



# Technical Advisory Committee Meeting

May 13, 2019, 1:30 PM – 2:30 PM

Newberg City Hall

414 E First Street, Newberg, OR 97132

## Agenda

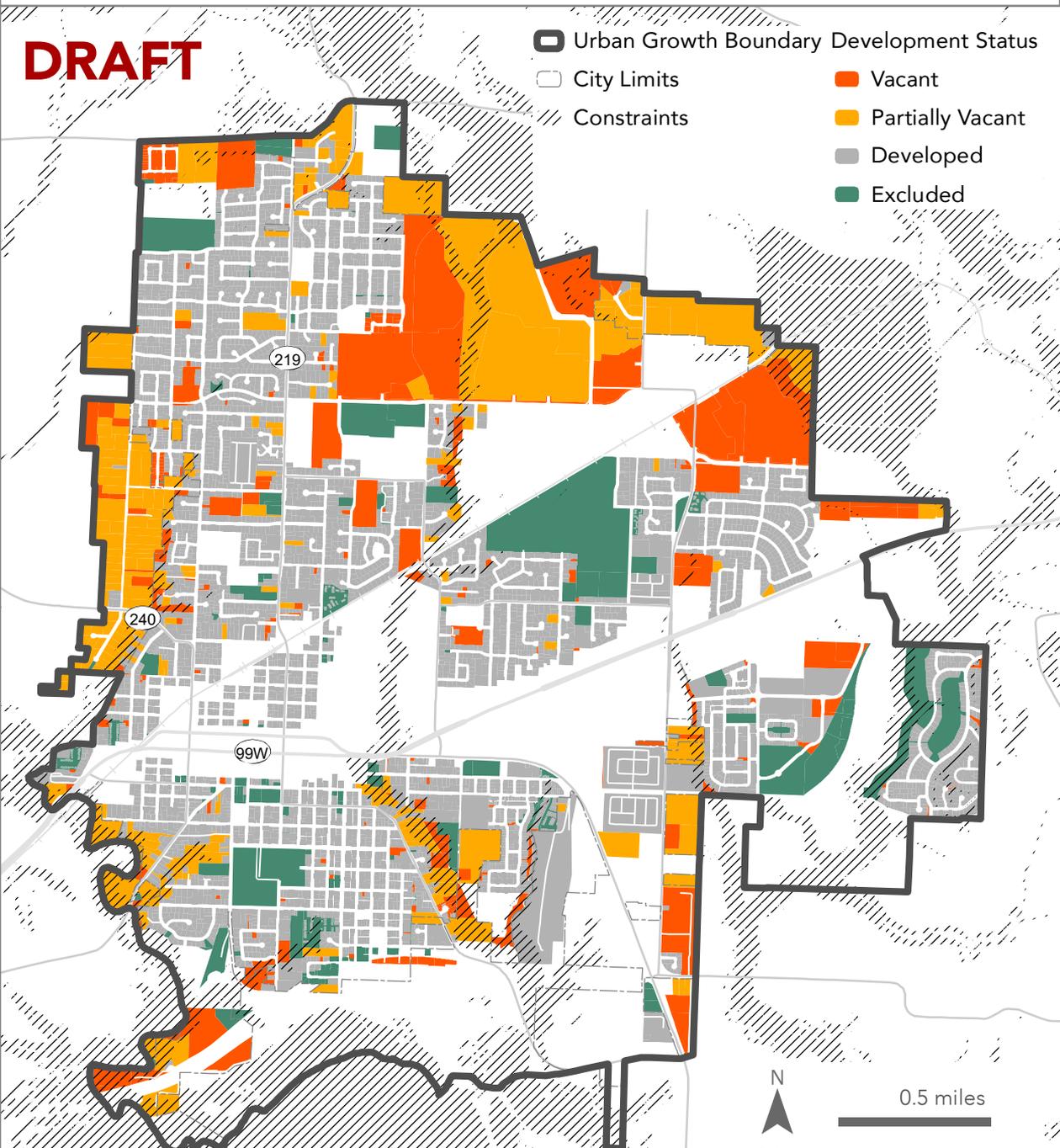
- I. Introductions (5 minutes)
- II. Buildable Lands Inventory (Bob Parker, ECONorthwest 20 - min)
- III. Land Need Calculations (Bob Parker, ECONorthwest, 15 - min)
- IV. Next Steps (Doug Rux, City of Newberg / Bob Parker, ECONorthwest, 20 min)

# Newberg Buildable Lands Inventory

## Division 38 - Residential Development Status

**DRAFT**

-  Urban Growth Boundary
-  City Limits
-  Constraints
-  Vacant
-  Partially Vacant
-  Developed
-  Excluded



As of date: March 7, 2019  
Source: ECONorthwest; Yamhill County

# Residential Acres

1. Residential Total Acres by Density and status				
	Density Category			
Status	LDR	MDR	HDR	Total
Developed	591	502	84	1,177
Partially Vacant	382	117	19	518
Vacant	257	173	10	440
Total	1,230	793	112	2,135
	58%	37%	5%	100%

