ECONOMIC ELEMENT

GOAL:
To improve and diversify the City's economy in order to sustain a moderate rate of growth while protecting the natural environment and enhancing the quality of life in the community.

FINDINGS:
1. Economic conditions in Baker City are currently stable although there has been little to no growth in the population.
2. Baker City is the county’s largest employment and workforce concentration, with almost 2,400 persons estimated to both work and live in Baker City in 2015.
3. The income level of Baker City residents, 25-years in age and older, is low in comparison to the statewide average - approximately 10% less.
4. A persistent problem for the area is the local employment base is lower now than it was twenty years ago, a period in which the national and statewide employment base expanded by just under 25%. The local areas ability to attract and retain workforce will be critical to sustaining economic growth moving forward. Employment growth will come as a result of net-expansion of businesses in the community, new business formation, or the relocation/recruitment of new firms.
5. The commercial sector of Baker City's economy is stable, but appears to be at a crossroad. The eastern end of Campbell Street with the influence of the freeway has developed quickly over the past several years and indications are that additional development is likely there in the future. The viability of the 10th Street – Broadway commercial area is also recognized and judging by recent development and re-occupancy of vacated buildings, will continue to serve the community well. Yet the Main Street downtown area supporting numerous businesses clearly remains the heart of the City. The downtown is also a unique historic asset and has been designated as a National Historic District. (Please refer to the Historic Preservation section of this plan.) This combined with developing recreational opportunities, could have much meaning for commercial activity in Baker City. A major issue pertaining to commercial development is the future role of the downtown area.
6. Future economic development of Baker City and the vicinity are forecasted in professional and business services, leisure and hospitality, and construction. On a rate of growth basis, the most rapid expansion is expected in the construction, leisure and hospitality, and education and health services sectors. While the forestry industry has been a significant economic driver in Baker County, the industry has seen a sharp decline in the production in the County, as well as in the broader region.

7. Agriculture continues to be a key economic driver for Baker County and its cities. While agricultural production will continue to be the largest portion of that economy, there are other opportunities for agri-tourism and value-added agriculture to capitalize on. These opportunities could include farm tours and lodging, farm-to-table dining, brewing and spirits, ‘Made in Baker County’ branding, and hemp or other new crops, among others. Also, with significant production of livestock, prioritizing a local processing facility could provide additional support to the agriculture economy.

8. Baker City offers a number of advantages to an industry seeking to locate here including:
   a) Freeway access;
   b) Railroad access;
   c) Available, inexpensive commercial and industrial real estate;
   d) Gateway to recreation in areas;
   e) Natural beauty;
   f) Lifestyle amenities;
   g) Spillover growth from Idaho, retirees, remote workers;
   h) Educational opportunities offered through the Baker Technical Institute;
   i) Recent growth in retail, dining/brewing, health care; and
   j) Smaller manufacturers.

Baker City can also offer available industrial land with adequate public services and a major trucking firm. The City might be considered in a central position with respect to major, although distant markets of Portland, Spokane, Salt Lake City, and Boise. On the other hand, there are disadvantages to locating an industry in Baker City. Among these are the lack of adequate housing, an aging workforce/difficulty in retaining younger residents, over-reliance in government employment, distances for shipping, workforce adequacy and some
mismatch between perceived land values and actual market values. There is a good possibility of further economic development in Baker City, if the proper match of resources and advantages can be made with appropriate industries.

9. 2019 updates to the Baker City Comprehensive Plan Goal 9 Economic Element are based on a report by Johnson Economics on behalf of Baker City dated June 2019, funded by a grant awarded by the Department of Land Conservation and Development entitled “Economic Opportunities Analysis (Oregon Statewide Planning Goal 9”).

INTRODUCTION
This report is an analysis of the industrial and commercial land needs in Baker City for the next 20 years. The analysis is based on the date sources described below.

Cities are required to reconcile estimates of future employment land demand with existing inventories of vacant and redevelopable employment land within their Urban Growth Boundary (UGB). The principal purpose of the Economic Opportunities Analysis is to provide an adequate land supply for economic development and employment growth. This is intended to be conducted through a linkage of planning for an adequate land supply to infrastructure planning, community involvement and coordination among local governments and the state.

