

Yamhill County Agri-Business Economic and Community Development Plan

SUMMARY REPORT



Prepared for:



Yamhill County, Oregon

By:



Barney & Worth, Inc.

In association with:

Globalwise, Inc.

E.D. Hovee & Company, LLC

Spencer & Kupper

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Steering Committee

Jody Christensen
Ken Friday
Tom Hogue
Sam Justice
Tonya Saunders
Mary Stern

Stakeholders - Agriculture Sector

Susan Aldrich-Markham, OSU Extension Service (retired)
Mike Anderson, Farmers Creamery Coop
Agnes Balassa, Enterprise for Employment & Education
Kendall Bergstrom, Bergstrom Wines
Barbara Boyer, McMinnville Farmers Market
Kevin Chambers, Oregon Vineyard Supply
Stan Christiansen, Grower (retired)
Zack Christiansen, Yamhill County Farm Bureau
Dave Cruickshank, Grower, Yamhill County Soil & Water Conservation District
Ken Durant, Red Ridge Farms
John Dyne, Carlton Farms
Ted Farthing, Oregon Wine Board
Tom Fox, Oregon Economic & Community Development
William Fujii, Oregon Water Resources Department
Kathy George, George Packing Company, Yamhill County Commissioner
Mark Hurst, Hurst's Berry Farm
Susan Jeffries, Betty Lou's Inc.
Jim LeTourneau, Tripletree Farm
Leslie Lewis, Yamhill County Commissioner
David Millman, Domaine Drouhin Winery
Brent Searle, Oregon Department of Agriculture
Alex Sokol Blosser, Sokol Blosser Winery
Julie Staigers, Crumbled Rock Winery
Rick Wells, Monrovia Nursery
Sam White, Wilco
Ken Wright, Ken Wright Cellars
Chrissie Zaerpoor, Kookoolan Farms

Stakeholders - Infrastructure

Howard Hamilton, Public Works Director, City of Newberg
Diane Rinks, City Administrator, City of Lafayette
Frank Sheridan, City Manager, City of Sheridan
Sam Sasaki, City Manager, City of Willamina
Rob Daykin, City Administrator, City of Dundee
Steven Weaver, City Manager, City of Carlton
Mike Bissett, Community Development Director, City of McMinnville
Eric Abrams, Superintendent, McMinnville Water & Light
John Phelan, Public Works Director & Bill Gille, County Engineer, Yamhill County
Larry Layton, City Manager & Matt Johnson, Public Works Director, City of Amity
Richard Howard, Superintendent of Public Works, City of Yamhill
Cristy Ellis, City Manager, City of Dayton
Mike Brandt, Planning Director & Ken Friday, Planner, Yamhill County
Paul Elias, General Manager, McMinnville Water and Light
Ronan Igloria, P.E., CWRE, HDR
Dan Fricke, Senior Transportation Planner, ODOT

Advisory Committee

Michael Cape – Amity
Jody Christensen - McMinnville
Rob Daykin – Dundee
Christy Ellis – Dayton
Walt Larkin – Yamhill
Diane Rinks – Lafayette
Sam Sasaki – Willamina
Frank Sheridan – Sheridan
Elaine Taylor – Newberg
Steven Weaver – Carlton

Stakeholders - Tourism Sector

Roger Anderson, Vista Balloon Adventures
Mary Arnstad, Allison Inn & Spa Development
Wayne Bailey, Youngberg Hill Vineyards and Inn, Yamhill Valley B&B Association
Susan Barksdale, Cuvee Restaurant, A Walk in the Park
David Beam, City of Newberg
Chris Czarnecki, Joel Palmer House
Tom Fox, Oregon Economic & Community Development
Kris Gullo, McMinnville Downtown Association
Sonja Haugen, Springbrook Properties, Inc.
Peter Kircher, Golden Valley Brew Pub
Leslie Lewis, Yamhill County Commissioner
Ty Rollins, Comfort Inn
Jack Seed, Matthey Bed & Breakfast
Cassie Sollars, *News Register*
Kathleen Stoller, La Rambla Restaurant
Dennis Sturdevant, Precision Aviation
Patty Webb, McMinnville Downtown Association
Lisa Weidman, Arts Alliance of Yamhill County

Other Contributors

Barton Brierley, Newberg Planning Department
Susan Dufner, Mid-Willamette Valley COG
Ronan Ingloria, HDR Engineering
Jim Jacks, Mid-Willamette Valley COG
Jim Minard, City of Amity
John Morgan, Morgan CPS Group
Luke Peltz, Newberg Planning Department
Ron Pomeroy, McMinnville Planning Department

Consultant Team

Clark Worth, Barney & Worth, Inc.
Libby Barg, Barney & Worth, Inc.
Michele Neary, Barney & Worth, Inc.
Laura Westmeyer, Willamette University (Intern)
Eric Hovee, E.D. Hovee & Co.
Andrea Logue, E.D. Hovee & Co.
Bruce Pregeluber, Globalwise, Inc.
John Spencer, Spencer & Kupper

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I. EXECUTIVE SUMMARY

Yamhill County commissioned a new study – the *Yamhill County Agri-Business Economic and Community Development Plan* – to look into the future for the County’s agriculture and tourism industries. Yamhill County wants to ensure its local agriculture industry can continue to thrive – operate profitably, grow and contribute to community livability countywide. The agriculture sector is highly successful and very diverse, producing \$300 million in annual sales.

Alongside agriculture – and increasingly important – is tourism. These two key sectors of the county’s economy are intimately linked through wine. Over 35 years, Yamhill County has emerged as one of the nation’s premier wine producing regions, specializing in Pinot Noir. With the explosion of wineries come visitors, estimated now at 1.5 million per year. These visitors are crucial to local wineries, where their retail purchases help provide good margins and assure the vintner’s profitability. But so far, residents and other establishments in Yamhill County haven’t benefited greatly. Local visitor spending per capita is below the statewide average, and significantly less than comparable visitor destinations.

Why did this happen? What can be done to better capitalize on tourism? The leading solution to the tourism dilemma is to provide more high amenity lodging that lures wine tourists for overnight stays. Developing complementary visitor attractions, too, will also help lengthen stays and attract repeat visits necessary to fill out the tourism calendar.

Finding suitable sites for new lodging properties and other visitor attractions won’t be easy. While zoning can be a problem for certain types of facilities in some communities, a bigger issue is services: especially water, sewer, and transportation access. Analysis shows that hotels and other large-scale visitor-oriented facilities can be accommodated today only in the larger cities. Yamhill County and its communities are aware of this problem and are searching for solutions.

The Yamhill County Agri-Business Economic and Community Development Plan has systematically reviewed each of these key elements:

- The agriculture sector, today and/or the future
- Tourism and ag-tourism
- Land use zoning and sites to accommodate development
- Infrastructure and services




















The plan results in a multi-faceted approach, with a series of recommendations for moving forward (see below). Most important will be reaching a shared vision, countywide, on the future of Yamhill County’s tourism sector. How can wine visitors be best served? What should be the respective roles in tourism development for Yamhill County, the cities and smaller towns, and other organizations?

Also important will be strategic planning, priority setting, and regional cooperation to resolve infrastructure needs in time to serve the growth within agriculture and tourism. For Yamhill County and its residents, the future starts now.

The plan was created through a partnership of Yamhill County and its ten cities. Oregon Department of Land Conservation & Development and several agencies and organizations co-sponsored and participated. The technical work was conducted by a consultant team led by

Barney & Worth, Inc. in association with E.D. Hovee & Co., Globalwise, Inc. and Spencer & Kupper.

Yamhill County Agri-Business–Weather Report

	Today	Tomorrow
Agriculture		
Wineries		
Other Ag Businesses		
Tourism		
Tourism Businesses		?
Zoning		
Sites		
- Cities		
- Towns		?
- Rural		?
Infrastructure		
- Cities		
- Towns		?
- Rural		?

Yamhill County Agri-Business - Solutions

- ✓ Shared vision for Yamhill County's future
- ✓ More lodging
- ✓ More attractions
- ✓ Rezoning to accommodate prototype development projects
- ✓ Site assembly
- ✓ Countywide infrastructure strategy, regional cooperation
- ✓ Coordinate opportunity sites / services
- ✓ Transient lodging tax
- ✓ Other funding sources

II. INTRODUCTION

In 2008, Yamhill County joined ten local communities in commissioning a new study – the *Yamhill County Agri-Business Economic and Community Development Plan* – to look into the future for the County’s agriculture and tourism sectors. In Yamhill County and across Oregon and the Pacific Northwest, agriculture is under pressure. Population growth and urban development, combined with competitive market forces, threaten traditional agriculture. At the same time, some segments within agriculture are flourishing – and Yamhill County benefits from several of these emerging crops / products. The Yamhill Valley wine industry contributes significantly to Oregon’s brand, and lends cache to Portland’s reputation as a food center. Craft-beer, horticulture, fine food specialties, and other promising ag sub-sectors are also present in Yamhill County.

Yamhill County wants to ensure its local agriculture industry can continue to thrive – operate profitably, grow in place and contribute to community livability in all parts of the county. In response, a plan is being developed to promote cooperative regional economic and community development in order to establish and expand the essential businesses and services needed to support the local agriculture sector.

Unlike agriculture, long a mainstay of the local economy, Yamhill County’s tourism industry is still comparatively new. The emergence of the wine industry and other new attractions are beginning to draw significant numbers of visitors. Communities recognize the importance of this fast growing sector, and its intimate connection to agriculture.

Four key elements of Yamhill County’s plan – agriculture, tourism, land use and infrastructure – are addressed in the project workscope. Key questions to be answered by the study:

- What is the current condition of Yamhill County’s agriculture sector?
- What activities and businesses are necessary to support local agriculture?
- What is the current condition of local tourism? And what activities and businesses are needed to support the tourism sector?
- Are suitable sites available for agriculture and tourism support businesses?
- Is infrastructure in place - or planned - to support growth in agriculture and tourism?

Several agencies and organizations have co-sponsored and participated in the study: the Oregon Department of Land Conservation & Development, Oregon Economic & Community Development Department, the Governor’s Office, and McMinnville Economic Development. Representatives of these agencies participated in a Steering Committee to guide the project.

The Yamhill County Agri-Business Economic and Community Development Plan was completed in June 2009. Results of the analysis are intended to contribute to finding solutions that assure the continued vitality of the two key economic sectors.

The Yamhill County Agri-Business Economic and Community Development Plan has involved stakeholders and the public in examining the local agriculture and tourism sectors’ future needs, assuring those sectors’ continued vitality while enhancing community livability. In addition to stakeholder interviews covering the agriculture and tourism sectors, the project was also followed closely by an Advisory Committee with countywide representation.

To conduct the study, Yamhill County retained a consultant team led by Barney & Worth, Inc. in association with E.D. Hovee & Co., Globalwise, Inc., and Spencer & Kupper. The consultants provided specialized expertise in economic development, agricultural economics, tourism, land use planning, infrastructure planning and competitiveness strategies. The outcome for Yamhill County will be a better understanding of the competitive challenges and opportunities which provide the platform to support the county's competitiveness in agriculture and tourism.

III. YAMHILL COUNTY AGRICULTURE

Profile of Yamhill County Agriculture Sector

Globalwise, Inc. completed a profile of agriculture in Yamhill County, identifying participating agricultural sectors, types of businesses in agriculture and related sectors.¹

Quick Facts on Yamhill County Agriculture

The following presents a few quick facts about agricultural conditions in the county.