2. Residential Acres by zoned density					
Div 38 Density Class	Tax Lots	Total Acres	Improved Acres	Constrained Acres	Vacant Acres
LDR	3,366	1,230	632	110	488
MDR	2,903	793	506	89	197
HDR	391	112	84	8	20
Total	6,660	2,135	1,221	208	705

3. Res Total acres by Plan des and status					
Development Status	Tax Lots	Total Acres	Developed Acres	Constrained Acres	Vacant Acres
Developed	6,115	1,177	1,132	45	0
Partially Vacant	223	518	89	103	326
Vacant	322	440	0	60	380
Total	6,660	2,135	1,221	208	705

## Notes on update 3/7/2019

### changes since 2019.02.20 version:

- addressed city comments, but only ones what are allowed within parameters of the rule. changed back the previous edits made in first round of edits from city (i.e., taxlots that show up as vacant in the assessor data have to stay vacant.)

- fixed errors in assigning rule-based classifications. (previously calculated PV rule incorrectly. changes in results were minimal)

### Other notes:

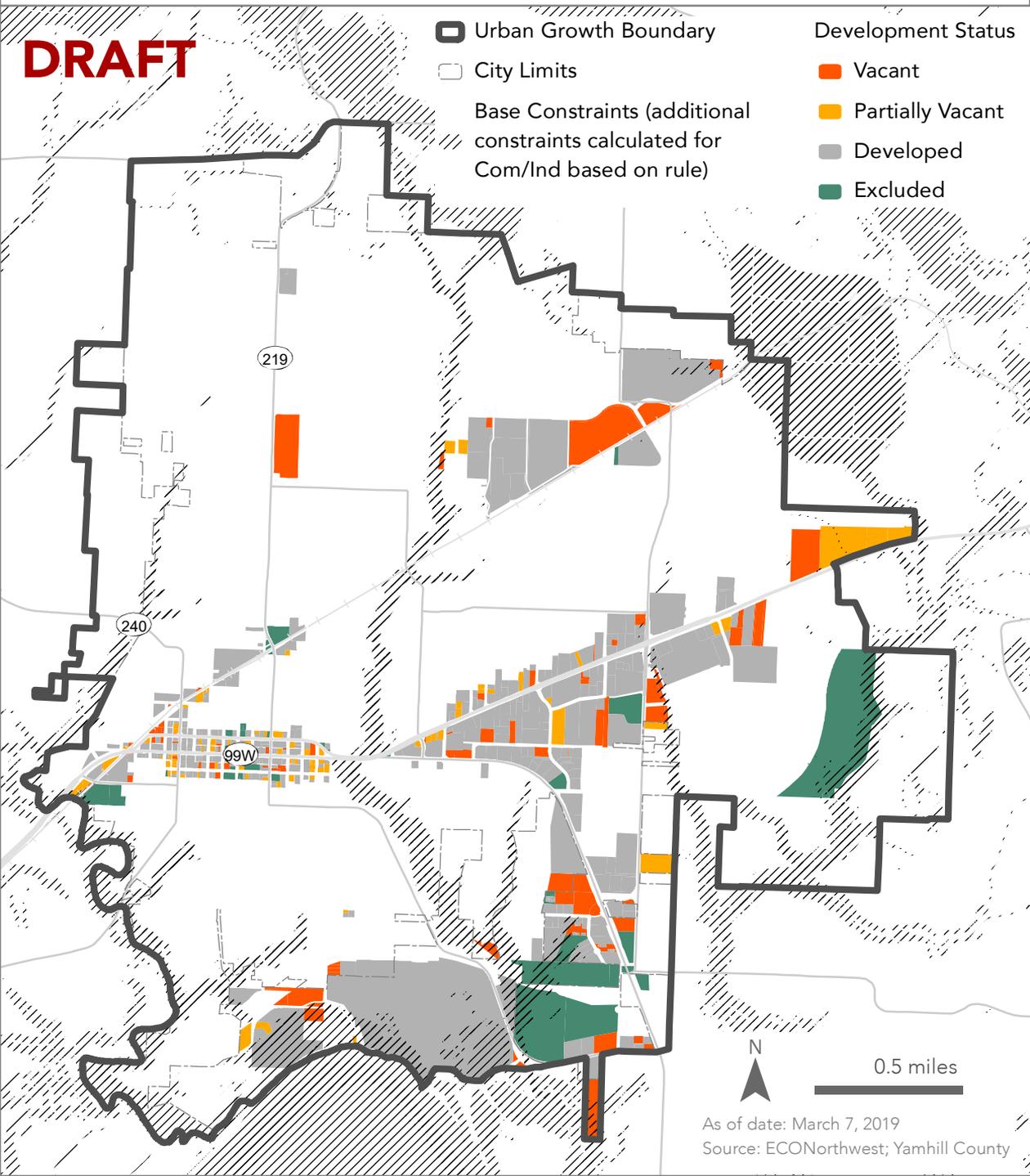
- taxlot/acre counts do not reflect excluded lots, public or ROW plan designations.