The Economic Opportunities Analysis provides an overview of national, state and local economic trends affecting Baker County and Baker City; an analysis of key industry typologies Baker City should consider targeting as economic opportunities over the next 20 years; projected demand for industrial and commercial land based on anticipated employment growth rates by sector; Baker City’s inventory of vacant and redevelopable industrial and commercial land (employment land) within Baker City’s UGB; a comparison of short and longer-term demand for employment land to the existing land inventory to determine the adequate and appropriateness of capacity over a five- and twenty-year horizon; and a summary of findings and policy implications. This report is an analysis of the industrial and commercial land needs in Baker City for the next 20 years.
Like Baker County, Baker City’s population base has seen very little growth. Modest gains from 2004-2009 were offset by adjustments based on census estimates in 2010. There has been no estimated net growth in Baker City from 2011 through the 2017 estimate by the Population Research Center at Portland State University. While the population base has remained steady, the profile of the local population is projected to become significantly older, with the percentage of the population aged 70 years or higher increasing significantly. The long-term impact of this on the local labor force will be a concern moving forward, as the number of younger residents is expected to decline in absolute numbers as well as in percentage terms.

The Economic Opportunities Analysis was broken up into the following areas: Economic Trends, Target Industries, Employment Land Needs, Capacity, Reconciliation, Economic Development Potential and Conclusions.

**ECONOMIC TRENDS**

This report section summarizes long and intermediate-term trends at the national, state, and local level that will influence economic conditions in Baker City over the 20-year planning period. This section is intended to provide an economic context for growth projections and establish a socioeconomic profile of the community. This report’s national evaluation has a focus on potential changes in structural socioeconomic conditions both nationally and globally. Our localized analysis considers local growth trends, demographics, and economic performance.

The annual rate of employment growth in Baker County lagged well behind the national and statewide rate during the early stages of the current expansion cycle. The rate of growth in the county accelerated to the national rate in 2016.
While enjoying periods of expansion over the last two decades, the cumulative growth in the area has not kept pace. The local employment base is lower now than it was twenty years ago, a period in which the national and statewide employment base expanded by just under 25%.
The employment base in Baker County has a higher share of self-employed than the state and national averages, with wage and salary employment accounting for less than 67% of overall estimated employment in the county. This compares to rates approaching 80% statewide as well as nationally.

While employment growth has been modestly negative over the last twenty years, over a longer horizon Baker County experienced significant growth. The growth rate from 1987 through 1997 averaged 2.4% per year.
The local employment profile has a significant seasonal fluctuation, reflecting the area’s relatively high proportion of agricultural employment and tourism sector.
The economic expansion has facilitated a commensurate drop in the unemployment rate, with Baker County following the national and statewide patterns. The seasonal fluctuation in employment levels is mirrored in the unemployment statistics. Tight labor market conditions are likely to limit growth potential in the future locally as well as nationally. The local areas ability to attract and retain workforce will be critical to sustaining economic growth going forward.

Most industries are forecast to expand at a modest rate in the broader Eastern Oregon area over the next decade (Baker, Grant, Harney, Malheur, Union, and Wallowa Counties). On an absolute basis, the greatest gains are forecast in professional and business services, leisure and hospitality, and construction. On a rate of growth basis, the most rapid expansion is expected in the construction, leisure and hospitality, and education and health services sectors.
The forestry industry has been a significant economic driver in Baker County, with timber production at over 80 million board feet as late as 1990. The industry has seen a sharp decline in production in the County as well as in the broader region, which is largely attributable to declines in production from public lands.
Agricultural production represents a significant component of the local economy, but agricultural crop production is less important in Baker County than in the broader region. The area does have a significant concentration in animal stock, with an 72,000 head of cattle and calves in the county. Alfalfa and other hay production was 187,700 tons in 2016, while wheat production was 922,000 bushels in 2015.

Employment in Baker County is concentrated along the I-84 corridor, as well as along Highway 86 to the east, Highways 7 and 410 to the west, and Highway 30 to the north and south. The workforce largely follows a similar pattern as employment.
Population and Workforce

Baker County’s population base has been seen very little growth. Baker City has seen a similar lack of growth, with modest gains from 2004 through 2009 offset by adjustments based on census estimates in 2010. There has been no estimated net growth in Baker City from 2011 through the 2017 estimate by the Population Research Center at Portland State University.
While the population base has remained steady, the profile of the local population is projected to become significantly older, with the percentage of the population aged 70 years or higher increasing significantly. The long term impact of this on the local labor force will be a concern moving forward, as the number of younger residents is expected to decline in absolute numbers as well as in percentage terms.
TARGET INDUSTRIES

This element of the Economic Opportunities Analysis utilizes analytical tools to assess the economic landscape in Baker County and local jurisdictions. The objective of this process is to identify a range of industry types that can be considered targeted economic opportunities over the 20-year planning period.

