comprehensive Plan. In Table 12, the EBLI demonstrates that 21 of the 39 total redevelopment properties are smaller than ¼ acre in size. Most contemporary, freestanding commercial and industrial buildings require at least 1 acre to accommodate an adequately sized building and site improvements (off street parking, landscaping, and stormwater management facilities, for example). If only properties over one acre in size were considered to be “potentially redevelopable,” as of 2016 the amount of potentially redevelopable land falls from 39 to 7 parcels (Table 11, p. 18). The EBLI was completed in December of 2016; since that time and August of 2019, several projects have been initiated and completed, meaning the City’s actual inventory is less than stated in the EBLI.

In conclusion, Phoenix has a total of nearly 63 acres of land (vacant + partially vacant + potentially redevelopable >= 1 acre) that may accommodate future need for employment land.

Needed local-serving employment land

The Local Economic Opportunity Analysis contemplates two different employment scenarios: one in which Phoenix continues to have a smaller share of county-wide employment relative to its share of county-wide population, and one where its share of county-wide employment reaches parity with its share of county-wide population. A preferred third scenario was proposed in order to provide a more achievable and realistic opportunity for Phoenix to pursue

improved jobs to population parity. In the first scenario, Phoenix would remain a “bedroom” community with “substantial out-commuting” (p. 35). Many of our residents would continue to drive elsewhere for work. Currently, 1.67% of Jackson County jobs are located in Phoenix. To reach employment to population parity for population within a 1.5-mile radius of Phoenix’s geographic center (this includes all of Phoenix’s current UGB and some surrounding lands), the percentage of county-wide jobs would need to increase to 3.69%--an increase of 2,790 jobs (LEOA, p. 27). Presented with the choice between these scenarios, Phoenix’s Planning Commission and City Council both preferred a scenario that would approach employment/population parity, but do so in a more reasonable manner. Scenario 3 assumes that Phoenix achieves a jobs-to-population parity based on its projected percentage of total County population residing within its Urban Growth Boundary—2.18%.

The City of Phoenix has a deficit of employment land for both the 20-year and 50-year time horizons, as demand will be much greater than the current supply. PH-5 and PH-10 are intended to meet this demand. However, as noted later in this document, neither the LEOA nor the REOS accounted for a need not met anywhere else in Southern Oregon today – a large employment site in the 100-acre-plus range.

Assuming, as the LEOA did, that public employment uses (for instance schools and municipal facilities) were to be located on residentially designated land, Phoenix would need an additional 120 acres of employment land in order to satisfy the projected demand under Scenario 2 A wherein the Phoenix would achieve “100%” jobs-population parity with its current mix of jobs. (The “current job mix” is the preferred scenario due to its higher proportion of family-wage jobs in industrial sectors like manufacturing vs. much lower paying jobs in service industries.) This land need may decrease slightly under the preferred alternative of Scenario 3, and in reality, may be even less due to the fact that some public and institutional uses such as schools, churches, etc., tend to be located on residentially zoned land. These uses do tend to have a low jobs per acre figure, but will result in jobs that do not occur in commercial or industrial zones and thus slightly decrease the total land need to accommodate new jobs.

As noted in the LEOA, reaching employment/population parity will require significant resources and political commitment, including coordination with both Jackson County and the City of Medford as the two cities eventually meet. While this goal may be desirable, it is also aspirational. At least in terms of local-serving employment, achieving employment to population parity for the County share of population within Phoenix’s UGB (Scenario 3, 2.18%) is a realistic goal. The following table summarizes the amount of employment land needed over the next 20 years in order for the City of Phoenix to provide enough jobs for each of the three scenarios:

Table 5-3: Land Need Scenario Comparison

Scenario	Land Type	Land Needed (Net)	Land Needed (Gross @25%)	Available Suitable Land	Remaining Land After 20 Years
1	Industrial	11	13.75	11	2.75
	Commercial	11.4	14.25	77.08	62.83
	Public Employment	7.5	9.38	0	9.38
					50.71
2	Industrial	81	101.25	11	90.25
	Commercial	85.3	106.63	77.08	29.55
	Public Employment	55.6	69.5	0	69.5
					189.3
3	Industrial	26.74	33.43	11	22.43
	Commercial	30.43	38.04	77.08	39.04
	Public Employment	14.75	18.44	0	18.44
					1.82