# Newberg Buildable Lands Inventory

## Division 38 - Com/Ind Development Status

**DRAFT**

- Urban Growth Boundary
- City Limits
- Base Constraints (additional constraints calculated for Com/Ind based on rule)
- Development Status
  - Vacant
  - Partially Vacant
  - Developed
  - Excluded



As of date: March 7, 2019  
Source: ECONorthwest; Yamhill County

# Commercial and Industrial Acres

4. Commercial Total acres by status					
Development Status	Tax Lots	Total Acres	Developed Acres	Constrained Acres	Vacant Acres
Developed	261	228	206	22	0
Partially Vacant	5	23	5	0	17
Vacant	64	60	0	4	56
Total	330	311	211	27	73

5. Industrial Total acres by status					
Development Status	Tax Lots	Total Acres	Developed Acres	Constrained Acres	Vacant Acres
Developed	108	293	254	39	0
Partially Vacant	2	6	3	0	3
Vacant	33	52	0	8	44
Total	143	352	257	48	47

## Notes on update 3/7/2019

### changes since 2019.02.20 version:

- addressed city comments, but only ones what are allowed within parameters of the rule. changed back the previous edits made in first round of edits from city (i.e., taxlots that show up as vacant in the assessor data have to stay vacant.)

- fixed errors in assigning rule-based classifications. (previously calculated PV rule incorrectly. changes in results were minimal)

### Other notes:

- taxlot/acre counts do not reflect excluded lots, public or ROW plan designations.

DATE: May 6, 2019  
TO: City of Newberg Division 38 Review TAC and CAC  
CC: Doug Rux and Cheryl Caines, City of Newberg; Angela Carnahan and Gordon Howard, DLCD  
FROM: Bob Parker and Margaret Raimann, ECONorthwest  
SUBJECT: COMMENTS ON NEWBERG DIVISION 38 PROJECT

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In 2015, the Oregon Land Conservation and Development Commission (LCDC) adopted the Division 38 Simplified Urban Growth Boundary Method (OAR 660-038). The stated purpose of the rule is to “implement ORS 197A.300 to 197A.325 by providing simplified methods to evaluate and amend an urban growth boundary (UGB) for a city outside Metro.” In short, the rule intends to provide a simplified process for UGB review and an alternative to the traditional pathway.

In 2015, the City of Newberg received funding from the Department of Land Conservation and Development to conduct a buildable lands inventory (BLI) consistent with the Division 38 Simplified Urban Growth Boundary Method. ECONorthwest worked with the city to conduct the BLI. Through that process we identified a number of issues with the BLI methods outlined in the rule. Subsequently, DLCD staff worked with LCDC on amendments to the BLI requirements. Those were adopted in January 2019.

In 2018, Newberg initiated a project to conduct a full analysis using the Division 38 rule after receiving a second grant from DLCD. This process was initiated at the same time DLCD was working with LCDC to amend the BLI process. Exhibit 1 provides an overview of the Division 38 process. The city’s consulting team (ECONorthwest and Jacobs) worked through several steps of the process:

- Step I: Determination of land sufficiency. The consulting team completed all the steps in Step I for both residential and employment lands.
- Step II. Evaluate lands for inclusion in UGB. The consulting team made it partially through Step IIa, determination of the UGB study area.
- Step III. Servicability analysis. The consulting team made it partially through Step III.

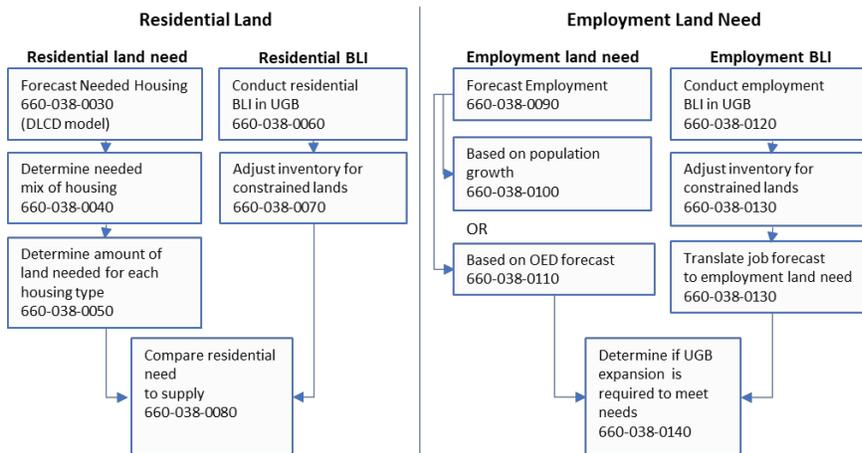
Ultimately, the output of Step I was that Newberg has a 14-year supply of residential land. While the results show a small deficit of high-density residential land, the output shows a 285-acre surplus of residential land. With respect to employment land, the calculator shows a surplus of commercial land under both the population and employment based forecast. The results show a 41-acre deficit of industrial land under the population based forecast and a six-acre surplus under the employment based forecast.