Various analytical tools were used to assess the local and regional economic landscape to determine the industry typologies the county and individual cities should consider targeting over the 20-year planning period. Where possible, the sectors most likely to drive growth in current and subsequent cycles were identified.

A more detailed industry analysis shows that animal and crop production are major components of the natural resources and mining sector, with animal production indicating the highest level of concentration. Average employment levels are highest in retail and food services, followed by local government and manufacturing.

In terms of specialization, natural resource industries dominate followed by utilities, lodging, and government. The retail sector is identified as having a high level of export employment, or employment supported from outside of Baker County. This is likely due to I-84, which provides exposure and access to a large number of non-Baker County residents.

Target Industry Clusters

This section discusses potential target industries for Baker City based on the community’s historical strengths and advantages, as well as its established economic development goals. The following are industries Baker City might focus efforts to grow local business and attract new businesses:

- Agriculture Support/Value-Added Food Products
- Manufacturing
- Wholesale and Retail Trade
- Retirement Services
The target industries presented here offer different advantages and challenges in terms of overall job growth, average wages and competitive advantages.

- In terms of total job creation, the education and health services sector gained the most employment during this time and is forecasted to continue growing in the region. Wages in this category are lower than in manufacturing, but higher than tourism-related jobs. Given the aging of the population, it is forecasted that health care and retirement communities will continue to be a growth industry for many decades.
- The wholesale and retail trade sectors also reported employment growth since 2007 and are projected to add approximately 100 new jobs over the next twenty years.
- The other targeted industries have not yet recovered their pre-recession employment levels but are projected to add significant new employment over the next twenty years.
- Tourism-related jobs are generally relatively low-paying but provide an important base of opportunity for part-time, low-skilled and first-time workers.
- Manufacturing of food and agricultural products offer solid middle-class wages. Employment in this category had declined over the last decade but is projected to grow over the forecast period.

**Partners in Economic Development**

Effective economic development entails a partnership of communities, businesses, public and non-profit agencies, and residents. The following is a partial list of major stakeholders in regional economic development who can partner in growing existing businesses and attracting new ones along with the appropriate workforce.
Local and regional economic development staff should continue to partner and meet regularly with other regional partners to participate in and help direct regional efforts. Coordination ensures that agencies are leveraging others’ efforts and not duplicating services or investments. It also means that they are aware of the services and strengths of each agency in order to direct outside contacts to the right place.

1. **Baker County Chamber of Commerce & Visitor’s Bureau**  
The Chamber serves as one of the strongest economic development advocates in the county, marketing the county to visitors, businesses, and residents. The Chamber provides information on local businesses and attractions to all of these groups. The Chamber works to improve the local business climate and economy while promoting the area in its best light. As the representative of local businesses from within the target industries and other sectors, the Chamber should be involved in all regional economic development and marketing efforts.

2. **Key Industry Employers**  
In addition to the Chamber, large or small employers in target industries are key resources in understanding what opportunities and challenges those industries face in the region. The businesses can help inform economic development partners of their industry needs in terms of workforce, infrastructure, and regulatory barriers. Businesses feedback often proves to be the most valuable source of ground-testing the effectiveness of planned initiatives.

3. **Baker County Economic Development**  
Baker County Economic Development is a partnership of Baker City and the county to provide community information, professional advising and resources, and track available commercial real estate. The agency is the natural lead for many of the economic development steps that can be implemented regionally. Local communities should work closely with the economic development department to ensure that they are informed of regional efforts and that local objectives and opportunities are
represented. The agency is a good first contact for any economic and workforce questions.

4. **Northeast Regional Solutions Team**
   
   Regional Solutions Centers are located across Oregon and are designed to recognize the unique challenges of each region and help implement the Governor’s economic development approach. The Regional Solutions Team helps coordinate the efforts of multiple State departments and other partners to ensure that efforts are cohesive. Some recent areas of focus in the Northeast region are support for existing and new business, natural resource utilization, workforce availability and housing, water management, and infrastructure for industrial lands.

