Memorandum

Home of the Tualatin River National Wildlife Refuge

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2009 Top Ten Selection

2007 18th Best Place to Live

Date: January 7, 2016
To: Planning Commission
From: Julia Hajduk, Community Development Director
RE: Industrial Uses code review

On January 12, 2016, the Planning Commission is scheduled to hold a public work session to discuss potential changes to the industrial use standards in the Sherwood Development Code. The purpose is for the Commissioners to have conversations with small groups of interested property owners, business owners and residents to better understand their issues, concerns and preferences. The information received will help inform future recommendations on potential code changes to the use classifications and, potentially, the permitted uses in the Light Industrial (LI), General Industrial (GI) and Employment Industrial (EI) zones. Copies of this memo will be available at the meeting and the Commissioners will focus on the following three questions:

- What would you like to see?
- What would you not like to see?
- Regarding what you do not want, what are the main reasons/concerns?

At the end of the meeting, Commissioners will report out what they heard from the group. Staff will then take all the feedback received prior to and at the meeting, as well as input provided by the Planning Commission and prepare DRAFT changes to the development code for discussion in work session at the 1/26/16 Planning Commission meeting.

Issue:

The City of Sherwood adopted a concept plan and implementing code language for the Tonquin Employment Area (TEA) in October 2010. The intent at the time was to make the types of uses we wanted most, permitted outright and other uses that would complement the vision permitted conditionally upon demonstrating that they were compatible with the desired uses and intent. In August 2012 the City updated the industrial use code sections as part of a larger code clean-up project and in the translation process of merging 3 chapters with slightly different use categories into 1, there were very few uses allowed outright or conditionally in the TEA area. This was brought to the City's attention by multiple property owners and brokers as they were trying to sell and develop properties in the TEA. The City staff and Planning Commission see this as a potential opportunity to not only address the problem in the TEA but also to better categorize uses in all industrial zones to regulate the types of uses that would not be compatible with the community (for example, those that are attractive nuisances or emit

noxious odors) while being open to new products and processes. When the code is very prescriptive, it can become dated and if there is not flexibility for new technology, can result in lost opportunity.

Input received to date:
Notice of the January 12, 2016 public work session has been provided on the web site, in the Archer, on Facebook and mailed to all property owners of Industrial property. Concurrent with the mailed notice, we asked for feedback on the existing uses allowed in industrials zones and what people would like to see and not like to see if uses were modified. A survey was also placed on the website asking similar questions as well as asking respondents their concerns regarding industrial development. Attachment 1 to this memo is a copy of all responses/letters received to date, however a summary of responses received is provided below.

Are there uses you would like to have that you cannot currently have? If so, what?
NOTE: the purpose of this question was to determine if other property owners were struggling with the uses allowed in the code in the same way we have been hearing was an issue in the TEA. We also wanted to see what property owners and business owners would like to have to see if there is a disconnect that we could potentially address.

- Unconditional warehousing, distribution, light industrial and manufacturing without time of day operating restrictions in the LI PUD,
- Banks or restaurants on lots facing highway,
- on-line car dealership, drive-thru coffee, winery,
- more flexibility on the square footage allowed for certain uses such as retail, showrooms, storage, etc
- Related to the storage of vehicles for off-site sales, they would like to be able to add vehicle and equipment rental, retail sales of vehicles, vehicle service and repair and fueling stations and car wash facilities
- Vehicle sales and uses related to cars, truck, motorcycles, trailers and boats
- Stand alone warehousing and distribution (in EI)
- Manufacturing of food products (in EI)
- Pharmaceuticals in facilities larger than 50,000 square feet (in EI)
- Manufacturing of building components, furniture, fixtures, signs (in EI)
- Manufacturing of non-toxic materials or products made from metal, wood, plastic, stone, fabric or other products not otherwise permitted (in EI)

What types of industrial uses would you like to see in Sherwood?
Note: the purpose of this question was to see what types of uses people, especially industrial property owners would like to see on or near their property. This speaks to compatibility of uses and creating synergy.

- More retail and tourist oriented businesses
- Manufacturing businesses (2 responses)
- Any use that does not bring heavy pollutants
- Ones that don't create more traffic
- Must be compatible with nature and wildlife

- Be similar to what Wilsonville and Tualatin allow
- Any that can meet design and development standards and meets or exceeds DEQ and EPA standards should be permitted as long as it helps City meet its economic development plan
- High paying jobs
- Ones that do not create noise or odors
- Small privately owned
- Uses allowed in the EI and LI zone
- Medical
- Non-governmental uses
- Retail center with higher end stores

What types of uses would you like to make sure are NOT permitted?
Note: the purpose of this question is essentially the converse to the prior one. We wanted to know what uses the industrial property owners would find incompatible with the uses they may wish to see on their property.