The City of Newberg is the first city to utilize the Division 38 method. Many assumptions and interpretations were made in completing the analyses based on input from advisory committee members and DLCD staff. Ultimately, the city determined that the uncertainty of going

through the entire Division 38 process for industrial land, given the surplus of residential and commercial land, was not worth the effort or risk. The remainder of this memorandum provides ECONorthwest's commentary on implementing the rule up to the point of the city's determination not to proceed.

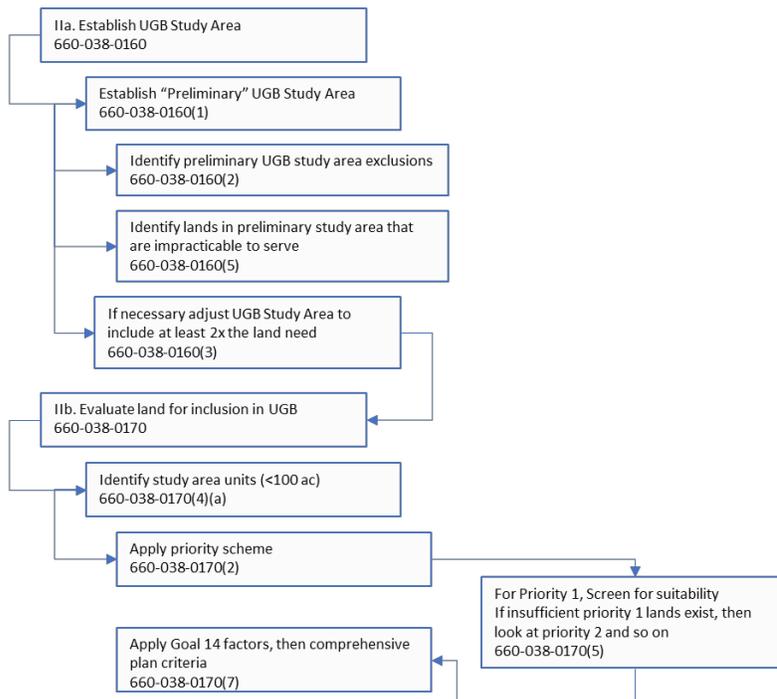
# Exhibit 1. The Division 38 Simplified Urban Growth Boundary Review Process

## I. Determine land sufficiency in current UGB

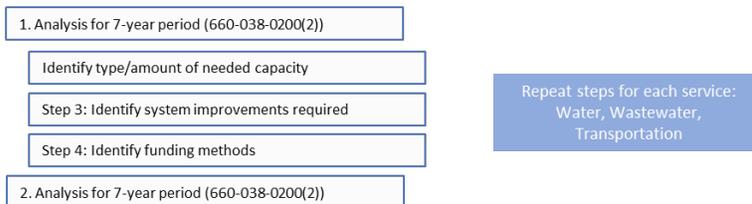


If step I determines a deficit of employment or residential lands, then continue to step II

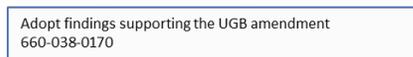
## II. Evaluate lands for inclusion in UGB



## III. Serviceability analysis



## IV. Findings and Adoption



## Commentary on the Division 38 process

The Division 38 rule intends to create a faster, simpler, more cost effective, and more certain process. We fully support those objectives. In the spirit of supporting the intent of Division 38, we respectfully submit the following comments.

### Process steps

Because of the necessary changes to the BLI portions of the rule, we proceeded with the determination of the study area and the serviceability analysis. This was an inefficient approach to the project. It is very clear to us that cities should proceed stepwise according to Exhibit 1. Start with the BLI and run the land need calculator to determine whether there is merit to proceed.

It is worth commenting that even those steps will take a minimum of two to three months (to implement in the BLI). Moreover, our experience with the Division 38 BLI is that for cities the size of Newberg costs are similar to what they would be under the traditional BLI process. The amount of effort required to conduct a BLI increases with city size (more tax lots equals more efforts). Cities the size of Newberg should plan on budgeting at least \$10,000 for the first step.

Larger cities may have the staff capacity and expertise to do a BLI; most small cities do not, and many larger cities do not either. Thus, the process will involve drafting an RFP and putting it out to bid—a process that can take months.

### Buildable Land Inventory

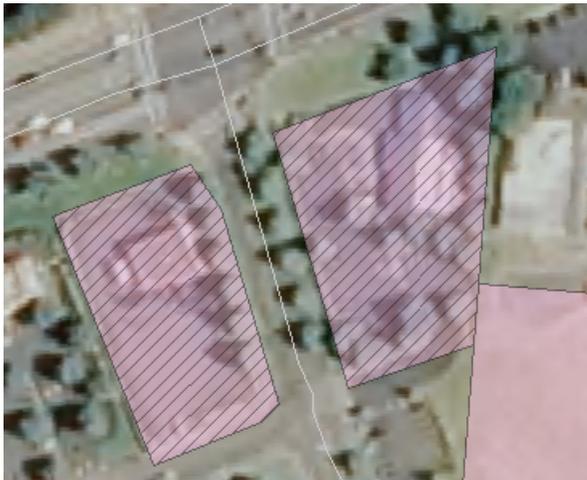
The 2019 changes to the rule for the BLI methods provided necessary clarity on some previously identified issues, such as split lots and lots with public or semi-public uses. However, we identified unresolved issues with the Division 38 BLI guidelines that result in a time-intensive process, similar to a traditional BLI method. In addition to not resulting in a “simplified” BLI process, the results were less accurate than a traditional BLI. Our assessment of these remaining issues with the Division 38 BLI methods are described below.