5. **Business Oregon**

   Business Oregon is the state economic development agency, looking to support and grow Oregon industries and workforce, and recruit new economic activity. Business Oregon is part of the Regional Solutions team and serves similar regions across the state. The Northeast district covers Baker, Union and Wallowa Counties. The agency offers a broad range of economic development initiatives for businesses and communities, including guidance, education, analysis, funding, and referrals to other partners. Business Oregon is an excellent resource for economic development questions that can benefit from a statewide knowledge base.

6. **Northeast Oregon Economic Development District (NEOEDD)**

   Economic Development Districts are designated by the US Economic Development Agency, and as such help administer certain federal programs and funding sources. The NEOEDD offers economic development resources such as workshops, technical assistance, and funding to businesses, entrepreneurs, non-profits and public officials. NEOEDD can also offer community contacts, business advising and resources, marketing and promotion, and tracks available commercial real estate.
The economic district periodically completes a Comprehensive Economic Development Strategy (CEDS) for the northeast region that lays out detailed goals and objectives. The CEDS is one of the most comprehensive economic development strategies in the region and a good resource to local communities to review and select their own highest priorities. Local communities should also coordinate in the writing of the CEDS every five years, in order to ensure that local priorities are reflected.

7. Oregon Department of Land Development and Land Conservation (DLCD)
DLCD can provide guidance and sometimes funding for some economic development planning efforts for local jurisdictions. The agency can assist with the technical aspects of updating the economic aspects of the Comprehensive Plan and development codes related to commercial and industrial land. A key aspect of local economic development (and the focus of this project) is ensuring the availability of the right types of sites with the proper zoning to accommodate projected economic growth. An updated set of Comp Plan policies, as well as an up-to-date Comp Plan map, sets the table growth to occur. In addition, the planning process helps ensure that members of the public, businesses and other stakeholders have participated in development economic development goals and plans.

The Baker Technical Institute offers technical professional training and apprenticeship program for industries such as heavy equipment, welding, nursing, construction and other sectors with strong representation in the region. BTI works with regional employers and industry experts to offer relevant hands-on training and apprenticeships. As with the community college and other training programs, local partner agencies in economic development can work with BTI to understand their programs and coursework and also communicate local employment trends and changing needs.

9. Training and Employment Consortium (TEC)
TEC is a consortium of governments across six Eastern Oregon counties that is dedicated to providing skills training, on-going education, youth programs, and services for
displaced workers. The program is aimed particularly towards workers who are displaced by industry trends or facing long-term unemployment. TEC also administers the JOBS program for low-income workers. TEC is a good partner for workforce development issues.

10. Blue Mountain Community College

The community college covers a wide range of northeastern Oregon stretching from Grant County to Wallowa County. Blue Mountain Community College offers a range of programs through their location in Baker City, including college prep, workforce and technical training, and a transfer associates degree meant for students transferring to a four-year college.

Community colleges remain the most vital providers of on-going education and workforce training in most Oregon communities. It is important that communities and economic development agencies coordinate with the local community college to ensure that the college curriculum reflects trends in local industries, emerging businesses, and evolving skill requirements. Developing a workforce with the proper skills is key to growing or attracting target industries.

BMCC also operates a Small Business Development Center based in Pendleton offering free business advisement and workshops, led by current or former business owners.

11. Office of Small Business Assistance

The Office of Small Business Assistance serves as an advocate for small businesses and their interests from the Office of the Secretary of State. The office is meant to serve as an advocate outside of the executive and legislative branches, providing information on starting, growing or closing a business. The office also can support small businesses who believe they may be facing unfair or excessive state regulatory actions helping to find resolutions.
EMPLOYMENT LAND NEEDS

Baker City Employment Forecasts

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typically begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those influences into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated to two-digit NAICS sectors. Estimates in this analysis are intended for long-range land planning purposes and are not designed to predict or respond to business cycle fluctuation.

The projections in this analysis are built on an estimate of employment in 2018, the commencement year for the planning period. Employment growth will come as the result of net-expansion of businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth. Long-range forecasts typically rely on a macroeconomic context for growth. Inflections in business cycles or the impact of a major shift in employment (i.e. a major unknown recruitment) are not considered.

Overview of Employment Forecast Methodology

Our methodology starts with employment forecasts by major industrial sector. Forecasted employment is allocated to building type, and a space demand is a function of the assumed square footage per employee ratio multiplied by projected change. The need for space is then converted into land and site needs based on assumed development densities using floor area ratios (FARs).