Source: E.D. Hovee & Company, LLC and City of Phoenix

Short Term Need Determination

The LEOA provides an analysis of land available for development within one year “of a building permit or request for service extension” based on the Employment Buildable Land Inventory (EBLI) previously completed by the City in accordance with OAR 660-009. That document concluded that “all of the land supply currently included within the Phoenix city limits is considered to be served with adequate public facilities and within the short-term land supply” (LEOA p. 36). This represents 74% of the vacant and partially vacant land supply within Phoenix’s current Urban Growth Boundary, easily satisfying state requirements that 25% of total employment land supply within a UGB meets this criterion.

Parcel Size and Suitability

Parcel size is an important factor in predicting the suitability of a property to accommodate development. An abundance of relatively small parcels, for example, may not accommodate the needs of employment land uses that are most likely to locate on developable lands, let alone meet a community’s economic development goals.

The LEOA notes that the 88 acres of employment land suitable for development consist of 89 individual parcels with a mean size of about an acre. More importantly, only 13 parcels are larger than two acres, and only one parcel is larger than 10 acres. The majority of these parcels have a Comprehensive Land Use Map designation of Interchange Business. Although this designation allows for some light industrial uses, none of these parcels are actually zoned LI Light Industrial. Only two of the “2+ acre properties” have General Industrial Comprehensive Land Use Map designations. Neither of the properties with an Industrial Comprehensive Land Use Map designation is vacant or partially vacant; both are considered by the EBLI to be “redevelopment” properties, and therefore may not be readily available for new industrial development and uses—particularly in the short term as defined by OAR 660-009.

According to the third scenario described in Section 4, Phoenix will need 89 employment sites to accommodate the projected 1,106 jobs that Phoenix could capture over the next 20 years. In an ideal world where the land development needs of an employer are met perfectly by available land, Phoenix would be able to meet most of that overall needs within its current UGB. A closer look, however reveals that even under such ideal circumstances, the current supply of employment land within the City’s UGB is deficient approximately 10 employment sites in the 1-2-acre category.

For Further Consideration

All background information the City has relied on to develop this document, including both the LEOA and REOS, point to a regional land need for industrial/employment parcels in the 20-50-acre range. There are very few commercial or industrial parcels in the Rogue Valley that exceed 50 acres. The 2016 EBLI documented an existing supply of less than 60 acres within the City of Phoenix UGB, including all Commercial and Industrial designations. The development of Exit 24 Storage, completed in 2018, reduced the inventory in the C-H zone by 4.65 acres. The Phoenix Industrial Studios project south of downtown Phoenix, which is under construction as this document is being written, has reduced the supply in C-H by another 4.69 acres. The only remaining greenfield sites are located on Grove Road east of Interstate 5, the largest containing less than 15 acres of developable commercially zoned land.

Discussions in late July 2019 with Southern Oregon Regional Economic Development, Inc. (SOREDI), the agency that works to promote economic development for and on behalf of all of the communities in the Rogue Valley (including both Jackson and Josephine Counties), indicate that the largest parcel available in the region as of July 2019 is the “Airport One” site in Medford, which has FAA height restrictions due to its proximity to the airport. The second is the “Avenue G site” in White City. This site is six miles from Interstate 5 Exits 33 and 35, and seven miles from Exit 30. There is not a single site or even a tract of available land in the 100-acre range in the entire Rogue Valley.

Discussions with Business Oregon staff indicate that site selectors are looking for sites larger than 70 acres all over Oregon, and in fact sites larger than 100 acres. If no such sites exist in the Rogue Valley, those site selectors are not even seeing Southern Oregon on their list. If Phoenix’s PH-5 Urban Reserve is indeed intended to be the “Southern Oregon Employment Center,” and it is the only place between Eugene/Springfield and Redding that can satisfy this need, we must consider whether or not a portfolio consisting of 20-50-acre sites will be sufficient to accomplish our regional goals. We should assume that we will need at least one 100+ acre site in addition to the smaller sites already identified.