1. **Inconsistencies in County Assessment data.** A primary shortcoming of County Assessment data is that it does not reflect new developments that occurred in a city since the last assessment. In a traditional method, we rely on improvement values in assessment data as an initial threshold to determine vacant and developed land. Then, we rely on aerial imagery and staff verification to determine the accuracy of the initial threshold assessment.

OAR 660-038-0060(2) states: “The city must identify all vacant lots and parcels with a residential comprehensive plan designation. A city shall assume that a lot or parcel is vacant if it is at least 3,000 square feet with a real market improvement value of less than \$10,000.” While this creates a simplified process to identify vacant lots, we identified several lots in Newberg that met this criteria in the assessment data, but had in fact

developed since the last assessment. This resulted in overestimating vacant land in Newberg.

2. **Partially vacant residential land.** OAR 660-038(3) requires a visual inspection of all lots that do not meet the “vacant” threshold. Determining if a lot has one (or more than one) single family house requires a visual inspection, as assessment data does not provide definitive information on the number of units on a lot. Furthermore, OAR 660-038(3)(b) requires manual measurement of vacant areas on “lots and parcels at least one-half acre in size that contain more than one single-family residence, multiple family residences, non-residential uses, or ancillary uses such as parking areas and recreational facilities.” While aerial photo interpretation is not particularly complicated, it is time consuming.
3. **Developed employment land.** The rule does establish a clear threshold for employment lands to be considered developed or committed. The rule identifies thresholds for partially vacant that either require 50% of the land be classified as vacant (lots less than 1 acre) or that aerial photo review occur. Again, aerial photo review is not complicated, but it is time consuming.
4. **Partially vacant employment land.** OAR 660-038-0120(2)(b)(A) reads “The real market improvement value of the lot or parcel is greater than five percent and less than 40 percent of the real market land value, in which case, the city must assume that 50 percent of the lot or parcel is developed and 50 percent is vacant.” The example below shows two developments that meet this threshold. Both would be considered fully developed in a traditional BLI. One is a bank (on the right) and the other a Jiffy Lube (on the left). While this does not equate to a lot of land in Newberg, it forces an unreasonable assumption on the BLI. We previously raised this issue in a 2017 memo on BLI requirements.



5. **Deduction of constraints.** In a typical BLI, we would merge all constraints together to create a single constraint layer. Those constraints would then be deducted from vacant and partially vacant areas. In this sense, all constraints are treated the same. This has been found compliant with statewide planning goals, as many BLIs using these methods have been adopted and acknowledged.

Division 38 treats different constraints differently. Some constraints are allowed a 100% deduction; some a 50% deduction; and some to the extent of local policy. Moreover, industrial lands get a different threshold for slope (which is not inconsistent with methods used by ECO in the past). This makes sense in theory; in practice it greatly complicates the process of deducting constraints.

For example, constraints often share the same geography. It's not uncommon for a stream to have a floodway and floodplain that are accompanied by steep slopes and Goal 5 resources. Under the Division 38 rule, each of these interactions must be analyzed and accounted for individually. These are not simple operations to perform in GIS.

Finally, we find the ½ acre threshold on water bodies in OAR 660-038-0070 and 130 (1)(a)(B) odd. This also requires additional work, since the default assumption on a typical BLI is that waterbodies of all sizes, are not developable. This rule implies that waterbodies under ½ acre do not pose a constraint (e.g., that they can be filled and developed) without the understanding of requirements of other regulatory agencies to fill these water bodies.

6. **Determination of slopes using contour data.** GIS experts typically build slope thresholds from DEMs (digital elevation models) and not contours. The development of slope thresholds is an advanced GIS operation that we would not characterize as simple. This is an area where the state could provide a standardized data set for cities to use.
7. **Standardization of Data Sources.** This is less a critique, than an observation and suggestion. For many data sources, several hosts and versions might be available (e.g., UGB data from the City or Oregon Explorer). It's not always clear which is preferable or if the data are the most accurate data available. It took a fair amount of time to assemble the required databases, some of which may require expensive subscriptions or fees (part of the Newberg UGB study area is in Washington County; Metro manages the data in the region and we used ECO's subscription to RLIS for the Washington County data). As a suggestion, DLCDC could generate and post approved data sets for many of the attributes required—particularly natural hazards.

## Land Need Estimates

The Simplified UGB Calculator for both residential and employment land need provides a straightforward method to input assumptions and the BLI results. The Citizens Advisory Committees (CAC) asked questions related to the model, summarized below. These items would need clarification from DLCDC for future applications of Division 38.