The first analytical step of the analysis is to update covered employment to the 2018 base year. Baker City’s QCEW data provides covered employment by industry through 2017. To
update these estimates, we use observed industry specific growth rates for the region between 2017 and 2018.

The second step in the analysis is to convert “covered” employment to “total” employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. Covered employment was converted to total employment based on observed ratios at the national level derived from the Bureau of Economic Analysis from 2010 through 2017. The differential is the most significant in construction, professional, and administrative services. The adjusted 2018 total employment base for Baker City is 4,667 jobs.

SCENARIO 1: SAFE HARBOR FORECAST
The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods, which are intended to provide jurisdictions a methodological approach that will not be challenged. The most applicable for Baker County jurisdictions is 660-024-0040(9)(a)(A), which recommends reliance on the most recent regional forecast published by the Oregon Employment Department. This method applies industry specific growth rates for the Eastern Oregon Workforce Region (Baker, Grant, Harney, Malheur, Union, and Wallowa Counties) to the 2018 Baker City base. This method results in an average annual growth rate of 0.8%, with total job growth of 788 jobs over the forecast period.

SCENARIO 2: ALTERNATIVE EMPLOYMENT FORECAST
A second forecast scenario was prepared which was influenced by the research and analysis conducted in the EOA. This scenario formulates an employment growth trajectory based on identified trends, the growth outlook for targeted industries, and input from the project technical advisory committee. Further, the alternative scenario recognizes that economic

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1 The Department of Labor’s Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are “covered” by unemployment insurance.
development efforts and public policy can influence realized growth in targeted sectors. This scenario considers the influence of known or anticipated development over a near and medium-term horizon.

This scenario forecasts an average annual growth rate of 1.2% for the period. Our outlook for Real Estate, Health Care, and Leisure & Hospitality is more optimistic than macroeconomic forecasts indicate—reflecting the area’s recent strength in these sectors.

**Summary of Employment Forecast Scenarios**

The two forecast scenarios in this analysis range from 0.8% to 1.2% average annual growth. Job growth estimates range from 788 to 1,182 jobs. The estimates in the preceding analysis are useful in creating a baseline understanding of growth prospects by industry. These are common and broadly accepted approaches when looking at large geographic regions. Forecasts grounded in broad based economic variables do not account for the realities of local businesses and trends among evolving industries. Any long-term forecast is inherently uncertain and should be updated on a regular basis to reflect more current information.

The forecasts were broken down into four five-year increments, assuming a consistent rate of growth over the period.

**Employment Land Forecast**

The next analytical step in our analysis is to convert projections of employment into forecasts of land demand over the planning period. The generally accepted methodology for this conversion begins by allocating employment by sector into a distribution of building typologies those economic activities usually locate in. As an example, insurance agents typically locate in traditional office space, usually along commercial corridors. However, a percentage of these firms locate in commercial retail space adjacent to retail anchors. Cross-tabulating this distribution provides an estimate of employment in each typology.
The next step converts employment into space using estimates of the typical square footage exhibited within each typology. Adjusting for market clearing vacancy we arrive at an estimate of total space demand for each building type.

Finally, we can consider the physical characteristics of individual building types and the amount of land they typically require for development. The site utilization metric commonly used is referred to as a “floor area ratio” or F.A.R. For example, assume a 25,000-square foot general industrial building requires roughly two acres to accommodate its structure, setbacks, parking, and necessary yard/storage space. This building would have an F.A.R. of roughly 0.29. Demand for space is then converted to net acres using a standard floor area ratio (FAR) for each development form.

**Land Demand Analysis – Adjusted Forecast**

In this analytical step, employment growth was allocated into standard building typologies. The building typology matrix represents the share of sectoral employment that locates across various building types.

Under the employment forecast scenario, employment housed in office, institutional, and retail space accounts for the greatest share of growth, followed by employment housed in general industrial, flex/business park, and warehouse/distribution space.

Employment growth estimates by building type were converted to demand for physical space. This conversion assumes the typical space needed per employee on average. This step also assumes a market clearing vacancy rate, acknowledging that equilibrium in real estate markets is not 0% vacancy. We assume a 10% vacancy rate for office, retail, and flex uses, as these forms have high rates of speculative multi-tenant usage. A 5% rate is used for general industrial and warehouse—these uses have higher rates of owner occupancy that lead to lower overall vacancy. Institutional uses are assumed to have no vacancy.
The demand for space is converted into an associated demand for acreage using an assumed Floor Area Ratio (FAR). The combined space and FAR assumptions further provide estimates indicated of job densities, determined on a per net-developable acre basis.