Issues identified by our local partners as barriers to attracting large investments include:

- 1) No sites in the 100+ acre range
- 2) Largest available site in the region (Airport One in Medford, 81.26 acres) is inside FAA height restriction zone for Rogue Valley International-Medford Airport

- 3) Next largest site (Avenue G in White City, 64.95 acres) is not in close proximity to Interstate 5 and is oddly shaped (approx. 4,000x700 feet)
- 4) No other sites in this size range, even counting constrained sites.

These figures do not neatly fit into Oregon's Statewide Goals for the 20- and 50-year planning horizons, because it would appear that at least 100+ acre site is needed in Southern Oregon today. Because we cannot anticipate exactly what type of development will be proposed or when, it is our duty under Goal 9 to ensure that we have land available to meet that need. Neither can we predict where development interest will come from – be it expansion of existing employers who are already here, or entirely new projects for firms expanding or relocating from elsewhere. This unpredictability makes it essential for us to be able to offer flexibility to accommodate a wide variety of inquiries, provided of course that they are consistent with our directives under RPS.

Since September of 2017 SOREDI, the designated Economic Development District for Jackson and Josephine Counties, has received a total of 23 business leads from Business Oregon, 16 of which they could not respond to due to our region's inability to meet certain criteria. Of those, three specifically required more land than we could offer, and another three required existing buildings larger than anything we have available (upwards of 60,000 s/f). The argument that Southern Oregon does not need more industrial/employment property due to the relatively small number of projects we have successfully recruited is circular reasoning. Our success at recruiting is greatly limited by our ability to offer attractive options, whether greenfield sites, or standing industrial buildings. And, the advent of both cannabis and hemp has consumed what little we have in the way of industrial buildings without regard to cost.

Phoenix City staff is well aware of the issues surrounding development of PH-5. First and foremost, there are limitations on the amount of traffic that existing transportation infrastructure can handle. Trip generation will increase regardless of what is built. Construction of the "South Stage Overcrossing" in Medford has the potential to mitigate current and future trips that are contributing to capacity issues at I-5 Exit 27 in Medford and will surely increase traffic counts at Exit 24 in Phoenix. The Oregon Department of Transportation (ODOT) has the authority to limit trip generation (or more particularly, the development that results in new trip generation) if metrics for overall capacity and Level of Service (LOS) may be exceeded. The City is in a position to pursue aggressive policies regarding "active" transportation alternatives such as walking and bicycling, alternative transportation that might utilize bicycle and pedestrian infrastructure such as the increasingly popular electric "scooters," and of course local and regional transit. Any and all alternative transportation options, including demand management strategies such as offset working hours to reduce peak period loads will be considered to mitigate and perhaps reduce the impacts of new development and actually save our respective jurisdictions money by delaying or mitigating costly motor vehicle capacity improvements.

Second, and just as critical, is the lack of utilities in the area. The utility issue will likely require close coordination with the Medford Water Commission, as it may be more efficient to bring water service from the north than the south. Because the Medford Water Commission is the

supplier for the entire region, this should not present a major obstacle but it may require the City to utilize an additional master meter. Provision of sewer service is under the purview of Rogue Valley Sewer Service (RVSS). The topography in PH-5 is generally sloping, and sewer service is most efficient when gravity flow is utilized. This will likely influence where waste water is sent, which may not necessarily align with jurisdictional boundaries.

The prospect of a large, well-designed, industrial park that is close to I-5 and flexible enough to accommodate a variety of sizes and shapes is exciting and very much in line with Oregon Statewide Goal 9...even more so when we consider the fact that the City will commit to complementing new Employment development with nearby residential and mixed-use areas and link them all to each other and downtown Phoenix with multimodal connectivity from the start.

A project in the 100-acre range may also be the catalyst necessary to spur construction of new infrastructure that will then be available to serve smaller parcels and projects. A project of that scale will be in a better position to absorb the associated System Development Charges (SDCs) and other fees/costs associated with greenfield development, and may also enable the City and region to seek additional sources of outside funding. The City would be amenable to creation of a Reimbursement District and/or Local Improvement District to assist in the funding of new infrastructure, lessening the financial burden on the initial project/developer.

Conclusions

Assuming that Phoenix achieves closer regional employment/population parity (Scenario 3), Phoenix will not have enough employment land to meet projected local or regional commercial and industrial employment land need.