- **Population thresholds.** If Newberg's population goes over 25,000 by 2019, will there be different requirements for the land need estimates and study area requirements?
- **Increase in housing mix for medium and high density.** Does this increase apply to new development only or the entire land base?

## Study Area Determination

The rule divides the study area determination into two phases: (1) the preliminary study area; and (2) the final study area. OAR 660-038-0160(1) defines the requirements for the preliminary study area. ECO described this process in detail in our July 3, 2018 memo to the Technical Advisory Committee (TAC) and CAC.

Because Newberg is required to look at all lands within a 1-mile radius and all exceptions land within a 1.5-mile radius, the preliminary study area (after excluding certain lands) was 10,109 acres. This is an enormous amount of land (more than 100 times the amount of land that the City would be required to include in the final study area if it were pursuing a 41-acre expansion for industrial land).

We outline several problems in the July 3 memo with respect to making exclusions from the study area: the Newberg-Dundee bypass, determination of slope exclusions, and determination or serviceability exclusions are the primary problems. The point is that all of these require analysis and documentation—that analysis and documentation takes time.

We did not define a final study area for this project, and doing so would have been problematic. Ultimately, the process requires the city to abide by the ORS 197.320A priority scheme that puts urban reserves and exceptions areas as first priority lands. The problem is that our cursory analysis of lands in the preliminary study area and many discussions with city staff suggest that most of the priority 1 lands are not suitable for industrial uses. This fact makes the standard pathway more attractive.

## Serviceability

Even though significant assumptions were developed to make the serviceability analysis as simple as possible, the analysis is still time consuming and may not provide the information intended and/or needed to support the simplified UGB methodology as currently written. If the serviceability requirements are continued, we suggest the intended purpose of the serviceability component of Division 38 be evaluated against the information gained so as to determine if this portion of the methodology is working as desired. We also recommend that the serviceability analysis and results be evaluated against Factor 2: Orderly and Economic Provision of Public Facilities and Services, which is part of Goal 14 of the traditional UGB methodology, to determine if the existing methodology might provide the serviceability information desired to support the Division 38 process.

## Conclusions

Despite the results showing a deficit of industrial lands, the city ultimately chose to abandon the Division 38 process in favor of the traditional review process. Our understanding of the factors that led to the city making this choice were largely due to the small amount of land that could be justified. Other factors, however, contributed to that decision.

Uncertainty. The fact that no jurisdiction has successfully implemented a Division 38 review creates considerable uncertainty about both the process and the level of analytical detail required. The land need calculators show a surplus of residential and commercial land, and a small deficit (41 acres) of industrial land. The results of the draft Goal 10 HNA show a 20-year deficit of residential land. Uncertainty associated with the rule played a role in the city's decision to pursue the traditional UGB pathway. Both pathways require an alternatives analysis, and the traditional pathway has more clarity and precedent about how to address the Goal 14. Our assessment is that the amount of effort that goes into the alternatives analysis might be more under Division 38 given the requirements around the preliminary study area buffers. Under a traditional pathway, we would likely chose a smaller study area. Moreover, the servicability analysis required by Division 38 adds considerable uncertainty given that no examples exist to build from.

- Servicability Analysis. Jacobs only made it partially through the serviceability analysis—specifically, 660-038-0160(5) which requires the city to identify lands in the preliminary study area that are impracticable to serve. Jacobs provided a preliminary analysis of serviceability; the consulting team never got to the point of making specific exclusions from the study area.
- Amount of Effort Required. In many respects, the Division 38 rule is neither simplified nor streamlined. We made this comment in our 2017 memo related to the BLI requirements. This process underscored many of the lessons learned in that process, but highlights a few new ones:
  - Determination of Study Area. We encountered a large degree of uncertainty in moving from the preliminary study area to the final study area. We did not identify a final study area, which requires two times the amount of needed land (had the city chosen to move forward, the final study area could have been as small as 80 acres). The process of moving from the 10,000 acres included in the preliminary study area to a final study area is cumbersome and uncertain.
  - Servicability Analysis. While DLCD provided direction on the serviceability analysis, we still do not have a clear idea of how the analysis can be fully implemented. As outlined, it is considerable effort (even if done in a simplified fashion) and expensive.
  - Alternatives Analysis. The process still requires parts of the standard alternatives analysis—a process that has been implemented many times. This process is also complicated.

As we have said in many conversations with DLCD staff, we are highly supportive of a streamlined UGB process. Cities spend too much time, money, and political capital under the current process relative to the benefits of the process. The BLI and land need requirements are a step in the right direction, even if the BLI process is not particularly simple or streamlined.

That said, we offer the following suggestions:

1. **Clarify and simplify the study area process.** The large buffers defined in the rule require cities to include way more land in the preliminary study area than most cities will ever have justification to include in the UGB. Consider reducing the size of the preliminary study area and simplifying the process for determination of the final study area.
2. **Eliminate or simplify the serviceability requirement.** The traditional UGB pathway does not require anything close to the level of analysis implied in the Division 38 rule. Goal 14 requires cities to balance the four locational factors—including factor 2: orderly and economic provision of public facilities and services. In previous successful amendments we have assisted cities with, the balancing of the factors has been a relatively simple and straightforward process.
3. **Change the 14-year period to 20 years.** This would create consistency with the traditional pathway and allow cities to perform a direct comparison of the merits of both of the options.