Total farm gate value of all agricultural production: \$296.1 million in 2007 (excludes wine production and food processing), placing Yamhill 7th among 211 Oregon counties.

Major crops and livestock produced: In order starting with the highest farm level value of production in 2007 – nursery crops, grass and legume seeds, dairy products, tree fruits and nuts, wine grapes, Christmas trees, poultry, grain and hay, and vegetables.

Yamhill County is recognized as the leading production area for Oregon's wine industry: Yamhill County has the largest wine grape harvest in the state by a wide margin, with the 2007 tonnage of 10,719 tons exceeding the combined tonnage of the second and third counties (Polk and Washington). Yamhill wineries handled 44% of the state's total grape crush in 2007.

Total land in crop production (2007 estimate): 105,420 acres which is 23% of the total county land area.

Total land in pasture/grazing (2007 estimate): 77,100 acres, equaling 17% of the county land area.

Location of crop production: Most crops are grown at lower valley elevations with warmer and longer growing seasons. Vineyard acreage has expanded from about 4,250 planted acres in 2003 to 5,500 planted acres in 2007, with expansion in both valley and foothill sites.

Livestock production: Cattle, hog, sheep and goat production occurs on small farms located throughout the county. Fewer than five dairies remain in the county and all other categories of livestock production also have been declining in recent years.

Soil variability: Valley soils are not uniformly suited to crop production. Heavy clay soil that is poorly drained is interspersed with highly fertile, well drained soils. Drainage systems are commonly installed to increase the productive capacity of valley soils. Wine grapes in foothill areas are produced on soil that has traditionally been considered unsuitable for agricultural crops.

Supplemental irrigation is needed for most high value crops: wine grapes, tree fruits and nuts, specialty vegetable seeds and berries. About one acre out of every five crop acres is irrigated. Two irrigation districts serve portions of Yamhill County and these districts cannot accept new irrigators due to restricted water supply. Additional irrigation water must be obtained from wells.

¹ *Agriculture Profile of Yamhill County*, Globalwise, Inc. (November 2008)

Other Quick Facts on Yamhill County Agriculture

Farms with annual sales over \$1,000	2,329
Farms with operator indicating farming as principal occupation	1,144
Average farm size	84 acres
Median farm size	24 acres
Irrigated harvested cropland as a percentage of land in farms	22.0%
Percentage of farms operated by a family or individual	89.4%
Average age of principal farm operators	54 years

Source: 2002 Census of Agriculture
Data from the 2007 Census of Agriculture will be available in 2009.

Roots of Yamhill County Agriculture

Agriculture is a major contributor to the Yamhill County economy. In 2007 the agricultural producers generated almost \$300 million of farm gate sales from a wide range of products. (This total does not include sales from winery production or food processing.)

The strength of Yamhill County agriculture lies in the broad base of crops produced, processed and marketed. The county's most visible agricultural enterprises are the vineyards and wineries, which have grown and prospered along with their reputation for premium wines. Yet many other aspects of the county's agriculture sector are large and have enjoyed their share of growth in recent years. This profile provides a foundation for understanding Yamhill County agriculture as it currently exists by highlighting the major characteristics of this dynamic industry.

Since the 1840s when Yamhill County was formed, agriculture has played a rich and prominent role in the lives of residents.² The early settlers came to the valleys of what is now eastern Yamhill County and practiced subsistence agriculture that included raising cattle. Soon cattle grazing moved to the hills and the valley was devoted mainly to wheat production. By the early 1900s dairy production came into the area and gradually expanded. Expansion of clover production was beneficial to the livestock industry and the county saw increasing numbers of beef cattle, hogs, sheep, goats and poultry.

Fruit and nut production started in earnest by 1910. In 1925 it was estimated that Yamhill County had 2,864 farms at an average farm size of about 83 acres. Between 1925 and 1950 the apple and pear orchard acreage declined while hazelnut production expanded. Commercial production of the small berry fruits that included strawberries, loganberries, raspberries, blackberries, and gooseberries took hold following World War I. The dominant crop was strawberries. Walnuts were also introduced after WWI.

In the 1962 Columbus Day Storm, most of the county's prune orchards were flattened. This ushered in a down period as growers worked to recover their losses and farm land prices declined. Although wine grapes had been grown previously in the valley areas, by 1970 commercial plantings of wine grapes began appearing on former orchard ground. This industry has steadily advanced since that time.

² Much of the information for the discussion of the agricultural history is from *Lower South Yamhill – Deer Creek Watershed Assessment*, by Yamhill Basin Council, September, 2000.

Yamhill County Winery "Pioneers"

Winery	Established
Eyrie	1966
Arterberry	1968
Knudson Erath	1969
Amity	1970
Sokol Blosser	1971
Adelsheim	1972
Autumn Wind	1972
Chateau Benoit	1972
Hidden Springs	1972
Elk Cove	1974

As in other areas of the Willamette Valley, grass seed production has changed the face of Yamhill County agriculture since the 1960s. Ground that was too wet for other crops was tilled or otherwise drained to allow for many types of perennial grass and legume seed crops. Large farms, some owning and leasing several thousand acres and in their second or third generation of family ownership, have taken advantage of modern equipment to expand and increase their productivity. Many of these farmers have also responded to the natural resource diversity in Yamhill County to increase the range of crops they grow.

In the 1980s the ornamental plant nursery industry began its path of expansion in the county. Nurseries of all sizes were established, including some of the largest in the state. Today over 100 nurseries make horticulture the largest contributor to farm gate income of all agricultural sectors – and they also employ more workers than any other sector.

Yamhill County has always had a large number of small farms. However, over the past decade there has been a resurgence of small, diversified fruit and vegetable farms. Many tend to grow a profusion of crops on five, ten or more acres; with some producing 30 or more different vegetable and fruit crops. Other farms specialize in livestock or combine livestock with truck crop farming (truck crops refer to fresh fruits and vegetables for local market delivery). Often these new farms follow organic or bio-dynamic practices. They tend to market their crops in several ways including farmers markets, on-farm sales and specialty retail stores.

Adapting to natural resource conditions and maximizing market opportunities are hallmarks of Yamhill County growers. They have led this industry to prominence in the local economy. The natural resources and skills of the farmers have resulted in a large and diverse industry, one that is hard to equal elsewhere – even in a state as agriculturally oriented as Oregon.

Present Agricultural Activity

Yamhill County is a diverse agricultural production area. Principal non-food crops are grass and clover seed, nursery plants, hay, specialty vegetable seed, and corn for silage. Grain crops such as wheat, barley, and oats are grown in rotation with the seed crops. Between 50,000 and 60,000 acres of county land is devoted to seed crop production, making it the major crop category in terms of agricultural land use in the county. This is a less visible but very solid contributor to the prosperity of the farm and agricultural sector.

In addition to the grain crops mentioned above, other major *food* crops grown in Yamhill County are hazelnuts (also known as filberts), corn, small fruits, and tree fruits. Wine grape production has rapidly expanded to about 232 growers with 5,500 planted acres in 2007. This sector is well established as a major part of the Yamhill County agriculture. Wineries are expanding in pace with the vineyard expansion.

The number of dairies has dwindled to fewer than five. Beef, sheep, hogs and chickens are produced on small and diversified farm enterprises in many locations throughout the valley and foothill areas. Two local livestock slaughter facilities provide good market outlets for beef and hog producers to market their animals.

Variations in climate, water availability and soils combine to give Yamhill County growers latitude in where they raise their crops. However, there is a clear tendency to raise the vegetable and fruit crops at the lowest elevations at the valley floor which offer the warmest growing season temperatures.

Dayton is considered the center of the fruit and vegetable producing area. Nurseries are located in many valley locations with consideration given to flat land, good soils and water supply. Good soils are needed for field production of trees and shrubs, with less attention to soils for “container” nursery operations which grow above ground in pots.

The small fruits which include raspberries, blackberries, blueberries and strawberries are still produced but in declining acreage in Yamhill County. Some new plantings of blueberries are reported. Well drained soil and warm growing season temperatures create optimum conditions for these crops so there are limited suitable locations. These crops are found in the valleys and in the warmest areas of the county. Generally they require more labor than other crops so this is also a constraint.

Wine grapes are grown principally in the foothills above the valley floor, because the valleys have generally highly fertile soils that remains too wet for premium wine grape growing. Wine grapes thrive on less fertile soils that are unsuited to fruit, vegetable and seed crops.

Grass and legume seed favor the best soils for optimum yields but these crops are also grown on heavier, less well drained soil, especially of drainage tile as been added to lower the water table. Hay and other forage as well as grazing of livestock are generally found on the least productive valley and foothill soils.

Yamhill County Value of Agricultural Production, 2007

All Crops	Value (\$000)	Percent of Total
Nursery & Greenhouse Crops	\$133,724	45.2%
Grass & Legume Seeds	\$56,889	19.2%
Nuts & Tree Fruit	\$24,684	8.3%
Small Woodlots and Christmas Trees	\$13,204	4.5%
Grain & Hay	\$9,600	3.2%
Vegetable & Truck Crops	\$3,185	1.1%
Other Crops (Wine Grapes)	\$13,387	4.5%
Sub total	\$254,673	86.0%
All Livestock		
Dairy Products	\$20,482	6.9%
Poultry	\$9,780	3.3%
Cattle	\$6,267	2.1%
Other Animal Products	\$4,903	1.7%
Sub total	\$41,432	14.0%
All Crops and Livestock	\$296,105	

Source: Oregon Agricultural Information Network.

Utilization of Agricultural Land Base in Yamhill County - 2007

Agricultural Use	Acres	Percent of Total
<i>Cropland</i>		
Grass Seed	52,700	28.9
Hay & Forage	19,550	10.7
Tree Nuts	6,720	3.7
Vegetable & Truck Crops*	6,650	3.6
Wine Grapes**	5,550	3.0
Nursery***	5,500	3.0
Grain	4,450	2.4
Tree Fruits	1,570	<1.0
Specialty Field Crops	1,310	<1.0
Small Fruits and Berries	1,210	<1.0
Christmas Trees	210	<1.0
Subtotal Crop Land	105,420	57.8
<i>Pasture</i>		
Pasture/Grazing	77,100	42.2
Total All Agriculture	182,520	100.0

* 2007 data not available for vegetable/truck crops; used 2002 Agriculture Census estimate

** Planted wine grape acres from USDA NASS Vineyard and Winery Report

*** USDA NASS Oregon Greenhouse and Nursery Survey 2007

Source: Oregon Agricultural Information Network, except wine grapes and vegetable truck crops

Yamhill County Wine Grape Acreage, by Variety, 2003 to 2007

	Pinot Noir	Pinot Gris	Chardonnay	White Riesling	Pinot Blanc	All Others	All Varieties
Year	Acres	Acres	Acres	Acres	Acres	Acres	Acres
2003	3,206	360	323	114	67	179	4,249
2004	3,386	352	302	102	69	169	4,380
2005	3,632	370	293	109	73	156	4,633
2006	4,098	428	332	123	72	124	5,177
2007	4,448	422	353	126	69	132	5,550

Source: USDA NASS Vineyard and Winery Reports, various years.