Adjusting several key assumptions used by the LEOA, for example increasing employment densities, greatly reduces this need. But more significantly, removing land need created by “Public Employment” results in a 23% to 25% reduction in total employment land need. Public Employment land is an important consideration in a community where the single largest public employer, the Phoenix Talent School District, is located on land designated and zoned for residential uses and has identified a need for a new middle school likely within Phoenix. Nonetheless, removal of Public Employment land from consideration, as well as assuming the highest average employment densities as defined by the Regional Plan’s own Regional Economic Opportunity Study, still yields a need for a significant amount of land.

Under the employment-to-population parity assumptions used in Scenario 3, the City of Phoenix will experience a deficiency (including land needed for “Public” employment), and that deficiency is much more pronounced within two of the three employment land categories. Phoenix could expect to need an additional 40.87 acres of land to accommodate industrial and public employment. The shortage of land for industrial employment—a sector that the City wishes to support and cultivate—would be deficient 33.43 acres in the short term. This is due to the fact that all of the “Available Suitable” employment land designated for industrial land uses would need to be redeveloped. Redevelopment can be complicated by a variety of factors, not the least of which is the added economic burden imposed on new development by the

current economic value of existing development, however meager that might seem. For this reason, redevelopable lands in the EBLI are not considered to be available for development in the short term.

In addition to land needed to satisfy locally generated demand for employment land, the REOS completed in 2017 has identified a need for 272 acres to meet regional demand for large traded-sector employers seeking larger sites that could accommodate light industrial uses such as advanced manufacturing and research and development in a campus or business park setting. According to the REOS, such uses would consume nearly 63% of this land; ancillary and supporting industrial sectors would consume the remainder. It should be emphasized that although the regional employment land need identified in the REOS is largely exclusive of need for local-serving employment, the need for local-serving industrial employment land identified in the LEOA will likely overlap with regional need. The LEOA did not differentiate between the need for local-serving industrial land and regional-serving industrial land. In other words, local-serving industrial employment land could be accommodated within PH-5, and need not be located elsewhere.

As noted under the final section, For Further Consideration, the City of Phoenix is in a unique position in the Rogue Valley, and indeed in the State of Oregon. This position puts the city outside of the traditional metrics for basing growth projections on previous or anticipated growth.

Through the Regional Problem Solving (RPS) process, the City was “assigned” an Urban Reserve that is significantly larger than local growth patterns could justify. This assignment was based on acknowledgment that the entire Southern Oregon region was deficient in its land supply for employment purposes; specifically, larger, traded sector enterprises. Local and Regional Economic studies both saw a lack of, and therefore a need for, parcels in the 20-50-acre size. However, all of these studies omitted a critical factor: the fact that the entire Rogue Valley region is unable to offer a large, 100+ acre site. Because no such site exists today, companies looking for such a site have not even been on their radar. The absence of demand for such a site is due to the fact that our own regional economic development organization (SOREDI) either does not receive inquiries for such a site, or responds that none are available if such inquiries are received. If the Rogue Valley had a 100-acre site available for development, our ability to attract investment would be instantly elevated, even if the site could not be classified as “shovel-ready.” Additionally, a project of this magnitude could be the catalyst for development of the smaller parcels identified as necessary to meet local and regional need.

6. VISION, GOALS, AND POLICIES

VISION

Expand economic opportunities for local residents and the entire Rogue Valley, while maintaining and improving the quality of life for existing and future residents and ensuring fiscal stability for the City.

GOAL 1 - ECONOMIC DEVELOPMENT

Foster economic development through the retention and expansion of existing employers and attraction of new employers.

Policy 1.1

Ensure that the City of Phoenix has an adequate supply of employment land for both short and long-term local employment needs over the next 20 years, and initiate efforts to expand the City’s Urban Growth Boundary in order to accommodate that need.

Policy 1.2

Balance commercial and industrial land within the current UGB to accommodate industrial uses that utilize smaller tracts of land (<1 acre), that are compatible with and support local economic and community development goals like providing opportunities for small-scale, low intensity production.

Policy 1.3

Consider every possible design standard, alternative transportation mode, and demand management strategy to prolong the functional life and extend the carrying capacity of the Interstate 5 Exit 24 interchange.

Policy 1.4

Implement recommended improvements outlined in the Water Utility Master Plan in coordination with the addition of PH-3 and build-out of PH-5 and PH-10.

