

Metro

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Metro

Minutes

Tuesday, April 5, 2022

11:45 AM

<https://zoom.us/j/615079992> (Webinar ID: 615079992) or
888-475-4499 (toll free)

Council work session

Please note: To limit the spread of COVID-19, Metro Regional Center is now closed to the public. This work session will be held electronically.

You can join the meeting on your computer or other device by using this link: <https://zoom.us/j/471155552> (Webinar ID: 471155552) or by calling or 877-853-5257 (toll free).

If you wish to attend the meeting, but do not have the ability to attend by phone or computer, please contact the Legislative Coordinator at least 24 hours before the noticed meeting time by phone at 503-797-1916 or email at legislativecoordinator@oregonmetro.gov.

11:45 Call to Order and Roll Call

Council President Peterson called the Work Session to order at 11:45 a.m.

Present: 5 - Council President Lynn Peterson, Councilor Christine Lewis, Councilor Juan Carlos Gonzalez, Councilor Gerritt Rosenthal, and Councilor Mary Nolan

11:50 Work session topics:

11:50 Expert Panel on Recruiting and Siting Industry within the Region

Attachments: [Worksheet](#)

Council President Peterson explained that today's work session, part of a series of expert panels on job creation and economic development, addresses the region's housing affordability and wage challenges while aiming to increase well-paying job opportunities.

Council President Peterson introduced Andy Shaw, Metro, Monique Claiborne, GPI, Stuart Skaug, NAIOP, and Keith Leavitt, Port of Portland, to present on the topic. Staff pulled up the Expert Panel on Recruiting and Siting Industry within the Region PowerPoint to present to Council.

The presenters discussed Greater Portland Inc.'s recruitment strategy and economic development focus,

highlighting its role as the sole public-private partnership for business attraction in the entire region. The organization targets traded sector companies to bring new revenue into the region, emphasizing clusters such as computers, electronics, apparel, and outdoor climate tech. They employ various strategies including industry needs assessments, targeted outreach, and inbound marketing events to promote brand preference for Greater Portland, resulting in significant job creation and economic impact despite challenges such as homelessness and industrial land supply constraints.

The discussion provided insights into the dynamics of industrial real estate from both demand and supply perspectives, as well as identified significant challenges and potential solutions. Over the past few years, the impact of COVID-19 has led to a notable increase in demand for industrial properties, driven not only by the rise of e-commerce but also by manufacturers, retailers, and wholesalers adapting to higher inventory requirements. They explained that this surge in demand has resulted in preleasing levels reaching some of the highest levels recorded, with tenants facing fierce competition for available space. However, the supply of industrial land has not kept pace with demand, leading to vacancy rates below 3% and a declining inventory of available sites. Challenges such as brownfield cleanup, infrastructure deficiencies, and regulatory hurdles further constrain the development of industrial sites. While labor shortages, increasing construction costs, and uncertainties in the interest rate environment pose additional headwinds, there is a consensus on the need for a coherent economic development strategy to address these challenges and facilitate industrial growth. Public-private partnerships and innovative approaches are crucial for overcoming constraints and ensuring the availability of industrial land to

support economic expansion in the region.

Council Discussion

Councilor Nolan asked about the underutilization of industrial properties, specifically inquiring about the nature of the remaining 65% of unutilized space and exploring the potential impact of improvements in mass transit or alternative transportation methods on maximizing land utilization. Stuart Skaug answered that the majority of the unutilized space on industrial properties is allocated to car and truck parking, particularly as companies adapt to dynamic supply chain needs, with a growing emphasis on off-dock trailer parking and staging distances required for trucks. Claiborne added that the unutilized space on industrial properties is allocated to parking, including truck parking and large truck dock courts, along with landscaping requirements, onsite stormwater treatment areas, and setbacks dictated by zoning code regulations, which together contribute to the overall density considerations for industrial sites. Councilor Nolan also asked what the payroll per acre was, and if there are high-density cities in the US that might have models that could be imported to Metro. Skaug responded that many industrial companies, including local manufacturers and regional distributors, struggle to meet the wage criteria for enterprise zone benefits, typically set at two times the minimum wage including benefits, while considering the global trend of multi-story warehouses, especially prominent in Asia due to limited land availability, yet it has not been widely adopted in the US due to various factors such as land pricing and user preferences.