The winery industry is clearly thriving and growing in the county. NASS reports 141 operating wineries in 2007. Cooperage (wine in barrels) is a measure of annual wine production and it increased by 40 percent when looking at the 2003 and 2007 years. Yet growth in the intervening year-to-year periods has been uneven due to variations in the annual grape crush. The purchases of non-estate crush are included in cooperage totals and significant amounts of unfermented juice come from outside Yamhill County.

Yamhill County Wineries: Number, Crush, and Cooperage, 2003-2007*

	All Wineries**	Wineries Crushing Grapes	Wine Grapes Crushed	Total Cooperage
Year	Number	Number	Tons	1,000 gallons
2003	85	70	10,773	3,042
2004	95	79	8,272	3,402
2005	108	85	9,808	3,738
2006	126	89	14,111	3,441
2007	141	100	16,414	4,285

* Includes estimates for incomplete responses.

** Includes Growers Sales Privilege License holders (issued by the OLCC).

Source: USDA NASS Vineyard and Winery Reports, 2003 to 2007

A Profile of Diversity

Yamhill County agriculture has gained strength through its diversity. As conditions change the industry has made important transitions. Growers have capitalized on the natural advantages offered by the land and climate. New vineyards and wineries have done much to call attention to this beautiful and productive place. However, many types of food, nursery, livestock, seed and other crops contribute to the well-functioning industry. Competitive challenges always exist in agriculture but the recent growth in Yamhill agriculture is evidence that it is on course to remain a mainstay of the local Yamhill County economy.

Stakeholder Interviews

As an early step in the study, the consultant team interviewed a cross-section of interested stakeholders who are involved in or knowledgeable about the agriculture sector: owners and managers of wineries, nurseries and farms (hazelnuts, perennial grasses, field crops), farm supply companies, a meat packing operator, a dairy farmer, farmers co-op manager, health food manufacturer, local elected officials, and staff from the Oregon Department of Agriculture, Oregon Economic and Community Development Department, Oregon Water Resources Department and the public-private partnership venture Enterprise for Employment and Education. Interviews were conducted by Barney & Worth and Globalwise, Inc. in-person and by telephone with 27 persons who are involved or have an interest in the future of Yamhill County agriculture.

Participants were asked to share their perceptions related to the current situation in the local agriculture sector, along with their vision and suggestions for the future.

Key findings:

1. **Yamhill County agriculture is unique, progressive, and diverse.** Key stakeholders say a local agriculture sector with these characteristic traits, when coupled with the presence of a large number of wineries, provides a unique Oregon experience.
2. **The local agriculture sector is growing and prosperous.** Grapes and wine, hazelnuts, nursery plants and grass seed are currently valuable commodities. With the wine industry leading the way, local agricultural leaders are optimistic about future success.
3. **The wine industry is the fastest growing and most important economic segment.** While most agricultural products are shipped to customers outside the county or State, area wineries are improving local economic conditions by “fueling growth and tourism” in Yamhill County.
4. **The value derived from local agriculture includes: economic, environmental, and lifestyle benefits.** Economic benefits include increased tourism from wineries, employment, value-added industries, support industries and economic stability. Yamhill agricultural businesses are considered good stewards of the environment – making agriculture a truly “green” industry. Observers say a picturesque setting and rural lifestyle are equally important benefits derived from agriculture. Wineries also contribute a special identity and culture for Yamhill County.
5. **The related businesses needed to support agriculture are already in place.** The necessary supplies, services and products are available locally or within reach, but opportunities remain for ag-related value-added businesses.
6. **Yamhill County agriculture is going “green”.** The increasing utilization of sustainable and organic farming practices and the use of alternative and renewable energy sources by the agricultural industry in Yamhill County should be showcased, observers say.
7. **Blending tourism with agriculture requires a delicate balance.** There’s a need to create more and better accommodations for visitors, while protecting valuable agricultural land and lifestyles, and providing necessary infrastructure and resources that

serve visitors as well as local communities. Creative, community-wide solutions will be required.

- 8. Better communication is needed between wineries, traditional agriculture and tourism sector.** Observers say the agricultural community should work together and be better coordinated on issues related to growth and tourism. Close collaboration with the hospitality sector will produce economic benefits for the whole county.

A more detailed summary of the agriculture community leader interviews appears in *Stakeholder Interviews- Agriculture Sector*, Barney & Worth, Inc. (November 2008).

Future for Yamhill County Agriculture

Globalwise, Inc. assessed the future conditions for Yamhill County agriculture by identifying current trends, opportunities, issues and constraints. Their report – *The Future of Agriculture in Yamhill County* (November 2008) - also evaluates success factors necessary to sustain a viable local agriculture sector. Analysis in the report draws on interviews and baseline information about Yamhill County agriculture gathered in earlier tasks.³

Yamhill County has a solid and prosperous agricultural foundation. The agriculture sector is well positioned to maintain its prominent role in the local economy in the years ahead. The county's agriculture is diverse and robust with farm-level activity that generates about \$300 million of annual revenues. More than 100 wineries annually generate about \$86 million in revenues from wine sales. Food processors also add to the local jobs, revenues and tax base.

What lies ahead for agriculture is an important consideration for every Yamhill County resident – and every Oregonian. Yamhill County agriculture significantly impacts and contributes to the regional and statewide economy.

Emerging Conditions & Trends

Changing Face of Agriculture

The rural character of Yamhill County is being altered slowly as the population grows in the cities and towns throughout the county. There is a steady in-migration of people leaving urban places to experience rural lifestyles. Yamhill County offers innumerable amenities to draw these new residents.

This population growth is leading to changes for agriculture. Oregon's strong land use laws leave the agricultural land base largely intact and encourage land owners to be forward thinkers about how they sustain their agricultural businesses.

Yamhill County's agricultural products take many pathways to the vast and complex national and global system for commodity and specialty crops as well as food and beverage production, processing and marketing. At one end of the spectrum is Yamhill farmer participation in the commodity production of grass/legume seeds, wheat and other grains. At the other end of the spectrum are small scale, labor intensive, artisanal agricultural enterprises. This is the face of "new" agriculture, and includes much of the vineyard and winery segment that has grown up over the last 40 years, and the more recent re-emergence of fresh, natural/organic food production. The ability to sell directly to consumers or command premium wholesale prices is

³ See *Stakeholder Interviews – Agriculture Sector* by Barney & Worth, Inc. (November 2008) and *Agriculture Profile of Yamhill County* by Globalwise Inc. (November 2008).

often necessary to achieve sufficient profits for the smaller businesses. Significant growth in small farms, vineyards and wineries offering high value products makes this segment the safe bet for where much of Yamhill agriculture is headed.

Sustainable and Green Practices

Environmentally friendly production practices are not new to Oregon agriculture. Yamhill County agriculture is in the forefront. The county has an active Soil and Water Conservation District with strong representation in the farming community that gives major attention to soil and water conservation, water quality enhancement and related environmental practices.

One reason small-scale food crop and livestock growers with sustainable production practices are drawn to Yamhill County is proximity to the large Portland metro market. Washington, Clackamas and Multnomah counties have farms that are closer to Portland, but Yamhill County has the big advantage of also having Portlanders “come to them.” The premium wine reputation and ever expanding number of wineries is attracting visitors to the Yamhill region for tasting, dining and exploration that also leads visitors to food markets and local producers.

Yamhill County vineyard and winery owners are leading a trend to adopt environmentally conscious production practices. Many Yamhill County fruit and vegetable producers are also following green practices. As food producers see the strength of the wine industry’s further adoption of sustainable practices it is likely that a specific form of brand identification for Yamhill County wine and food will emerge.

Buy Local

Rising sales of locally grown food in the Portland market is a very positive factor for expanding fruit, vegetable and livestock production in Yamhill County. Local food sales will increase in Portland, but there are also budding opportunities to sell within Yamhill County – at farmers markets, on-farm through subscription agriculture (Community Supported Agriculture), at local restaurants, farm/roadside stands and in more traditional retail food stores. Farmers markets elsewhere in the Willamette Valley and along the Oregon Coast have recently extended their days of operation and added new locations. For smaller farms, these emerging markets are very encouraging.

Local Value-Added Processing

Value-added agricultural processing has become more concentrated among fewer firms as traditional fruit and vegetable processing has moved to other parts of the Willamette Valley or out of Oregon. Yamhill County’s principal processing activities are hazelnut handling (sorting and shelling) and wine production. One large local milk processor remains in the area, and there are several meat packers and various other value-added processing firms. However, much of this processing activity does not rely solely on locally produced crops or livestock.

It is not likely that this trend will change. Winery expansion seems poised to continue and the nut handling business should remain strong as hazelnut production shows growth potential. The lack of reliable water supplies is a constraint on expansion for many kinds of food processing.

Strength through Diversity

A major reason for the strength of local Yamhill agriculture is the diversity of agricultural operations found in the county. One of the major and positive trends is the growth of fresh, local

and sustainable food production. Yamhill County is going to be a major focal point for this trend in the future. At the same time there is no reason to expect the major commodity crops of grass and legume seeds, hay and grain to disappear.

Issues for Yamhill County Agriculture

While farming, food and beverage production and nursery operations have enjoyed major growth in recent years, there are challenges that lie ahead. Some of these challenges need immediate attention to improve the long term outlook for Yamhill agriculture.

Water Resource Constraints

Water is a scarce and costly resource for agricultural businesses and others in Yamhill County. All major rivers and tributaries in the county are fully appropriated and junior water rights are subject to restriction during the low flow periods in the late summer and early fall months. Securing new surface water supplies does not appear to be a viable alternative to groundwater pumping for agricultural users.

Groundwater service is also limited. Even outside the groundwater restricted areas, some groundwater pumpers have experienced declining well yields. OWRD denies groundwater permits if agency analysis shows a new well has a detrimental hydraulic connection to surface water sources or nearby wells. Expansion of new Yamhill County groundwater supplies by well drilling appears to be a limited option.

While the vineyard and winery sectors command much of the attention, water supply shortages could also be very detrimental to nurseries, tree fruit and nut producers and vegetable growers. In recent years individual agricultural water users have been installing reservoirs to capture water for use in the critical low water time periods. One solution being discussed is expansion of public water reservoir storage for multiple users. Public storage systems or other alternatives are likely to be important for future agricultural development.

Labor Limitations

The availability of hired farm workers is another constraint weighing against future expansion of the more labor-intensive agricultural sectors in Yamhill County and elsewhere in the Willamette Valley. The most labor-intensive crops are wine grapes, ornamental nursery plants, orchard crops, and fresh market vegetables. Another consideration is that the highest value crops such as wine grapes attract more workers than lower value crops – growers of the higher value crops can pay more for labor. Over the next decade and perhaps beyond, farmers will be more reluctant to plant crops that need many hired workers because of an anticipated worker shortage plus pending tougher federal enforcement of immigration laws.

Suitable Land for Agricultural Production

The desirable valley land that is best suited for crop or livestock production has been placed in production. City urban growth boundary expansion to accommodate population growth is leading to some net loss of low elevation ground available for agriculture. There may also be impacts on resource lands in Yamhill County if property owners continue to pursue and win claims under Measure 37. Oregon land use laws promote agricultural land retention and, if these policies remains in effect and are enforced, land conversions should be minimal in the next ten to 15 years.