Commercial office and retail densities are 39 and 20 jobs per acre, respectively. Industrial uses range from 21 for general industrial to 8 jobs per acre for warehouse/distribution. The overall weighted employment density is just over 21 jobs per acre, with the projected 1,182-job expansion in the local employment base through 2038 requiring an estimated 54.8 net acres of employment land.

In addition to assuring adequate capacity for employment-driven land needs over a twenty-year horizon, local jurisdictions are also required to demonstrate that they have an adequate capacity of readily available sites to meet their more immediate needs, which are defined as employment land needs over the next five years. As shown in the following table, in Baker City that need is estimated at 12.1 net acres.

There is a significant distinction between capacity and readily available site supply. The readily-available inventory must currently have appropriate entitlements and infrastructure capacity to accommodate short-term development.

The local employment base is largely dominated by relatively small firms, with the local economic base showing a higher proportion than the national average for firms with between 5 and 20 employees. Only eight firms currently account for more than 100 employees and none account for more than 250.

**Additional Considerations in Land Demand**

Beyond a consideration of gross acreage, there is a significantly broader range of site characteristics that industries would require to accommodate future growth. Key findings are summarized as follows:
Industrial buildings are generally more susceptible to slope constraints due to larger building footprints. For a site to be competitive for most industrial uses, a 5% slope is the maximum for development sites. Office and commercial uses are generally smaller and more vertical, allowing for slopes up to 15%.

Most industries require some direct access to a major transportation route, particularly manufacturing and distribution industries that move goods throughout the region and beyond. A distance of 10 to 20 miles to a major interstate is generally acceptable for most manufacturing activities, but distribution activities require 5 miles or less and generally prefer a direct interstate linkage. Visibility and access are highly important to most commercial activities and site location with both of these attributes from a major commercial arterial is commonly required.

Access and capacity for water, power, gas, and sewer infrastructure is more important to industrial than commercial operations. Water/sewer lines of up to 10" are commonly required for large manufacturers. Appendix A details utility infrastructure requirements by typology.

Fiber telecommunications networks are likely to be increasingly required in site selection criteria for many commercial office and manufacturing industries. Medical, high-tech, creative office, research & development, and most professional service industries will prefer or require strong fiber access in the coming business cycles.

**CAPACITY & RECONCILIATION**

**FORECASTED EMPLOYMENT LAND NEED VS. CURRENT SUPPLY**

*Buildable Land Inventory*

The inventory of employment land provides a snapshot of the currently local capacity to accommodate more business and jobs. This current available land will be compared to the forecasted need for new land over the 20-year planning period.

Employment land includes land zoned for industrial, retail or other commercial use (i.e. office), and may also include mixed-use zoning that allows for employment uses. This inventory
includes vacant parcels with the proper zoning, as well as “redevelopable” parcels. (The methodology used in this analysis is described in detail below.)

**Methodology**

The Buildable Lands Inventory (BLI) used in this analysis is based on tax account data from the County, supplemented with data from the State of Oregon. The data was provided in Geographic Information Systems (GIS) compatible format, providing information on land use, parcel size and other relevant data categories on the tax lot level. Zoning information was also provided by the state.

The tax account data was used to identify vacant and redevelopable parcels in the city and its UGB. The identified candidate parcels were then further screened and refined by Johnson Economics.

In keeping with State requirements, the BLI includes an assessment of vacant buildable lands and redevelopable parcels. This analysis applied the “safe harbor” assumptions allowed under state rules to determine the infill potential of developed parcels (OAR 660-024-0050).

**Table 5.01: Summary of Employment Buildable Land Inventory (Baker City)**

<table>
<thead>
<tr>
<th>ZONE</th>
<th>Vacant</th>
<th>Redevelopable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of Parcels</td>
<td>Acreage</td>
<td># of Parcels</td>
</tr>
<tr>
<td>General Commercial</td>
<td>47</td>
<td>215.4</td>
<td>2</td>
</tr>
<tr>
<td>Industrial</td>
<td>50</td>
<td>184.8</td>
<td>5</td>
</tr>
<tr>
<td>Light Industrial</td>
<td>1</td>
<td>0.2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>98</strong></td>
<td><strong>400.3</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

Source: Baker County, Baker City, Johnson Economics LLC

The inventory identifies over 550 acres of vacant or potentially redevelopable land in both commercial and industrial zones. Roughly 42% of this land is in the General Commercial zone,
while 58% has Industrial zoning. 70% is identified as “vacant”, and 30% in potential “redevelopment” sites. Most “redevelopable” acreage is industrial.