- Pot growing a selling facilities (6 responses)
- Anything to do with gambling
- This is not something the City should regulate
- Anything with heavy pollutants/toxic (6 responses)
- Junk yards/auto dismantling (4 responses)
- Pulp and paper mills (2 responses)
- Solid waste landfill or facilities (2 responses)
- Giant corporate buildings
- Truck distribution centers
- Any use that does not make the necessary infrastructure improvements to support the impacts of their employees on the transportation system

The above includes responses from seven people who completed the on-line survey. In addition to the questions asked of the industrial property owners, the on-line survey included the question "Are there specific concerns with industrial development that you would like to make sure are addressed?" Concerns the respondents indicated they would like to make sure are addressed include:

- Noise (2 response)
- Odor (2 responses)
- Visual impacts/makes sure buildings look nice (2 responses)
- Pollution to air and water
- Potential damage to infrastructure due to increased traffic
- Traffic
- Livable wages

Summary of other jurisdiction's codes:

The Planning Commission held a work session on December 8, 2015 and received copies of industrial use code from Tigard, Hillsboro, Wilsonville and the Oregon Model Code and began preliminary discussions on the topic. Attachment 2 is a copy of these code sections as well as Tualatin's code as requested by the Commission. A brief summary of each jurisdictions' code as it relates to how it approaches industrial uses is provided below.

Tigard - Tigard has 9 industrial use classifications: Industrial services, Light industrial, general industrial, heavy industrial, railroad yards, research and development, Warehouse/freight movement, Waste-related and wholesale sales.

Hillsboro – The allowed uses depend on the zone but the use classifications are very general and not specific to the type of products being manufactured or sold. For example, in the M-2 industrial zone, there are 8 permitted outright uses IN ADDITION to uses permitted outright in the C-1 (commercial) zone. The types of uses are simply "manufacturing, repairing, compounding, processing or storage" and does not differentiate by the type of products. Explosives are prohibited and uses must comply with DEQ standards for noise and air quality.

Oregon Model Code has 20 industrial use classifications listed. While there is a generic "light manufacture in industrial zone" there are also specific uses listed such as "beverage and bottling facility" and "dairy products manufacture" and "special trade contracting facilities, such as floor laying, masonry, stone, plumbing, electrical, metal work, roofing, heating and air conditioning, cabinet making and carpentry."

Wilsonville - The allowed uses depends on the zone, but there are 18 uses "typically permitted" in the Planned Development Industrial zone. These uses are fairly prescriptive such as "manufacturing and processing of electronics, technical instrumentation components and health care equipment," but also have some more general categories such as "fabrication", "manufacture and processing", and "assembly of products for wholesale shipment". Because of the way the Wilsonville code works, however, most uses are not "outright" permitted and have to demonstrate compliance with a series of performance standards in addition to the planned development standards.

Tualatin - The allowed uses depends on the zone but in the light manufacturing zone, there are 36 categories of uses. These uses are very prescriptive; for example: "assembly and packaging of small electrical and electronic appliances, such as radios, televisions, phonographs, audio, video and computer equipment and office machines," "electroplating," "spinning or knitting of fibers," and "processing, assembly, packaging , and other treatment of such products as small hand tools, optical goods, hearing aids, and scientific instruments or equipment." In the General Manufacturing zone, there are 24 permitted uses which are also prescriptive such as "assembly, packaging, processing, and other treatment of beer, coffee and canned goods," and "processing, assembly, packaging, and other treatment of small products manufactured from sheet metal, wire larger than ¼ inch in diameter or tobacco."

Other considerations

Focus on what we do not want

As we began discussion of this Industrial Use classification clean-up project, staff proposes that we focus on what we do not want rather than providing a list of potential uses that are allowed. The types of uses already not permitted in ALL industrial zones include:

- Raisings of farm animals
- Farm equipment sales and rentals
- Manufacture, compounding, processing, assembling, packaging, treatment, fabrication, wholesaling, warehousing or storage of the following
    - General purpose solid waste landfills, incinerators and other solid waste facilities
    - Meat, fish, poultry and tannery processing
    - Metal rolling and extraction mills, forge plants, smelters and blast furnaces
    - Distillation of oil, coal, wood or tar compounds and the creosote treatment of any products
    - Pulp and paper mills
    - Toxins or explosive materials or any product or compound determined by a public health official to be detrimental to the health, safety and welfare of the community.
- Restaurants with a drive through
- Public or commercial (non-accessory) parking
- Manufactured home sales and display areas
- Junk and salvage yards