Land scarcity is indicated by rising prices. Most agricultural land, even EFU zoned land in western Oregon, has non-agricultural amenity values factored into the market price of the land. This jeopardizes the economic viability of farmers especially if they produce low value crops or livestock. A good example is the decline of dairies and beef cattle operations.

Path to a Secure Future

Maintaining Critical Mass

Agriculture is strong, vital and growing in Yamhill County. Together with growers in neighboring counties Yamhill agriculture is sufficiently large to attract the necessary support services. Grass seed, nursery crops, nut and fruit crops, hay and grain, specialty seed production and vegetables all contribute to this strength. Farmers include second and third generation farm families that control thousands of acres, and also up-start small farms with new approaches. For now, there are enough successful growers to make agriculture a primary consideration in local policies and land use decisions - a very positive condition.

Oregon land use laws protect the land owners and their property from an unfettered land market, which gives farm families the security to reinvest and respond to changing conditions. This is a necessary pre-condition to keep agriculture on a forward path. Among agricultural areas in Oregon, Yamhill County will be one of the first to experience impacts from any modification of the laws.

Focusing on Significant Opportunities

There is real untapped opportunity arising from the food and wine connection in and near Yamhill County. One example is the cross-promotion that exists between pinot noir wine and premium pork produced by a local meat packer. Local producers of vegetables and fruits should also focus marketing efforts on collaborations with the wine industry, restaurants, caterers and local retailers. The new Allison Hotel in Newberg will be a remarkable new showcase that introduces local food and wine to a clientele that will have ties to other upper-end food marketing venues.

Some crop and livestock producers may be ready to develop premium branded products - but not be willing to invest in owning or operating a processing facility. In this case existing food or beverage manufacturers can custom process private label products for the farmer/producer. This boosts economic opportunities for both processors and producers.

Managing Water Use

Yamhill agriculture needs reliable water supply systems and strong conservation measures to protect irrigated agricultural production in much of the county the county's water resources are fully allocated. Unless new water supplies are developed, local domestic water agencies will likely purchase a portion of their water supply from agriculture to meet future municipal demand. The finite water supply may mean many sectors of local agriculture are approaching upper limits for expansion. Securing and conserving water will pay major dividends for the future of agriculture in this county.

Supporting Environmental Enhancement

Most agricultural producers are careful to operate in ways that add to long term productivity of the land and water resources on which they rely. Yet important safeguards for the environment must be diligently maintained. Some assessments have identified water quality as low in the

Yamhill River Basin, affected by pollution, nutrients, stream temperature, bacteria, chemicals, and stream flow. One of the ways for growers to improve water quality is to create riparian areas near rivers and streams, and several Oregon-based organizations identify farms that support such environmental enhancements. Yamhill County is already in a leadership position in this regard and keeping this focus will help assure that the direct link to consumers' environmental values becomes even stronger.

Conclusion

Agriculture is important to the future of the citizens of Yamhill County. It provides a livelihood for more than 2,300 families and important to all 97,000 local residents. Agriculture also directly and indirectly provides jobs and income for farm families and others, and generates tax revenues that support government.

Agriculture offers a foundation for the region's future. A major portion of the lower elevation land in Yamhill County remains devoted to agricultural production. Yamhill County is producing food and drink for export to a growing population outside its borders. As city populations continue to expand, this productive area is ever more significant for meeting the food needs of Oregonians.

Even with the challenges identified here, the agriculture sector's diversity is a great strength that assures food, wine and related enterprises will have a long-term future in Yamhill County.

IV. YAMHILL COUNTY TOURISM

Tourism Sector Profile

Overview

As one component of the Yamhill County Agri-Business Economic and Community Development Plan, E.D. Hovee & Co. assembled a profile of the tourism sector and ag-related tourism in Yamhill County. The complete results appear in a separate report: *Yamhill County Tourism/Ag-Tourism Profile* (October 2008).

The tourism profile illustrates that Yamhill County is in the midst of major change. The transition is from a pattern of relatively low level of family-oriented travel similar to the rest of the Willamette Valley toward a much more robust form of visitation – driven largely by the success of Yamhill County’s world recognized wineries and offering the prospect of greatly enhanced economic benefits in years to come.

While Yamhill County is in the midst of a major change in its tourism profile, it has yet to capture the economic benefits experienced by other potentially comparable destinations. Whether and how these benefits are realized depends on a clear planning direction – with special focus on attracting overnight stays as the catalyst to the ag-tourism *value-add*.

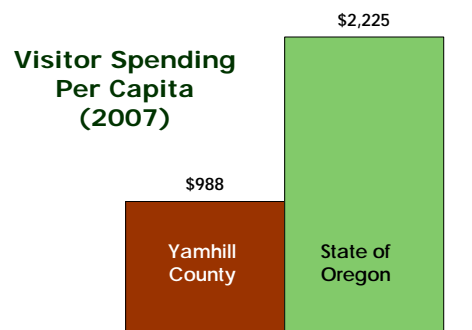
The scope of the analysis for the tourism profile included:

- Yamhill County tourism trends
- Tourism in comparable communities
- Lodging trends
- The Willamette Valley context
- Oregon & Yamhill wine tourism
- Indicators of Yamhill ag-tourism

Results

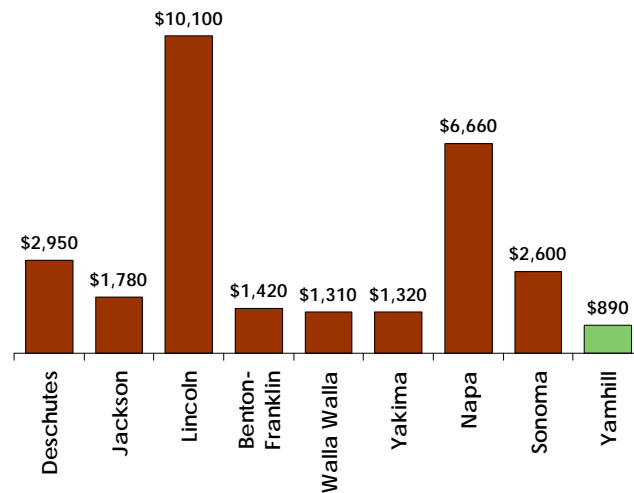
A brief summary of major observations and findings from this ag-tourism profile:

Yamhill County Tourism Trends. In 2007, visitors spent an estimated \$92 million in Yamhill County – a 54% increase since 2002. However, per capita visitor spending is only 44% of the statewide average and tax receipts are even further below the Oregon norms. Visitors to Yamhill County are disproportionately day-trippers, with resulting low spending for accommodations, dining, retail, and arts, entertainment and recreation. While below peer communities, Yamhill County travel still supports an estimated 1,120 jobs with annual payroll of \$17.2 million.



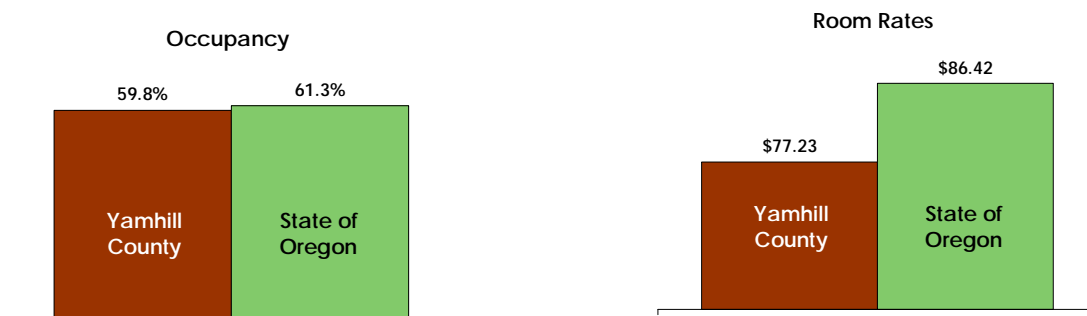
Tourism in Comparable Communities. Comparisons were made with the wine and non-wine related tourism destinations of Deschutes, Jackson and Lincoln Counties in Oregon; the Tri-Cities, Walla Walla and Yakima Counties in Washington; and Napa and Sonoma Counties in California. In comparison with these eight regions, Yamhill captures the second lowest overall visitor spending and is lowest when considered on a per capita basis. Tourism jobs as a share of total employment and average wage per tourism job are also at the low end of the comparables considered.

Comparable Region Visitor Spending Per Capita (2006)



Lodging Trends. There are an estimated 656 overnight rooms in 42 lodging properties in Yamhill County – including 12 hotel/motels and 30 B&Bs. However, average occupancies and room rates are below statewide averages – indicating that area lodging has not yet caught up with the higher expectations of the emerging and more affluent wine travel market.

Lodging Trends (2007)



Willamette Valley Context. Visitor activity and the current mix of lodging in Yamhill County have been oriented to serve a low-key, family market similar to that of the rest of the Willamette Valley – including attraction to outdoor recreational pursuits. What has been missing is the *buzz* of a more diverse tourism palate – access to unique local cooking, theater and the arts, even live music. These gaps are more pronounced as Yamhill’s visitor profile diverges from the rest of the valley, toward a more affluent and discriminating traveler.

Oregon & Yamhill Wine Tourism. As of 2004, Yamhill County accounted for 38% of the wineries in Oregon – by far the most important wine producing county in the state. Wine-related activities generate \$1.4 billion of economic value statewide with 24% of revenues attributable to direct sales from wineries. Both rural and urban wine country lodging venues have been considered as a means to better capitalize on the ag-tourism nexus. The Allison Inn & Spa in Newberg represents the first explicitly wine-themed hotel, anticipated to be open by Fall 2009.

Other Indicators of Yamhill Ag-Tourism. While quantitative data is not readily available, other activities noted include farms with on-site retail outlets, holiday products, horseback trail rides, bicycles, balloon and helicopter tours, and B&Bs situated on working farms – broadening the Yamhill ag-tourism experience.

Profile – Yamhill County Tourism	
Attractions	Wine country, Evergreen Air & Space Museum, outdoor attractions
Wineries	Yamhill County accounts for 38% of Oregon’s wineries (2004)
Visitor Spending	<p>\$92 million in 2007 – a 54% increase since 2002</p> <p>Per capita visitor spending is \$890 – only 44% of the statewide norm</p> <p>Accommodations account for only 10% of visitor spending versus 18%-24% in comparable destination areas</p>
Employment	<p>1,120 jobs</p> <p>\$17.2 million payroll</p> <p>\$14,900 average annual wage – about half of Napa and Sonoma</p> <p>Tourism jobs account for 3% of total Yamhill County employment, versus Napa (19%) and Sonoma (10%)</p>
Lodging	<p>656 rooms in 42 lodging properties</p> <p>12 hotel/motels; 30 B&Bs</p> <p>Average room rates are \$81.24 locally versus \$91.57 statewide (2008)</p> <p>Busiest nights are Friday and Saturday (weekend getaways)</p>
Lodging Tax	Yamhill County has no countywide room tax as a means to support visitor industry development
Visitor Profile	<p>Willamette / Yamhill Valley visitors are affluent, well-educated, employed full-time in managerial / professional occupations</p> <p>Visitors come primarily from West Coast states: Oregon (36%), Washington (35%) and California (11%)</p> <p>73% of visitors travel with spouse / partner; 39% with children</p>

Stakeholder Interviews

As an early step in the study, the consultant team interviewed a cross-section of interested stakeholders who are involved in or knowledgeable about the tourism sector: hospitality industry leaders, restaurateurs and caterers, event organizers, adventure tourism business owners, news media, visitor and hospitality association representatives, downtown business associations, arts community leaders, city, County and State officials, and other local community leaders. Interviewees ranged from persons with 40+ years experience in local tourism to relative newcomers. Interviews were conducted by Barney & Worth in-person and by telephone with 18 persons.