## Appendix A. Land Need Calculator Results

This appendix presents the output of the DLCD Division 38 land need calculator for Newberg.

# Residential



## Simplified UGB Calculator - Residential

Page: 1

Urban Growth Boundary: **Newberg**

Forecast Region: **Mid-Valley**

As Of Date: **03/07/2019**

Housing Need	
Population (current - 2019)	25347
Population (forecast - 2033)	32921
<b>Population Change</b>	<b>7574</b>
Population Percent Change	30 %
Group Quarters	512
<b>Adjusted Population Change</b>	<b>7062</b>
Persons per Household	2.66
<b>Gross New Dwelling nits Needed</b>	<b>2655</b>
Vacany Rate (fixed rate)	5.00 %
Additional Seasonal/Vacation Rate	0.40 %
Total Vacany Rate	5.40 %
Adjusted Gross New Dwelling Units Needed	2798
Subtract DU not needed new land	
Mixed Use & Redevelopment	5.00 %      140
Accessory Dwelling Units	1.00 %      28
<b>Gross New Dwelling Units Needing Land</b>	<b>2630</b>

Housing Mix & Land Need				
	Low Density	Medium Density	High Density	Total
<b>Existing Housing Mix</b>	5177	1867	1287	8331
Most Recent ACS	62.14 %	22.41 %	15.45 %	
<b>Housing Mix Change</b>		0.00 % increase	17.00 % overall	
<b>Future Housing Mix</b>	60.59 %	22.41 %	17.00 %	100.00 %
<b>Dwelling Units Needed</b>	1594	589	447	2630
<b>Dwelling Units per Acre</b>	6	12	20	
<b>Net Acres Needed</b>	266	49	22	337
<b>Proposed Density</b>				7.80
<b>Existing Density</b>	Existing Acres	1132 (developed)		
	Existing Acres	89 (partially developed)		6.82
<b>25% net to Gross-Public Lands</b> (streets, parks, etc.)	25.00 %	25.00 %	25.00 %	
<b>Total Net Land Need</b>	332	61	28	421



## Simplified UGB Calculator - Residential

Urban Growth Boundary: **Newberg**

Forecast Region: **Mid-Valley**

As Of Date: **03/07/2019**

<b>Buildable Land Inventory &amp; Constrained Lands</b>				
	<b>Low Density</b>	<b>Medium Density</b>	<b>High Density</b>	<b>Total</b>
Vacant Acres	257	173	10	440
Partially Vacant Acres	323	91	15	429
<b>Total Vancant/Partially Vacant Acres</b>	580	264	25	869
Constrained Lands	92	67	4	163
<b>Adjusted Vacant/Partially Vacant Acres</b>	488	197	21	706
<b>Total Net Land Need</b>	332	61	28	421
<b>Supply minus Net Need</b>	<b>156</b>	<b>136</b>	<b>-7</b>	<b>285</b>
<b>Does need exceed available land?</b>	<b>No</b>	<b>No</b>	<b>Yes</b>	<b>No</b>

If new land need does not exceed available land, do not proceed. Otherwise, see OAR 660-038-0080 for further instructions.

# Employment



## Simplified UGB Calculator - Employment

Urban Growth Boundary: **Newberg**

Forecast Region: **Mid-Valley**

As Of Date: **03/07/2019**

Forecast Employment Growth			
<b>Population Based</b>			
Current Population Estimate (2019)	25347		
Forecast Population Estimate (2033)	32921		
Growth Rate	30 %		
<i>Source: PSU Population Center</i>			
	<b>Commercial</b>	<b>Industrial</b>	<b>Total</b>
Current Jobs (2017)	6680	2663	9343
Forecast Jobs (2031)	1996	796	2792
New jobs on non-employment lands (20%)	399	159	558
New jobs on employment lands	1597	637	2234
<i>Source: Oregon Employment Department and DLCD (OAR 660-038)</i>			
<b>Employment Forecast Based</b>			
	<b>Commercial</b>	<b>Industrial</b>	<b>Total</b>
Current Jobs (2017)	6680	2663	9343
Projected Employment Growth Rate	11 %	14 %	
Forecast Jobs (2031)	735	373	1108
New jobs on non-employment lands (20%)	147	75	222
New jobs on employment lands	588	298	886
<i>Source: Oregon Employment Department and DLCD (OAR 660-038)</i>			

Buildable Employment Land within the UGB				
	Total Acres	Developed Acres	Constrained Acres	Buildable Acres
<b>Commercial</b>				
Developed	228.00	206.00	22.00	0.00
Partially Vacant	23.00	5.00	0.00	18.00
Vacant	60.00	0.00	4.00	56.00
<b>Industrial</b>				
Developed	293.00	254.00	39.00	0.00
Partially Vacant	6.00	3.00	0.00	3.00
Vacant	52.00	0.00	8.00	44.00
<b>Total</b>				
Developed	521.00	460.00	61.00	0.00
Partially Vacant	29.00	8.00	0.00	21.00
Vacant	112.00	0.00	12.00	100.00