The following figure presents the inventory broken down by the size of parcels. While there is a good mixture of small-to-mid parcel sizes, there are also some potential large employment sites identified. Sites of 10 acres or larger represent over 70% of the identified acreage.

**Figure 5.02: Summary of Employment Buildable Land Inventory, by Parcel Size (Baker City)**

<table>
<thead>
<tr>
<th>ZONE</th>
<th>0 to .99 acres</th>
<th>1 to 4.99 acres</th>
<th>5 to 9.99 acres</th>
<th>10 to 19.99 acres</th>
<th>20+ acres</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of Parcels</td>
<td>Acreage</td>
<td># of Parcels</td>
<td>Acreage</td>
<td># of Parcels</td>
</tr>
<tr>
<td>General Commercial</td>
<td>18</td>
<td>9.7</td>
<td>18</td>
<td>39.3</td>
<td>3</td>
</tr>
<tr>
<td>Industrial</td>
<td>25</td>
<td>11.2</td>
<td>21</td>
<td>45.1</td>
<td>5</td>
</tr>
<tr>
<td>Light Industrial</td>
<td>1</td>
<td>0.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Totals:</td>
<td>44</td>
<td>21.1</td>
<td>39</td>
<td>84.3</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Baker County, Baker City, Johnson Economics LLC

**Forecasted Land Need vs. Buildable Land Inventory**

The inventory of employment land provides a snapshot of the currently local capacity to accommodate more business and jobs. This current available land will be compared to the forecasted need for new land over the 20-year planning period.

This inventory is compared to the 20-year forecast of employment land need, generated in a previous step of this project (Forecast of Employment and Land Need). The estimate of future land need is presented below. A total need for 55 net acres was identified across a range of building types.
There is a total projected 20-year need for nearly 55 acres of buildable employment land in industrial and commercial zones.

Conclusion
There is currently sufficient buildable employment land within the urban growth boundary to accommodate the projected need for new development of these uses over the 20-year period. If the economy and industry growth outpace the projections in this analysis, there should still be a significant surplus of land to accommodate this growth.

ECONOMIC DEVELOPMENT POTENTIAL AND CONCLUSIONS

Community Economic Profile
A profile of the city’s and region’s economic development potential was developed, which includes an assessment of both the opportunities and challenges for new employment growth in the area.

The following is a summary of this assessment on a range of metrics.

- Market Area
  Baker City is the largest population center in Baker County at nearly 10,000 residents. It is located in the center of the county on the I-84 corridor. The two closest markets of comparable size in Oregon are Ontario, roughly 75 miles to the south, and La Grande, roughly 45 miles to the north.
As the largest market in this area, Baker City is a center of services, shopping, health care and employment for much of the surrounding county. Many types of businesses that may not be viable in smaller towns, or at a distance from the freeway, are viable in Baker City. The city can be expected to continue to exert this “commercial gravity” in the county.

- **Services**
  Baker City is a full service city, featuring grocery, general merchandise, hardware, dining, recreation, and lodging. Baker City businesses serve the local population and much of the rest of the county that lacks these services.

- **Public Services**
  Baker City offers full public services including schools, police, fire and medical services. The city is also the seat of Baker County government and services, and features Bureau of Land Management and National Forest Service offices.

- **Transportation**
  Baker City is located on I-84, the main transportation spine between the largest population centers in Oregon and Idaho. The Boise area is a roughly two-hour drive east of Baker City. The freeway provides good access to freight and supply chain, though the distance from other major markets is an obstacle for businesses who rely on freight. The freeway is a strong asset for businesses that rely on travelers, such as lodging and dining, or visibility from the freeway like gas stations and convenience retail. There is a small airport for general aviation located outside of the city.