Participants were asked to share their perceptions related to the current situation in the tourism sector, along with their vision and suggestions for the future.

Key findings from the interviews:

1. **Tourism in Yamhill County is changing rapidly with the area emerging as an important visitor destination.** There's an explosion of interest in wine, and the Yamhill Valley is the heart of Oregon's wine industry. Upscale visitors are beginning to flock to area wineries and other attractions to enjoy unique, first-hand experiences.
2. **To capitalize on the growth in tourism, the area must provide more and better accommodations.** Stakeholders agree that Yamhill County must have a good balance of hospitality choices, including B&Bs as well as high-end hotels, resorts and spas: "If we have facilities, word will get out."
3. **More can be made of the wine / food connection.** Observers point to the natural affinity between food and wine, and emphasize the need to develop more restaurants and delis, specialty food products, markets and cooking schools to showcase the offerings of the area's 80+ wineries and agricultural producers.
4. **Most local visitors and attractions are oriented to the outdoors.** Yamhill County tourism is reliant on wine, scenic beauty, natural areas, and the river. However, facilities to support outdoor tourism are lacking – including trail systems, bicycle paths, riverfront parks, and campgrounds.
5. **Infrastructure is a challenge.** Tourism sector expansion could be thwarted by chronic infrastructure problems in Yamhill County's small communities: inadequate water, sewer and transportation systems. "Getting stuck in a traffic jam is a turnoff."
6. **Yamhill County's strong agriculture sector and proximity to the metropolitan area present an opportunity to brand the area as "Authentic Oregon."** Some observers envision a brand that embraces the County's traditional agricultural base, balanced with organic and sustainable farming practices, sound conservation values, good land use and LEED certified buildings.
7. **A lodging tax is needed to capture the full benefits of tourism.** Stakeholders point out this is the standard method for collecting visitors' dollars to help fund visitor information and marketing activities and visitor amenities.
8. **The time is right for Team Yamhill.** Stakeholders hope to see deeper relationships formed between wine and hospitality sectors, urban and rural areas, agriculture and

tourism, and from community to community. Local rivalry is outmoded and counterproductive, observers say. To succeed, all parties need to think as “we”.

9. **Yamhill County needs a tourism plan.** Tourism sector observers say a shared vision and plan is crucial to help “connect the dots”, and to get the various players signed on. Yamhill County is positioned to aim high – for “a constellation of star attractions”.

10. **The County can benefit from lessons learned in other wine growing regions.** Similar wine producing areas have encountered many of the same issues and opportunities that come from blending agriculture with tourism. Yamhill County is advised to study these other regions – Napa, Sonoma, Walla Walla, Columbia Valley, even French and Australian wine production areas.

A more detailed summary of the tourism community leader interviews appears in *Stakeholder Interviews – Tourism Sector*, Barney & Worth, Inc. (November 2008).

Future for Tourism

Today’s Situation

The transition within Yamhill County’s emerging tourism sector is not yet keeping pace with the growth in the number of wineries and wine country visitors – some sources estimate 1.5 million visitors already travel to local wineries each year. There are as yet untapped opportunities to match the winery visits with other agricultural products – for a distinctive wine and culinary experience. And despite the attractive destination appeal of Yamhill Valley wineries and their proximity to the Portland metro area, Yamhill County is not keeping up with tourism industry growth across Oregon and in peer wine-producing regions in the West.

The apparent reason for Yamhill County’s sluggish tourism performance is the lack of hotel rooms. While local lodging offerings have increased in recent years, two-thirds of properties are small bed-and-breakfasts.

Yamhill County’s proximity to Portland is both a blessing and a curse. Two million prime customers are just an hour’s drive away – and many do visit once or twice a year (or more often). But the quick trip facilitates day-trip visits. Even out-of-state travelers find advantages in returning to Portland area hotels, restaurants, cultural activities and shopping.

To some local observers, this problem seems insurmountable. The experience in the Napa and Sonoma wine regions over the past 30 years suggests otherwise. Although they are equally close to the San Francisco Bay Area metropolis, Napa and Sonoma now mainly attract visitors for overnight stays.

Challenges

The primary challenge confronting the development of Yamhill County’s tourism sector is *the need to find strategies for encouraging appropriate scale tourism while preserving quality of life in local communities and sustainability of the county’s rich agricultural base*. Yamhill County residents are not going to willingly sacrifice their communities’ small town character or their own lifestyles, or watch these erode to accommodate still more day-trip visitors.

Another significant challenge is infrastructure – transportation, water supply, wastewater systems, and other facilities. In some local communities, these systems are at or near their

capacity limits. At times, these constraints are visible even to first-time visitors: e.g., traffic congestion on Highway 99W. There's a lack of funding to support basic infrastructure needs, which in turn are needed to accommodate tourism sector growth.

The absence of a countywide lodging tax in Yamhill County is another barrier – but could become an opportunity. Oregon communities collect an average of \$56 per capita annually in taxes paid by visitors – in Yamhill County that figure is just \$2. Elsewhere, lodging tax receipts are used to support visitor information and marketing programs, and to help pay for visitor services and amenities.

Further challenges identified by tourism sector stakeholders and community leaders:

- Competition with other wine-growing regions and Oregon destinations; the importance of maintaining Yamhill County's competitiveness.
- Attracting more year-round tourism in a highly seasonal industry.
- Diversifying tourism beyond the wine industry and the larger cities.
- "No growth" groups; local opposition to tourism-related development.
- Current economic downturn and real estate bust, and uncertain prospects for recovery and longer term economic development.

Emerging Opportunities

The main attraction driving Yamhill County tourism is the wine industry. Many of the emerging opportunities will be wine- and food-related. The most significant and most promising opportunities to expand Yamhill County tourism include:

- *Wine industry:* more wineries, more visitors, increased on-premises wine sales, food, concert / event venues, wine-related events, overnight accommodations.
- *Lodging:* more lodging properties offering more rooms, at various price points – from luxury to affordable, in all parts of the county with convenient access to the wineries. Ancillary facilities: meeting rooms, restaurants, spas, etc. Rebranding Yamhill County as an overnight destination, drawing upon the 2009 opening of *The Allison Inn*, an 85-room wine-themed resort being developed in Newberg. Further proliferation of bed-and-breakfasts accompanied by somewhat larger country inns.
- *Outdoor adventures:* horseback and bicycle trails / tours; balloon, helicopter and airplane rides; parks and campsites; boating and riverfront recreation.
- *Food:* specialty markets and destination restaurants featuring local wines and locally grown, gourmet products; farmers markets, farm stands.
- *Arts and culture:* performing arts facilities, museums, galleries, artists' studios, historic sites / interpretation.
- *Lodging tax:* Implement a room tax that counts on visitors to help support visitor infrastructure, services, amenities, promotions.

Additional opportunities for Yamhill County tourism, some perhaps representing long-term prospects:

- “Brand” Yamhill Valley wines to further differentiate the local appellations from other wine-growing regions.
- Highlight conservation values; control growth and prevent sprawl; promote sustainable practices and “green” development.
- Revitalize historic downtowns to enhance visitors’ “authentic” experience.
- Capitalize on the current wave of national / international publicity for Yamhill Valley and its wines.
- Draw upon lessons learned from peer communities where agriculture and tourism intersect.
- Develop urban wine tasting “hubs”: shared tasting facilities / events centers in local cities.
- Education: establish and expand viticulture and culinary educational institutions, schools, classes, internships.
- Transportation: wine country railroad, transit, paratransit (shuttles).

Success Factors

Key ingredients for success in growing Yamhill County’s tourism sector are identified below.

1. *Expanded lodging options:* The most immediate need is for a variety of additional lodging properties and more hotel rooms to accommodate overnight stays, across the county. Attracting travelers who stay in hotels and related establishments is crucial. From 1991-2007, expenditures of Oregon lodgers increased year-to-year an average of 17% in comparison with a 6% increase for day travelers.
2. *Infrastructure:* Another critical factor is timely availability of public services and infrastructure to support increased tourism: transportation access, water supply, wastewater systems, and public facilities. There are unmet needs in every community. Tourism, along with other sectors of the economy, will suffer if infrastructure gaps can’t be filled through timely investments.
3. *Zoning / land use:* Yamhill County’s strong land use requirements are essential for continuing to protect the agricultural resources which are the main attraction for visitors, while also accommodating the businesses and activities that support agriculture and tourism.
4. *Vision:* Yamhill County’s community leaders need a shared vision for tourism’s position in the local economy, desired outcomes, and agreement on steps necessary to support this emerging sector.

Yamhill County Tourism Benchmarks

Yamhill County can adopt measurable benchmarks that serve as indicators, enabling local leaders to track the tourism sector's progress from year-to-year. Examples:

- Increase visitor spending and spending per capita, faster than the statewide average
- Increase the share of local government taxes paid by visitors
- Increase number and diversity of lodging properties and hotel rooms
- Increase number of overnight stays and average length of stay
- Attract a growing proportion of overnight stays vs. day-trips
- Increase number of wineries; increase winery visitor count; increase on-premises wine sales
- Increase number of complementary businesses: restaurants, caterers, meeting and event facilities, specialty retail and services
- Increase attendance at major attractions and events
- Increase tourism sector jobs, payroll, average wage faster than the statewide average

Yamhill County can partner with other organizations to establish and monitor these metrics: Travel Oregon, Oregon Wine Board, Willamette Valley Wineries Association, visitor attractions, event organizers, downtown associations and other partners.

V. THE AGRICULTURE / TOURISM LINK: *AGRI-TOURISM*

Businesses to Support Agriculture and Tourism

The study aimed to identify businesses necessary to support the local agriculture and tourism sectors, and find out if these are already in place – or if something is missing.

Agriculture sector observers generally agree (and research confirms) that sufficient ag-related businesses are in place, with necessary supplies, services and products already within reach for local agricultural producers. Areas identified for possible growth include:

- Small farm equipment
- Sophisticated processing facilities for berries
- “Green” industries
- High-speed internet service

A few observers offer suggestions for new value-added businesses and activities, including:

- Businesses that showcase local agricultural products
- More lodging/hospitality options
- New visitors center
- Transportation system improvements are also mentioned as an unmet need that would benefit local agriculture.

While local ag leaders say that most of the pieces are already in place to support Yamhill County agriculture, nevertheless most still see some room for expansion. Specific opportunities identified for the wine industry and other segments of agriculture are listed below.

For the Wine Industry

Hospitality – a mix, including small, European style boutique hotels

Specialty grocery stores

Oak barrel producers

Vineyard suppliers: nursery, winery equipment/supplies

Glass bottling

Gas monitoring technology

Expanded tourist activities: cycling tours, hot air balloon rides

Rental car companies

Make more out of the food and wine connection in Yamhill County: “Pair pinot and pork”.