## Simplified UGB Calculator - Employment

Urban Growth Boundary: **Newberg**

Forecast Region: **Mid-Valley**

As Of Date: **03/07/2019**

Employment Density (jobs per acre)			
	Commercial	Industrial	Total
Current Jobs (2017)	6680	2663	9343
Jobs on non-employment lands (20%)	1336	533	1869
Current jobs on employment lands	5344	2130	7474
Developed Employment Land	211	257	468
Current Employment Density	25.33	8.29	15.97
Efficiency Gain	3.00 %	1.00 %	
Anticipated Employment Density	26.09	8.37	

New Land Need			
	Commercial	Industrial	Total
<b>Population Based</b>			
Net New Land Need	61.22	76.10	137.32
Gross New Land Need (add 15% for roads and public facilities)	70.40	87.51	157.91
Available Vacant Land	74.00	47.00	121.00
Available Land minus Land Need	3.60	-40.51	-36.91
Does need exceed available land?	No	Yes	
<b>Employment Forecast Based</b>			
Net New Land Need	22.54	35.60	58.14
Gross New Land Need (add 15% for roads and public facilities)	25.92	40.94	66.86
Available Vacant Land	74.00	47.00	121.00
Available Land minus Land Need	48.08	6.06	54.14
Does need exceed available land?	No	No	
If new land need does not exceed available land, do not proceed. Otherwise, see OAR 660-038-0150 for further instructions.			

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<b>Subject</b>	<b>Commentary on the Division 38 Process: Serviceability</b>
<b>Project Name</b>	City of Newberg Urban Growth Boundary
<b>Attention</b>	Bob Parker/ECONW
<b>From</b>	Meabon Burns/Jacobs Dave Simmons/Jacobs
<b>Date</b>	May 6, 2019
<b>Copies to</b>	Margaret Raimann/ECONW Mark Anderson/Jacobs

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## 1. Purpose

The purpose of this memorandum is to provide commentary on the implementation of the serviceability portion of the Division 38 Simplified Urban Growth Boundary Method (OAR 660-038), which was adopted by the Oregon Land Conservation Development Commission in 2015. This commentary is based on work conducted for the City of Newberg (City) through the City's determination to discontinue the process.

## 2. Background

Jacobs completed a draft serviceability analysis dated December 18, 2018 based on the Preliminary Study Areas. Since this analysis was conducted before the Buildable Lands Inventory or Land Needs Assessment could be completed, the intent of the analysis was to be high-level and facilitate the identification of additional land exclusions in advance of establishing the Final Study Area. This analysis was based on a draft approach developed and presented to the City's Citizen Advisory Committee and Technical Advisory Committee during meetings on September 20, 2018.

## 3. Commentary

### 3.1 Assumptions

Given that the Division 38 rule is intended to be a simplified method, the serviceability analysis inherently requires significant assumptions in order to bound the scope of the analysis. The primary assumption utilized for the serviceability analysis was that the existing master plans sufficiently cover water, sewer, and transportation service needs within the existing Urban Growth Boundary (UGB) and limiting the analysis to improvements required to provide connectivity and service to each identified area. Impacts to existing infrastructure within the UGB were not evaluated and assumed to not be significant enough to warrant exclusion of an area from the Final Study Area.

### **3.2 Impediments to Service**

The Division 38 rule allows for the exclusion of land from the Final Study Area due to being impracticable to serve (OAR 660-038-0160(5)). It was found that these identified impediments to service were most easily applied to transportation services, because the explicitly stated impediments are either topography or transportation based (OAR 660-038-0160(5)(d)). As a result, the two primary reasons for exclusion identified were the need for a bridge replacement and that the grades were too steep to accommodate industrial traffic. However, the analysis still had to describe how water and sewer service could be provided to all of the Preliminary Study Areas, which is a time intensive process even when conducted as a high-level analysis.

While Division 38 does allow for the exclusion of land due to isolation from existing service networks, which could be used for water and sewer service based exclusions, this approach requires additional analysis above and beyond describing how service can be provided to the identified land areas. This additional analysis requires a determination that it is impracticable to provide the necessary facilities within the planning period (OAR 660-038-0160(5)(c)), including the costs to provide service and the likely amount of development. However, it should be noted that developing and adding impediments to service specific to water and sewer under OAR 660-038-0160(5)(d) is not necessarily the remedy as they might be challenging to define.

## **4. Conclusions**

Even though significant assumptions were developed to make the serviceability analysis as simple as possible, the analysis is still time consuming and may not provide the information intended and/or needed to support the simplified UGB methodology as currently written. It is recommended that the intended purpose of the serviceability component of Division 38 be evaluated against the information gained so as to determine if this portion of the methodology is working as desired. It is also recommended that the serviceability analysis and results be evaluated against Factor 2: Orderly and Economic Provision of Public Facilities and Services, which is part of Goal 14 of the traditional UGB methodology, to determine if the existing methodology might provide the serviceability information desired to support the Division 38 process.