Purpose of the industrial zones

It is also important to remember the intent of each industrial zone with the primary purpose of all being jobs and development of product for sale and distribution. Per the development code, the purpose of each zone is as follows:

> **16.31.010 - Purpose**
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> **Employment Industrial (EI**) - The EI zoning district provides employment areas that are suitable for, and attractive to, key industries and industry clusters that have been identified by the State of Oregon and the City's economic development strategy as important to the state and local economy. The following are preferred industry sectors for areas zoned EI: Clean Technology; Technology and Advanced Manufacturing; and Outdoor Gear and Active Wear.
>
> Land zoned EI shall provide for large and medium-sized parcels for industrial campuses and other industrial sites that can accommodate a variety of industrial companies and related businesses. Areas zoned EI are also intended to provide the opportunity for flex building space within small- and medium-sized industrial campuses and business parks to accommodate research and development companies, incubator/emerging technology businesses, related materials and equipment suppliers, and or spin-off companies and other businesses that derive from, or are extensions of, larger campus users and developments. Retail and commercial uses are allowed only when directly supporting area employers and employees.

Industrial establishments and support services shall not have objectionable external features and shall feature well-landscaped sites and attractive architectural design, as determined by the Hearing Authority.

Light Industrial (LI) - The LI zoning district provides for the manufacturing, processing, assembling, packaging and treatment of products which have been previously prepared from raw materials. Industrial establishments shall not have objectionable external features and shall feature well-landscaped sites and attractive architectural design, as determined by the Commission.

General Industrial (GI) - The GI zoning district provides for the manufacturing, processing, assembling, packaging and treatment of products from previously prepared or raw materials, providing such activities can meet and maintain minimum environmental quality standards and are situated so as not to create significant adverse effects to residential and commercial areas of the City. The minimum contiguous area of any GI zoning district shall be fifty (50) acres.

In reviewing both the development code and the comprehensive plan, the primary difference between the GI and LI is that LI uses are intended to have no objectionable external features (odor, noise, exterior storage, etc) whereas the GI uses must simply meet DEQ standards and may have elements that are observed off-site. The GI zoning is located away from commercial and residential areas to avoid impacts. The EI zone is more similar to the LI zone in its outward appearance but with a greater focus on jobs and minimizing commercial uses. It envisions a larger development complex that is attractive to key industry sectors identified by the State of Oregon.

Metro Functional Plan – Title 4

It is also important to keep in mind the Metro Title 4 limitations on certain industrial zones. Specifically, Title 4 limits commercial related uses in most of Sherwood's industrial zones which limits our ability to allow certain retail type uses or to increase the percent or square footage of allowable area attributed to those uses.

Metro Functional Plan - 3.07.430 Protection of Industrial Areas

*A**. Cities and counties shall review their land use regulations and revise them, if necessary, to include measures to limit new buildings for retail commercial uses—such as stores and restaurants—and retail and professional services that cater to daily customers—such as financial, insurance, real estate, legal, medical and dental offices—in order to ensure that they serve primarily the needs of workers in the area**. One such measure shall be that new buildings for stores, branches, agencies or other outlets for these retail uses and services shall not occupy more than 5,000 square feet of sales or service area in a single outlet, or multiple outlets that occupy more than 20,000 square feet of sales or service area in a single building or in multiple buildings that are part of the same development project, with the following exceptions:*

1. *Within the boundaries of a public use airport subject to a facilities master plan, customary airport uses, uses that are accessory to the travel-related and freight movement activities of airports, hospitality uses, and retail uses appropriate to serve the needs of the traveling public; and*

2. Training facilities whose primary purpose is to provide training to meet industrial needs.

B. Cities and counties shall review their land use regulations and revise them, if necessary, to include measures to limit new buildings for the uses described in subsection A to ensure that they do not interfere with the efficient movement of freight along Main Roadway Routes and Roadway Connectors shown on the Regional Freight Network Map in the RTP. Such measures may include, but are not limited to, restrictions on access to freight routes and connectors, siting limitations and traffic thresholds. This subsection does not require cities and counties to include such measures to limit new other buildings or uses.

C. No city or county shall amend its land use regulations that apply to lands shown as Industrial Area on the Employment and Industrial Areas Map to authorize uses described in subsection A of this section that were not authorized prior to July 1, 2004.