For Other Segments of Local Agriculture

Specialty crops

U-pick opportunities

Local manufacturers are able to produce sorting machines, conveyor systems

More fresh markets

What tourism-related businesses are necessary to support the local tourism sector? What about businesses needed to support ag tourism specifically – anything missing?

The primary businesses needed to support local tourism, observers say, are lodging properties, restaurants and retail establishments. Lodging is crucial. As wineries proliferate, visitors increase and local festivals sell out, stakeholders complain there's no place to stay. Yamhill County reportedly needs the full spectrum of hospitality offerings, everything from full-service resorts to mid-sized European style hotels to small B&Bs.

Restaurants are important, too. Observers say Yamhill County needs a "great diversity" of restaurants: charming restaurants, fine dining and affordable, at or near wineries. Tourism sector leaders say unique retail offerings and shopping opportunities that appeal to the winery visitors are also needed to best serve tourism.

Other businesses mentioned to support tourism:

- Locally grown and gourmet food products; specialty markets
- Spa
- Art galleries
- Transportation system improvements, public transit (or private transit options)

Lodging is also mentioned most often as needed to support all segments of ag tourism. Many visitors to Yamhill wine country reportedly stay overnight in Portland, denying Yamhill County communities the greatest share of visitor dollars generated by local attractions.

Opportunities for new or expanded businesses/services to support the wine industry or other segments of ag tourism:

- Meeting space
- Markets to spotlight local artists, musicians, products
- The Allison destination resort under construction in Newberg, along with the retail development planned to eventually surround that project.
- An urban wine-tasting "hub", to boost direct sales while cutting back on traffic to/from wineries.

Local observers agree one key opportunity for ag tourism is linking other activities to wine tasting: "Anything that enhances the visitor's experience." It is envisioned that visitors' experiences could be heightened through partnerships between the local wine and hospitality industries.

The list of specific ideas for ag tourism enterprises / activities includes:

- B&Bs and small lodging properties on farms
- Restaurants featuring locally grown food
- Farm visits and familiarization tours
- Outdoor adventures: horseback and bicycle vineyard tours, balloon and helicopter rides

- Educational opportunities: seminars and classes on sustainable farming, winemaking, cooking and other topics
- Working vacations (or “work-cations”): hands-on visitor experiences in attractive sectors of the ag industry
- Farmers markets held at prominent locations visible to tourists; other direct-market sales options for local agricultural products – farm stands, community supported agriculture (CSAs)

Local observers generally agree that expanding ag tourism will require “visitor-friendly” facilities / tours / services.

Prototype Projects

The consultant team created six “prototype projects” to represent the range of business investments which will be needed in the future to support Yamhill County’s agriculture and tourism sectors. Five of the prototypes support the tourism sector:

Resort Complex: 100 room hotel/resort

Country Inn: 40 room hotel/resort

Wine Country Restaurant: Seating for 70

Bed & Breakfast: 10 guest rooms with dining

Food processor: 20,000-30,000 sf located on farmland

These prototypes were devised to test the capabilities of Yamhill County and its ten cities and towns to accommodate the coming investments. Are there adequately zoned, suitable development sites? Will infrastructure and service be available to support the anticipated agriculture and tourism business uses?

Assumptions used to analyze the prototype projects are listed below:

Resort Complex

- 100 hotel rooms
- Ancillary facilities: restaurant, bar, meeting rooms, spa, indoor/outdoor event facilities, tasting room, gifts, hiking trails, gallery, other
- Building size / configuration: 70,750 sf; two stories
- Site size: 5.25 acre minimum
- Service requirements: water supply; wastewater treatment; power; telecommunications; access for automobile, tour bus, semi-trailer, bicycle, helicopter
- Parking spaces: 290

Country Inn

- 40 hotel rooms
- Ancillary facilities: dining area, meeting room(s), event facilities
- Building size / configuration: 28,200 sf; one-two stories
- Site size: 2 acres
- Service requirements: water supply; wastewater treatment; power; telecommunications; access for automobile, tour bus, semi-trailer, bicycle

- Parking spaces: 110

Wine Country Restaurant

- Seats 70 (one busload plus 20 other guests)
- Ancillary facilities: outdoor events/dining area
- Building size / configuration: 2,500 sf
- Site size: 0.8 acres
- Service requirements: water supply; wastewater treatment; power; telecommunications; access for automobile, tour bus, truck
- Parking spaces: 40

Bed & Breakfast

- 10 guest rooms
- Ancillary facilities: events / dining area
- Building size / configuration: 7,800 sf; one-two stories
- Site size: 0.35 acres
- Service requirements: water supply; wastewater treatment; power; access for automobiles, bicycle
- Parking spaces: 15

Wine Center

Urban / rural mixed use destination resort

Urban Components:

- 150 hotel rooms
- Ancillary facilities: 3 restaurants, bar, outdoor dining area to seat 1,250 guests
- Wedding / conference center: 15,000 sf
- Banquet facilities seat 750
- Themed specialty retail: 15,000 sf
- Building size / configuration: 150,000 sf; one-two stories
- Site size: 12 acres
- Service requirements: water supply; wastewater treatment; power; telecommunications; access for automobile, tour bus, semi-trailer, bicycle, helicopter
- Parking spaces: 675

Rural Components:

- Winery / tasting room
- Vineyard
- Wine Institute: educational partnership with Chemeketa Community College or Linfield College
- Wine museum
- Bed and breakfast
- Horse barn, equestrian trails
- Amphitheater
- Building size / configuration: 60,000 sf; one story
- Site size: 100 acres

- Service requirements: water supply; wastewater treatment; power; telecommunications; access for automobile, tour bus, semi-trailer, bicycle
- Parking spaces: 675

Food Processor

- On-farm processing of organic, fresh-to-market vegetables and fruit
- Shared facility used by owner / grower and under contract for other growers
- Operations: washing, trimming, sorting, packaging, refrigerated storage
- Covered loading dock with three or four truck bays
- Office, lunchroom, restrooms
- 10-20 employees (seasonal)
- Parking for trucks, employee vehicles
- Separate building (5,000 sf) for shop, equipment storage and repair
- Covered and outdoor storage for pallets, packaging materials, lift trucks
- Building size / configuration: 20,000-30,000 sf; one story
- Site size: 1-2 acres
- Service requirements: water supply; wastewater treatment; power; access for automobile, semi-trailer
- Parking spaces: 25

Analysis of Zoning and Sites to Accommodate Prototype Projects

Introduction

Consultant team member Spencer & Kupper conducted a zoning analysis to determine whether the hypothetical development prototypes identified to support tourism and agriculture in Yamhill County may be permitted within the County's unincorporated area and the ten incorporated towns and cities.⁴ (The six development prototypes and their characteristics were outlined in the previous section of this report.).

Where a prototype is permitted or permitted with conditions, it should be noted that development criteria associated with the prototype may not be met. For example, the analysis considers whether adequately sized sites are available for development within specific zoning districts, but does not assess whether specific sites have appropriate location and aesthetic qualities and does not consider whether existing / planned infrastructure is adequate to serve a specific site.

Analysis

The *Resort Complex* prototype is allowed in Yamhill County's Recreation Commercial RC zone as long as the use is determined to be a resort in conformance with the County's definitions. There are no properties vacant and of adequate size located within the unincorporated County.

No other County zoning district permits this combination of uses. The Forestry and Agricultural/Forestry zones permit "destination resorts" as defined in ORS 197.435, but the prototype does not meet the requirements set out in the state statute, particularly the minimum site area and minimum number of overnight lodging units provided.

⁴ *Analysis of Zoning for Prototype Development Projects in Yamhill County*, Spencer & Kupper (Revised June 2009)

The Resort Complex prototype is permitted in at least one zone, typically a general commercial zone, in all cities except Carlton and Lafayette where lodging is not a permitted use in any zone. Among the cities and towns in the unincorporated area, only McMinnville, Newberg and Dundee have sites appropriately zoned, of adequate size and vacant suitable for this prototype.

The *Country Inn* prototype is permitted only in Yamhill County's Highway/Tourist Commercial HC zone. With the Resort Complex prototype, there are no vacant properties of adequate size located within the unincorporated County. All cities except Carlton and Lafayette permit lodging in at least one zone. Dundee, Dayton, Newberg, McMinnville, and Sheridan all have vacant commercially zoned sites suitable for an inn.

Yamhill County permits the *Wine Country Restaurant* prototype in both the Neighborhood Commercial NC and Highway/Tourist Commercial HC zones, but no sites are known to be available. Generally, commercial zoning districts in all cities permit restaurants. Amity, Carlton, Dundee, Dayton, Lafayette, Newberg, McMinnville, and Sheridan have vacant commercial sites suitable for a restaurant.

Bed & Breakfast Inns with up to 9 rooms are considered home occupations in all Yamhill County zoning districts considered, and are permitted as conditional uses. This prototype is permitted or subject to a conditional use in all cities, often in several zoning districts including residential districts. The restaurant component of bed and breakfast inns is limited to breakfast and service for overnight customers only.

Yamhill County Zoning Analysis Prototype Projects	
Impossible to site:	Difficult to site:
Resort Complex in Carlton, Lafayette	Resort Complex allowed only in RC zone
B&B larger than 9 rooms	Country Inn only in NC zone
Restaurant in wine country	Urban Wine Center only in RC zone
Country Inn in Carlton, Lafayette	Cities may lack adequately sized sites
Wine Center in Carlton, Lafayette	

A *Wine Center (Urban)* prototype is allowed in Yamhill County's Recreation Commercial RC zone as long as the use is determined to be a resort in conformance with the County's definitions. No other County zoning district permits this combination of uses. However, no appropriately zoned and vacant sites are available within the unincorporated zone.

The Wine Center prototype is permitted in at least one zone, typically a general commercial zone, in all cities except Carlton and Lafayette where lodging is not a permitted use in any zone. Suitably sized sites exist within the cities of Newberg and McMinnville. In a number of other cities including Sheridan, Willamina, Dayton and Yamhill, suitably sized sites have potential for an urban wine center, but are currently either just outside urban growth boundaries (UGB), or within a UGB but are underused and designated for industrial use.

The *Wine Center (Rural)* prototype was considered only in unincorporated Yamhill County, and is permitted in the Exclusive Farm EF and Agricultural/Forestry AF zones. A number of development criteria apply to the location of schools and other specific elements of this prototype project. All uses contained in the prototype except a vineyard are also permitted in the Recreational Commercial RC zoning district. No adequately sized sites are currently available to accommodate the Rural Wine Center.

The *Food Processor* prototype was also only considered in the unincorporated county. Processing of farm crops is permitted in the Exclusive Farm EF and Agricultural/Forestry AF zones, but the processing facility is limited to a 10,000 square foot structure. As envisioned, this prototype would not be permitted in any of the County zoning districts considered because the processing facility exceeds 10,000 square feet. Note that food processing is a permitted use in the County Resource Industrial RI and Light/General Industrial LI zones. There is no building size restriction associated with food processing facilities in these zones.

Prototype Projects – Available Sites
Resort Complex – Dundee, McMinnville, Newberg, Sheridan
Country Inn – Dayton, Dundee, McMinnville, Newberg, Sheridan
B&B – Sites available in every community
Restaurant – Willamina, Yamhill lack sites
<i>Conclusion:</i> Lack of services and sites will limit most new visitor facilities to the larger cities.