Councilor Rosenthal wondered how supply chain challenges affect the demand for industrial lands, the economic impact of state-mandated solar access on industrial facilities, and the significance of transportation system availability in site

development. Presenters responded that recent years have prompted businesses to reevaluate supply chain assumptions, with increased safety stock leading to significant additional warehouse demand nationally; while sustainability discussions include EV charging stations, solar access on industrial facilities remains uncommon. Regarding transportation, although ideal locations like I-5 are scarce, companies adapt to available sites, with parking still necessary due to round-the-clock operations and limited public transportation.

Councilor Gonzalez inquired about the potential implications if all tier two and tier three sites were to transition into tier one readiness, inquiring about the hypothetical scenario's impact on supply and demand within the economic development landscape. Presenters responded by discussing the current state of tier two sites, notably the 250-acre North Hillsboro site with infrastructure needs and large lot use restrictions, indicating a limited recruitment potential due to those restrictions, and highlighting the rationale behind such decisions made by Metro. Additionally, they explored the demand for large parcels, emphasizing a significant focus on industrial properties amidst a trend of decreased demand for office spaces, with potential for office repurposing observed in Southern California but not yet in Portland.

Councilor Lewis requested that presenters reflect on the strategies of East county and how they might relate to Clackamas county. Presenters highlighted transportation issues as significant constraints, along with discussions on the demand for large parcels and the need for holistic approaches to land use planning, regulatory processes, infrastructure, and workforce housing to foster economic growth and prosperity in the region.

Seeing no further discussion, Council President Peterson moved on to the next agenda item.

1:05 Chief Operating Officer Communication

Marissa Madrigal provided an update on the following events or items:

On March 17th, Metro officially became a signatory to the Regional Workforce Equity Agreement, which aims to promote racial and gender equity in the construction industry. Multnomah County Chair Deborah Kafoury and several union partners have also signed the agreement, and it will be presented to the Portland City Council soon.

1:15 Councilor Communication

Councilors provided updates on the following meetings and events:

- Council President Peterson mentioned attending the inaugural meeting of the Oregon Semiconductor Task Force, focusing on expanding Oregon's semiconductor industry to foster job growth. She expressed interest in participating in subcommittees on industrial land and environmental regulation, highlighting the importance of land readiness across various acreages.
- Councilor Lewis attended the groundbreaking for Good Shepherd, a 143-unit affordable housing project in Happy Valley, the city's first affordable housing development. She also reported on the Regional Housing Oversight Committee meeting and the inaugural meeting of the Willamette Falls Locks Authority. In addition, she participated in a meeting with MPAC where the discussion mainly focused on Route 205, resulting in two motions. She also shared attendance at the Reimagine Oregon event, acknowledging Metro's progress on its commitments.
- Councilor Gonzalez gave updates from the Reimagine Oregon elected task force meeting, emphasizing the

council's commitment to community-driven human services and supportive housing measures, and shared ongoing efforts of staff to explore new tasks and initiatives to further enhance the council's work. He also reported attending the ribbon-cutting ceremony for Nueva Esperanza, an affordable housing project in Hillsboro, celebrating the milestone of 1000 units under construction through the affordable housing bond.

- Councilor Rosenthal mentioned the approval of two community enhancement grants, one for a local version of StoryCorps at the library and another for paving a mile of trail connecting to the regional trail system. There was also discussion about improving community hazardous waste pickup, which Wilsonville believes could be managed more efficiently by the city due to its expertise.

1:20 Adjourn

There being no further business, Council President Peterson adjourned the Metro Work Session at 1:20 p.m.

Respectfully submitted,

Sam Hart, Legislative Assistant