- **Labor Market**
  Baker City is also the largest employment concentration in the county, offering nearly 4,700 jobs across a range of sectors. The largest shares are in the health care, retail and accommodation and food service.
• Suppliers
Baker County has a somewhat distant location from those categories of suppliers that are not available locally. The greater Boise area is the closest metro area that would have access to a fuller range of suppliers for businesses. Baker City has freeway access, which carries many thousands of vehicles through and to/from the city every day, but the distance to major markets will remain a challenge, increasing shipping time and expense.

• Environmental Constraints
Baker City industrial and commercial lands feature some potential constraints from wetlands and floodplains in the southern and central areas of the city. Some commercial lands east of the freeway features steep slopes that partially constrain them. These issues are addressed in the Buildable Lands Inventory.

• Education and Technical Training Programs
Blue Mountain Community College offers a range of programs through their location in Baker City, including college prep, workforce and technical training, and a transfer associates degree meant for students transferring to a four-year college. The Baker Technical Institute offers technical professional training and apprenticeship program for industries such as heavy equipment, welding, nursing and others.

• Utilities for Employers

<table>
<thead>
<tr>
<th>Water</th>
<th>Sewer</th>
<th>Power</th>
<th>Data/Telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Good</strong></td>
<td>Adequate / System improvements expected</td>
<td>Adequate (Not for largest users, i.e. data centers)</td>
<td>Good/Fiber</td>
</tr>
</tbody>
</table>

**Identified Challenges**

• Housing availability;
• Aging workforce/difficulty in retaining younger residents;
• Over-reliance on government employment, would like more private sector growth;
• Distances for shipping;
• Workforce adequacy, matching skills to available jobs;
• Some mismatch between perceived land values and actual market values.

**Potential Opportunities**

• Freeway access;
• Available, inexpensive commercial and industrial real estate;
• Gateway to recreation in areas;
• Natural beauty;
• Lifestyle amenities;
• Spillover growth from Idaho, retirees, remote workers;
• Recent growth in retail, dining/brewing, health care;
• Smaller manufacturers.

**Target Industry Conclusions**

As discussed in Section III of the EOA (Target Industry Analysis), Baker City may be a good candidate for a number of target industries for future employment growth, based on past trends, current industries and locational advantages. The potential target industries discussed are:

• Agricultural Support / Value-Added Food Products
• Manufacturing
• Wholesale and Retail Trade
• Retirement Services
• Amenity Retail, Recreation, and Hospitality
• Education and Health Services
• Self-Employment
• Construction
The potential for these industries has been applied to the potential 20-year employment forecast. See Section III of the EOA for discussion on each of these industries and their relative impact in Baker City.

**Forecasted Land Need Conclusions**

As discussed in Section IV of this report, there is projected growth of nearly 1,200 jobs and support for nearly 55 acres of employment land (industrial and commercial). Roughly 35% of this projected need is for uses most appropriate to industrial zones (Flex, General Industrial, and Warehouse), while the remainder is for uses most appropriate for commercial zones (Office, Retail, Institutional). This identified need is well less than the 560 acres (±235 acres of Commercial and ±327 acres of Industrial) of buildable employment land found in the Buildable Lands Inventory.

**Employment Land Inventory Conclusions**

As discussed in Section V of the EOA, there is currently sufficient buildable employment land within the Baker City urban growth boundary to accommodate the projected need for new development of these land uses over the 20-year period. If the economy and industry growth outpace the projections in this analysis, there should still be a significant surplus of land to accommodate this growth.

The analysis presented in the 2019 EOA report points to a sufficient supply of employment land within the Urban Growth Boundary to accommodate forecasted growth for at least 20 years. This points to no affirmative need to proactively undertake any UGB actions at this time. However, there are a number of other strategies and steps to consider related to economic development going forward.

**GUIDING PRINCIPLES:**

1. The City shall encourage and work towards increased employment opportunities for those unemployed or under-employed, particularly young adults.
2. The City will be supportive of economic development resulting in increased income levels for Baker City households.

3. The City shall provide by zoning for development space suitable to the needs of industrial and commercial development, maximizing especially transportation and convenient locations.

4. The City shall seek first to promote improvement and expansion of present industries and services, and further look to diversifying the community's economic base.

5. The City shall vigilantly protect its natural environment, certainly one of its finest features.

6. The City, in considering any economic development proposal, shall evaluate its effect on the community beyond simply monetary terms and consistently seek to enhance our quality of life.

7. The City recognizes its unique asset in having many quality older homes and buildings representative of the City's significant place in eastern Oregon history and shall actively seek their preservation and rehabilitation and promote proper recognition.