Conclusion

In summary, land is currently zoned appropriately to accommodate most of the prototype projects in most communities. However, except in Newberg, McMinnville and Dundee, there is a lack of appropriately zoned vacant or re-developable sites for the larger prototypes (Resort Complex, Country Inn, and Wine Center) throughout the rest of the county. Analysis reveals the following zoning issues or gaps for siting these hypothetical projects in Yamhill County communities:

- Lodging (Resort Complex, Country Inn) is not allowed in Carlton or Lafayette.
- With the exception of Newberg, McMinnville, Dundee and Sheridan, no appropriately zoned sites are available for lodging prototypes within Yamhill County.
- Bed & Breakfast Inn is limited to a maximum 9 rooms for rent and, in unincorporated Yamhill County, must include a residence.
- In many communities/zones, Bed & Breakfast Inn is subject to Conditional Use review.
- State statute limits food service in Bed & Breakfast Inns to breakfast for overnight guests only.
- Wine Center (urban) is not allowed in Carlton or Lafayette.

- With the exception of Newberg and McMinnville, no appropriately zoned sites are available for the Urban Wine Center prototype within Yamhill County.
- A number of smaller towns, including Sheridan, Willamina, Dayton and Yamhill, indicated that suitably sized sites have potential for an Urban Wine Center, but are currently either just outside a UGB, or are within a UGB but are vacant/underused and designated for industrial use.
- Wineries are allowed to operate only “limited service restaurants” serving only individually portioned prepackaged foods prepared from an approved source by a commercial processor and nonperishable beverages. The prototype Restaurant (i.e., where adjacent to farm/agricultural production is not allowed in wine country (in EF and AF zones).
- Food Processor is limited to 10,000 sf in EF and AF zones.
- Food Processor is a permitted use in the RI and LI zones and there are no limitations on facility size.

Further analysis is needed to confirm the current availability of sites suitably sized and located in appropriate zones to accommodate the prototype projects. The availability and adequacy of local services to support them is another vital issue. Jurisdictions may also want to consider, during periodic review, adding suitably zoned sites within a UGB to provide the opportunity for desirable development that supports the tourism and agriculture sectors.

Yamhill County jurisdictions could consider various amendments to their respective zoning and development codes that would make these prototype projects more feasible. Some amendments may also require revisions to state statutes. For example, definitions could be developed that describe a prototype as a single permitted use. A current limitation is that the multiple-use nature of many prototypes is not sufficiently recognized in the single use approach used by most zoning ordinances.

Another example is that current requirements limiting facility size, site acreage, or relationship to permitted uses could be amended to more closely match the requirements of anticipated development to support tourism and agriculture. For example, the food processor prototype confronts limitations on the size of food processing facilities, and restrictions on processing products. Wineries are restricted on food preparation to serve only pre-packaged meals, and bed and breakfast inns are restricted to serve only breakfast to overnight guests.

VI. Infrastructure to Support Agriculture and Tourism

Infrastructure Survey

Yamhill County, the Oregon Department of Land Conservation & Development and other partner agencies are collaborating in this project to promote cooperative regional economic and community development, and increase certainty for investors seeking sites to establish and grow businesses needed to support the agriculture and tourism industries in Yamhill County.

During the project's initial tasks, community leaders consistently identified infrastructure as the limiting factor for economic growth, countywide, in every community.

An opportunity opened to expand the project scope to further investigate critical infrastructure needs that may constrain local agri-business development. The additional work entailed:

- Profiling typical businesses that would support future development of Yamhill County's emerging agriculture and tourism sectors.
- Identifying critical infrastructure and service needs for agriculture and tourism support businesses.
- Assessing the availability of infrastructure / services – present and planned, in individual communities and countywide – to meet requirements of support businesses.
- Pinpointing infrastructure gaps that may hamper timely development within the agriculture and tourism sectors. Highlight priorities to receive County and community attention in addressing the most pressing infrastructure / service needs.
- Determining the current status of initiatives underway to plan and manage these key community assets.
- Exploring infrastructure funding.

Once again, the analysis utilized the prototype projects as a reference point to help gauge whether, how and when individual communities could serve these representative investments with water, sewer, transportation, telecommunications, and other vital services (see box).

Infrastructure Survey
Drinking water supply
Wastewater collection & treatment
Transportation
Telecommunications
Other: stormwater, power, “soft infrastructure” – open space, parks, trail systems, toilets, tourism services, visitor information, marketing

Utility Rates and SDCs

An important source of funds to support community infrastructure is local utility rates and SDCs (system development changes). Monthly rates typically cover the ongoing cost of maintaining the utility / service: e.g., drinking water or wastewater collection and treatment. Sometimes a portion of monthly rates repays funds raised through revenue bonds to make capital improvements.

Systems development charges are a “buy-in” fee assessed upon new development. Each new development pays a pre-determined amount to pay for a small portion of the community utility / system. State law allows SDCs in five areas: water, sewer, parks, transportation and stormwater services. SDC proceeds are ordinarily set aside and pooled to pay for major system improvements.

A look at the utility rates over a recent five-year span (2004-2008) shows that combined water and sewer rates remain generally low in comparison with Portland metro area utilities in the range of \$70 to \$100 for a typical single family residence. The utility rate increases over this period for most communities averaged near the rate of inflation. (See table below.) The City of Dundee stands out as an exception, experiencing a doubling of utility rates over this period.

**Yamhill County Infrastructure Survey
Utility Rates: 2004-2008***

	2004			2008			Percent Increase
	Water	Sewer	Total	Water	Sewer	Total	
Amity	\$ 58.06	\$ 40.00	\$ 98.06	\$ 43.50	\$ 50.22	\$ 93.73	(-4%)
Carlton	40.50	34.00	74.50	49.67	38.77	88.44	19%
Dayton	40.00	18.00	58.00	43.00	25.00	68.00	17%
Dundee	20.12	21.00	41.12	35.91	46.49	82.40	100%
Lafayette	48.50	56.88	105.38	49.50	66.32	115.82	10%
McMinnville	11.98	52.07	64.05	23.52	57.28	80.80	26%
Newberg	33.68	39.10	72.78	30.96	51.22	82.18	13%
Sheridan**	44.01	29.51	73.52	47.34	32.50	79.84	9%
Willamina	27.72	41.25	68.97	32.44	48.34	80.78	17%
Yamhill	58.81	44.78	103.59	39.69	51.68	91.37	(-12%)

* For 900 cubic feet of water per month

** Proposed 2008 rate

Sources: Donovan Enterprises (for City of Sheridan)
League of Oregon Cities

Local systems development changes vary widely among Yamhill County communities. In 2008, water system SDCs ranged from \$2,000 to \$5,000. Sewer SDCs ranged from \$1,300 to \$5,500. Combined water/sewer SDCs ran \$6,100 to \$14,800. SDCs increased somewhat more significantly in most communities over a recent nine-year period (2000-2008). However, the combined SDCs are still generally below levels found in Portland area communities and three of ten Yamhill County cities had little or no increase over that period, despite rapidly escalating construction costs.

Another point is that few Yamhill County communities assess SDCs for other services as authorized by statute. Yamhill County formerly assessed a transportation SDC, but never used

the funds and ultimately refunded the fees. Few Yamhill County cities currently collect SDCs for transportation, parks or stormwater.

**Yamhill County Infrastructure Survey
Systems Development Charges: 2000-2008***

	2000			2008			Percent Increase
	Water	Sewer	Total	Water	Sewer	Total	
Amity	\$ 2,904	\$ 1,428	\$ 4,332	\$ 2,000	\$ 2,500	\$ 7,714	78%
Carlton	3,300	4,876	8,176	4,600	5,385	12,989	59%
Dayton	2,500	3,500	7,100	3,633	1,265	6,123	(-14%)
Dundee	3,469	3,974	9,730	4,980	5,478	14,753	52%
Lafayette	2,565	3,720	6,680	2,565	3,720	12,609	89%
McMinnville	960	2,400	6,560	**	2,870	6,413	(-2%)**
Newberg	3,415	2,631	7,701	5,032	4,884	14,674	91%
Sheridan***	3,672	2,315	7,290	3,797	2,394	7,469	2%
Willamina	1,850	2,550	5,600	2,077	2,650	7,727	38%
Yamhill	3,295	1,847	5,442	3,295	1,847	8,465	56%

* Systems development charge for single family residence

** McMinnville Water & Light not shown

*** Proposed 2000 rate

Sources: Donovan Enterprises (for City of Sheridan)
League of Oregon Cities

Regional Cooperation

The infrastructure survey worked to pinpoint specific opportunities for regional cooperation. Could Yamhill communities share facilities to gain cost savings or earn other benefits?

Earlier, Yamhill County appointed a Yamhill County Water Task Force to oversee a year-long study of future municipal water system needs.⁵ The results revealed water system gaps in every community for every system component: water supply, reliability, treatment, storage and transmission. The supply situation is especially critical.

The countywide water study also pointed to important opportunities for regional and sub-regional cooperation, both immediate and long-term. In most instances, new drinking water sources cannot be feasibly developed without interjurisdictional cooperation.

For all water providers except Carlton and Yamhill, reliable capacity – not a lack of water rights - is a limiting factor under all growth scenarios for meeting maximum day demand in the near-term (2010). Although the larger communities have projects either planned or in progress to address capacity issues, the smaller communities are falling further behind. This highlights the fact that communities in Yamhill County are facing capacity issues right now:

⁵ *Municipal Water Supply Analysis-Yamhill County*, HDR Engineering (April 2008).

- Most of the streams do not have year-round water available for new water rights permits for river diversions. Water is generally not available during the late summer and early fall months.
- The Bureau of Reclamation (BOR) has concluded that groundwater in Yamhill County has been so intensely developed that the potential for developing new groundwater sources is limited to the Newberg area.
- With no new surface water or groundwater sources, remaining source options include increased surface storage and the Willamette River.

Local public works officials in Yamhill County communities were asked to identify opportunities for inter-jurisdictional cooperation. Informed by the work of Water Task Force, these observers pinpointed many opportunities for collaboration in drinking water. Several more opportunities were named for wastewater, transportation and other services. (See table below.)

Yamhill County Infrastructure Community Cooperation Opportunities

	Water	Wastewater	Transportation	Other
Amity	Develop water supplies with Dayton and Lafayette			
Carlton	Obtain treated water from McMinnville (existing plant and pipeline)			
Dayton	Share water supplies with Lafayette; develop water supplies with Amity & Lafayette; obtain treated water from McMinnville			
Dundee	Obtain water from Newburg; provide access to Willamette for regional supply options	Send wastewater to Newburg for treatment		
Lafayette	Share water supplies with Dayton; develop water supplies with Amity and Dayton; obtain water from McMinnville		Coordinate with ODOT on industrial park access	
Mc Minnville	Supply water to Carlton, Dayton, Lafayette, Yamhill			Assists smaller communities
Newberg	Supply water to Dundee; provide access to Willamette for regional supply options	Treat Dundee wastewater		
Sheridan	Share water with Willamina; maintain emergency intertie			
Willamina	Share water with Sheridan; maintain emergency intertie			
Yamhill	Obtain treated water from McMinnville			
Yamhill County	Convenor of Regional Water Task Force			IGAs with other counties to share resources
Others			ODOT shares resources with communities	

Infrastructure Summit

A Yamhill County Infrastructure Summit was convened on May 22, 2009 to preview and discuss the preliminary results of the infrastructure survey. All ten cities participated, along with Yamhill County Board of Commissioners, Planning and Public Works Departments and other service providers. Several State agencies joined the session: Governor's Office, Department of Land Conservation & Development (DLCD), Oregon Economic & Community Development Department (OECDD), Oregon Department of Transportation (ODOT), Water Resources Department (OWRD)

Through a facilitated conversation, attendees confirmed the challenges confronting all communities working to address infrastructure gaps. Representative comments:

“The problem is now. We’re not keeping up.”