Policy 1.5

Pursue expansion of the City’s current Urban Growth Boundary in order to accommodate demand for regional and local-serving employment land, and remove the “Helicopter Pad” property from the City’s current UGB and the Phoenix Urban Renewal Agency boundary.

Policy 1.6

Consider adjusting the boundary of the City’s Urban Renewal District to more closely align with properties likely to develop or redevelop.

Policy 1.7

Explore the benefits and feasibility of establishing a new Urban Renewal district within PH-3 in order to support redevelopment of underutilized lands.

Policy 1.8

Examine the relationship between housing affordability and availability and business retention and attraction. Pursue housing-related policies that address deficiencies that undermine the attractiveness of Phoenix and the surrounding region as a place for business expansion, talent attraction and retention.

Policy 1.9

Review and update implementing code language and other standards to identify where “green” and other Best Practices strategies can reduce construction and maintenance costs for public infrastructure, especially streets.

GOAL 2 - CITY CENTER

Continue to strengthen Phoenix’s City Center. Make downtown Phoenix not just a place to go, but a place to BE.

Policy 2.1

Develop incentives to attract “Third Place” businesses to downtown Phoenix.

Policy 2.2

Identify and implement an economic incentive program to support mixed-use development.

Policy 2.3

Evaluate the feasibility and benefits of expanding the City Center district north and possibly south along Highway 99; update the City Center Element of the Comprehensive Plan and implementing language in the Land Development Code to allow a larger area supportive of both horizontal and vertical mixed-use development.

Policy 2.4

Ensure that residents, employees and visitors can access and move within downtown Phoenix safely and comfortably via transit, on foot and by bicycle, which will encourage people to stay downtown longer and visit more local businesses.

GOAL 3 - SOUTH VALLEY EMPLOYMENT CENTER

Pursue expansion of the City’s Urban Growth Boundary into the PH-5 Urban Reserve, and development of the South Valley Employment Center as an economic development catalyst for the entire Rogue Valley.

Policy 3.1

Ensure that the City of Phoenix is positioned to accommodate regional employment needs that cannot be met elsewhere in Southern Oregon, including the entirety of Jackson and Josephine Counties.

Policy 3.2

Recognize that the City of Phoenix is in a position to accommodate a land need not met elsewhere in Southern Oregon, and that, due to a lack of available alternatives, transcends the traditional analytics for 20- and 50- year employment growth projections.

Policy 3.3

Recognize and ensure that any expansion of the City’s UGB into PH-5 for the South Valley Employment Center does not absolve the City and regional partners of our respective obligations to obtain funding for construction of necessary infrastructure, and to potentially limit trip generation until adequate infrastructure is constructed.

Policy 3.4

Recognize and ensure that any expansion of the City’s UGB into PH-5 for the South Valley Employment Center will be conditioned upon adoption of specific Comprehensive Plan and implementing ordinance language consistent with the City’s obligations under Regional Problem Solving (RPS).

Policy 3.5

Support development of multi-modal transportation infrastructure and demand management best practices to minimize motor vehicle trip generation, reduce vehicle emissions, and encourage “active transportation,” especially during peak demand periods.

Policy 3.6

Support development of regional transportation and other infrastructure needed to accommodate build-out of PH-5, including construction of the South Stage Overcrossing, through Public-Private-Partnerships and other collaborative policy initiatives.

Policy 3.7

Explore options for funding infrastructure construction and ongoing maintenance in PH-5, including but not limited to Local Improvement Districts, Reimbursement Agreements, System Development Charges, Frontage Fees, etc.

Policy 3.8

Review and update implementing code language to ensure that new development will use land as efficiently as possible.

Policy 3.9

Establish vigorous standards to identify and protect the large-lot employment lands in PH-5 identified as necessary to meet long term regional employment goals, including one parcel at least 100 acres in size, a minimum of one site of at least 50 acres, and multiple 20-acre sites for large, traded-sector employers.

Policy 3.10

Work cooperatively with staff from Jackson County, the City of Medford, Medford Water Commission, Rogue Valley Sewer Services, Rogue Valley Transportation District and other regional partners to ensure that as the two cities meet there will be a seamless transition from one city to another.