“We can’t afford to make long-term plans.”

“I don’t know how to get there.”

“Growth is not paying its share of the costs.”

“We are forced to think outside the box.”

“We need to make citizens a part of the solution.”

As the topic turned to inter-jurisdictional cooperation participants cited several opportunities:

- Regional/sub-regional solutions
- Water supply
- Water conservation
- Transportation: “There’s more cooperation than ever”
- Coordinate messaging and messengers

The benefits noted for cooperation include:

- Service availability
- System reliability: “No other options”
- Cost sharing
- Reduce competition
- Unified voice with public

However, several barriers to cooperation were also mentioned:

- Desire to maintain independence, self-sufficiency
- Short-term needs vs. long-term payoff
- Utility rates already high
- Split communities: old/new factions
- Some residents oppose infrastructure in order to stop growth

The underlying problem in addressing Yamhill County’s chronic infrastructure needs is the shortage of funding. A number of funding solutions were suggested by participants:

- Room tax
- Steadily increase utility rates, SDCs
- Tiered rate structures
- Coordinate rates/SDCs
- Debt financing vs. cash for infrastructure
- New approaches: public/private partnerships
- State/Federal assistance: very limited

In recognition of funding scarcity, the summit participants also discussed how to set priorities. Infrastructure gaps that may hamper timely development within the agriculture and tourism sectors will be documented and regionally prioritized to receive County and community attention

in addressing the most pressing infrastructure / service needs. Criteria might be used to prioritize efforts to address regional infrastructure needs. Examples include:

- ✓ Provides economic benefit to the community
- ✓ Increases community safety
- ✓ Upgrades infrastructure that does not meet regulations
- ✓ Upgrades infrastructure that does not meet current capacity needs
- ✓ Promotes efficient use of existing infrastructure
- ✓ Enhances quality of the environment
- ✓ Supports agriculture sector
- ✓ Supports tourism sector
- ✓ Improves cooperation between municipalities
- ✓ Leverages available state/federal funds

Finally, attendees at the Infrastructure Summit concurred on a series of “Guiding Principles” to help communities in setting priorities for meeting seemingly overwhelming infrastructure needs.

1. Retain jobs.
2. Growth should pay its own way.
3. Borrow (versus pay cash) for infrastructure.
4. Rely on the advice of credible, independent third parties.
5. Improve system for current ratepayers.
6. Don't defer maintenance of costs to future generations.
7. Support quality of life (not growth).

VII. Conclusion

For 150 years and longer, Yamhill County has benefitted from its strong agricultural base. Even now, the agriculture sector produces \$300 million in annual sales (not including food processing and wine). The great strength of Yamhill County agriculture is its diversity. Local agricultural production remains strong in many profitable sub-sectors, with fast growing horticulture accounting for nearly half of total sales. The future for Yamhill County agriculture looks bright.

Alongside horticulture and traditional crops, the Yamhill County wine industry has emerged over the past 30 years to become headline news nationally and internationally. Yamhill's name – like Napa, Sonoma, Bordeaux and Burgundy – has become synonymous with its wine. With the wine sector continuing to flourish, new wineries opening each year, more acres planted with grapes, this trend will also be sustained in Yamhill County.

Coupled with the area's scenic beauty (thanks in part to agriculture!), the wineries assure that Yamhill County will continue to host many visitors. Estimates already place that number at 1.5 million per year who visit local wineries. Half of those visitors come from the Portland area, and the other half are from the western states and all over the U.S. and world.

These visitors are critical to the financial sustainability of the wineries. On-premises sales account for about 25% of total wine sales – but 80% and more for some of the smaller vintners. And these sales are the most profitable – typically at retail prices, requiring little advertising, no transportation, and no commissions.

Today, travel records show that most Yamhill County wine country visitors are “day trippers”. As a result, the local communities, businesses and residents don't benefit much from tourism through visitor-driven restaurant and retail sales, jobs and taxes. The solution pointed to by local tourism industry leaders is to develop new high amenity lodging properties in or near wine country to transform these day trippers into overnight guests. As overnight guests, the visitors will eat at restaurants, make retail purchases in local stores, go to other attractions and visit more wineries.




















Investors have been sniffing around looking for sites to accommodate new lodging facilities and other visitor amenities - but they encounter some issues. Land use laws make it difficult or impossible to site these uses outside the urban growth boundary. And inside city limits, Yamhill County's communities often lack sites or services to accommodate even modest scale development.

The situation today verges on stalemate. Visitors, more every year, continue to access Yamhill County destinations. But most leave before the dinner hour, taking their dollars with them. Yamhill County communities and residents experience the full burden of international destination status – traffic congestion, cost of police and emergency response, etc. – but few benefits to offset the cost and disruption.

Yamhill County – with its solid agricultural base, wine destination status, proximity to the metro area, and stunning beauty – also appears to be on the verge of something great. With the opening of the Allison resort in Newberg, along with other new attractions, there's an opportunity just now to pick priorities and adopt strategies that move the community forward.

What can be done? Some key ingredients to secure the future for Yamhill County's agriculture and tourism sectors are outlined below.

Yamhill County Agri-Business–Weather Report

	Today	Tomorrow
Agriculture		
Wineries		
Other Ag Businesses		
Tourism		
Tourism Businesses		?
Zoning		
Sites		
- Cities		
- Towns		?
- Rural		?
Infrastructure		
- Cities		
- Towns		?
- Rural		?

Shared vision for Yamhill County's future. Yamhill County communities and citizens need to reach agreement on values and priorities for the future. Tourism is here to stay – now is the critical time to plan, safeguarding quality of life for local residents and maximizing the potential for community benefits.

More lodging facilities. To capture the economic benefits of the estimated 1.5 million annual visitors to wine country, Yamhill County must have more high amenity overnight accommodations.

More attractions. Wineries and hotels alone aren't enough to hold every visitor's attention and assure repeat visits. Wine tourism is seasonal and cyclical, and other destinations and attractions will be needed to complement Yamhill County wine country and fill out the tourism calendar: arts and culture, entertainment, historic sites, parks and trails, golf, outdoor adventures, shopping.

Rezoning to accommodate prototype development projects. Analysis has revealed the types of representative projects needed to support agriculture and tourism lack adequate sites. Rezoning enables communities to place these projects where they "fit" and provide benefits to the community.

Site assembly. Preparing land for development, from initial site selection through planning and marketing, is site assembly. To assure job growth and allow for new investment, communities will need to be proactive in identifying an adequate supply of properly sized, suitably zoned development sites and be active participants in the development process.

County-wide infrastructure strategy. The most pressing problem for every community is infrastructure. Regional cooperation in Yamhill County to jointly plan for the future and secure adequate drinking water supplies can be a model for cost saving inter-agency arrangements for other services. Moving ahead with a reprisal solution for drinking water is critical for many Yamhill County communities.

Coordinate opportunity sites / services. The shortage of suitable development sites and scarcity of funds require strategic thinking. Which key sites and development opportunities must have adequate services available?

Transient lodging tax. Yamhill County badly needs resources to take full advantage of its status as a major visitor destination, and to help off-set tourism's costs borne by local communities. The room tax is an obvious source, used successfully for these purposes by nearly every peer community.

Local Lodging Tax in Peer Communities (2008)

Clackamas

6% countywide
+ 3%-5% cities

Lincoln

6% unincorporated
6%-9.5% cities

Clatsop

7% unincorporated
6%-9% cities

Yamhill

0% unincorporated
6% Newberg

Deschutes

7% unincorporated
6%-9.5% cities

Washington

9% countywide

Source: Dean Runyan Associates

Neighboring counties (Clackamas, Lincoln, Multnomah, Washington) and other visitor destinations (Clatsop, Deschutes) all have room taxes in place (see below). If Yamhill County had implemented a countywide lodging tax of 10%, it would have raised an estimated \$1 million in 2007, with more than \$300,000 available to help communities offset visitor-related costs.

Projected Lodging Tax Revenues

Yamhill County (2007)

	<u>6%</u>	<u>7%</u>	<u>8%</u>	<u>9%</u>	<u>10%</u>
	\$612,000	\$714,000	\$816,000	\$918,000	\$1,020,000
30% **	\$183,000	\$214,000	\$244,800	\$275,400	\$306,000

**Source: Dean Runyan Associates. Expenditures on accommodations - \$10.2 million countywide (2007)*

***Available for general purposes (70% must be allocated for tourism promotion).*

Other funding sources. A portfolio of funding sources will be requested to move forward. A partnership with the State of Oregon can help open the pipeline of state and federal infrastructure monies. Public / private partnerships may present another source of capital. Ultimately, much of the funding must come from the local level, through utility rates, SDCs and property taxes.

The benefits of moving forward are tangible, and have the potential to boost the quality of life for every Yamhill County resident:

- Accommodate job growth.
- Capture value-added visitor spending.
- Yield long-term cost savings.
- Expand tax base and utility rate base; lower costs to ratepayers / taxpayers.

APPENDIX

Supplemental Products

An extensive series of reports and other documents were developed as components of the Yamhill County Agri-Business Economic and Community Development Plan. These documents are available upon request from Yamhill County or Barney & Worth, Inc.

www.barneyandworth.com

Agriculture Profile of Yamhill County (November 2008)

Yamhill County Tourism / Ag Tourism Profile (October 2008)

Summary Report: Stakeholder Interviews – Agriculture Sector (November 2008)

Summary Report: Stakeholder Interviews – Tourism Sector (November 2008)

Municipal Water Supply Analysis – Yamhill County: Summary (December 2008)

The Future for Agriculture in Yamhill County (December 2008)

The Future for Yamhill County Tourism (January 2009)

Summary of EFU and AF Zoning Districts (revised February 2009)

Prototype Projects to Support Agriculture and Tourism (March 2009)

Yamhill County Infrastructure Community Cooperation Opportunities (May 2009)

Yamhill County Infrastructure Survey – Utility Rates: 2004-2008 (May 2009)

Yamhill County Infrastructure Survey – Systems Development Charges: 2000-2008 (May 2009)

Yamhill County Infrastructure Survey – Documents (revised May 21, 2009)

Yamhill County Infrastructure Summit – Highlights (May 22, 2009)

Analysis of Zoning for Prototype Development Projects in Yamhill County (revised June 2009)

Oregon Transient Lodging Tax (TLT) – Overview (June 2009)

Oregon Counties with No Lodging Tax – 2008 (June 2009)

Lodging Tax in Peer Communities – 2008 (June 2009)



BARNEY & WORTH, INC.

1211 SW FIFTH AVE, STE 1140
PORTLAND, OREGON 97204-3732
503/222-0146 phone 503/274-7955 fax

247 COMMERCIAL ST NE, STE 204
SALEM, OREGON 97301-3411
503/585-4043 phone 503/589-4165 fax

www.barneyandworth.com