

# ***Industrial Lands Advisory Committee Report***

## **December 15, 2003**

### ***Executive Summary***

In order to be competitive in the global marketplace, Oregon needs a ready supply of developable industrial land in strategic market locations. Recognizing this need the 72nd Oregon Legislature asked that the Director of the Oregon Economic and Community Development Department (OECDD) convene a committee composed of representatives “who are knowledgeable about the need for and requirements of industrial and traded sector development within the state” to assist the Governor’s Economic Revitalization Team (GERT) and the OECDD with identifying and prioritizing 25 sites of “statewide significance for job creation.”

The committee accomplished the task set before it. The 25 industrial sites with “statewide significance for job creation” selected by the committee are listed in Appendix A. They also are described in brief detail in the section of the report entitled, *Industrial Sites with Statewide Significance for Job Creation*.

It should be remembered that the designation of these 25 industrial sites is a single event. It represents but one piece of a much larger process to increase Oregon’s supply of “project-ready” industrial lands. The issues which surfaced during the committee’s discussions and deliberations during the selection process, are explored in greater detail in the findings and recommendations of the Governor’s Industrial Lands Task Force. Discussion by the committee highlighted the following issues:

- **Unavailable Land in Strategically Significant Employment Areas**

Given the Portland metropolitan area’s economic significance to the state, the committee expressed concern that the selection pool of 55 sites forwarded to them from OECDD’s Regional Development Officers (RDOs) included very few large industrial sites along I-5, between the Washington border and Salem. This occurred because there is a lack of land available for industrial development in this area. Land located at existing freeway interchanges, such as the Stafford District at I-205 and Stafford Road, Langdon Farms at the I-5 and Charbonneau exit, and the I-5 Donald/Aurora exit are logical market driven locations for large scale industrial and employment intensive development. In addition, the Portland metropolitan area, the state’s most strategically significant employment area, has no “mega” sites (500+ acres) for attracting large employers.

- **Local Opposition to Industrial Development**

Sites which face local opposition to industrial development were not selected by the committee. In fact, the committee expressed concern regarding the attitude of some localities in Oregon toward the role of their community in participating in the state’s industrial activity. The committee observed that even when local opposition to industrial development is not wide spread, the current land use appeals process could cause even weak opposition to thwart development.

- **Role of Land Owners**

The committee also observed that in several instances land that was otherwise potentially significant for job creation was negatively affected for near-term industrial development by either disinterested and/or diffuse land ownership. Property owners need to step up and demonstrate their interest in attracting a buyer by “teeing up” their site for

development by providing basic information about the site such as environmental assessments, wetlands delineations, etc.

▪ **Redeveloping Brownfield Sites**

The committee recommends that the state set a strategic direction on the feasibility of brownfield rehabilitation of existing industrial sites. Brownfield sites, particularly in urban areas, are often in prime industrial locations and served by existing infrastructure. Clean up of these sites for industrial development will increase the availability of industrial lands, particularly in the Portland metropolitan area.

In conclusion, the committee is grateful for the opportunity to assist and advise OECDD, GERT and others in this process. The members of the committee will remain active in these issues as they relate closely to the professional pursuits of each individual committee member. The committee looks forward to the opportunity to dialogue further in that capacity on the policy issues surrounding industrial lands.

***Background***

Governor Ted Kulongoski and the 72nd Oregon Legislature took action during this past year to facilitate job growth and stimulate the economy. Since these actions support and complement one another they are briefly described below:

**Executive Order 03–02**

Governor Ted Kulongoski, signed Executive Order 03–02 on February 20, 2003. The Executive Order has two major components, the creation of an Industrial Lands Task Force and the development of the “Shovel Ready Industrial Sites Initiative.”

In the Executive Order the Industrial Lands Task Force was given the fact-finding mission of “evaluating concerns and proposals for developing, identifying and protecting our short– and long–term industrial land supply.” The Task Force published their findings in a report, *Positioning Oregon for Prosperity* (appendix C), in October 2003. The report outlines four critical policy issues:

- State Land Use Program
- Attitudes of State and Local Official and General State Reputation
- Responsibility of Public and Private Entities in Maintaining an Inventory of Industrial Land
- Infrastructure Financing

The “Shovel Ready Industrial Sites Initiative” directs the GERT in partnership with OECDD and the GERT agencies to:

- Complete a statewide inventory of industrial sites
- Work with local governments, state agencies and other parties to resolve issues identified to make the sites ready for development; and
- Develop an Industrial Site Certification Process.

OECDD’s Regional Development Officers identified more than 160 industrial sites statewide. Regional GERT teams, in conjunction with local governments and landowners, evaluated this inventory of sites for those with the highest potential for achieving “project ready<sup>1</sup>” certification. Approximately 50 sites are being forwarded to OECDD as candidates for “project ready”

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<sup>1</sup> An industrial sites that is certified as “project ready” is one that is ready for construction within six months or less after being chosen for development.

certification. Oregon's first "certified" industrial sites are scheduled to be announced March 2004.

### **House Bill 2011**

On September 24, 2003, Governor Kulongoski signed House Bill 2011, the major piece of industrial land legislation approved by the 72nd Legislative Assembly. HB 2011 asks the Director of OECDD to convene a committee composed of representatives "who are knowledgeable about the need for and requirements of industrial and traded sector development within the state" to assist the GERT and OECDD "with identifying and prioritizing 25 sites of statewide significance for job creation."

HB 2011 outlines the following factors to guide the committee in its selection process.

- Size that meets the market needs of industrial and traded sector businesses
- Ownership patterns that would enable efficient development
- Within a jurisdiction of a local government that shows a willingness to cooperate with siting new development
- Accessibility to public facilities and infrastructure
- Few or manageable environmental constraints
- Zoning that allows, or can allow in a reasonable period of time, for development

To avoid confusion with the sites identified for "project ready" certification, the industrial sites identified under House Bill 2011 are referred to as "**opportunity sites**" while the sites being processed for certification under the Governor's Executive Order are referred to as "**certified sites**."

### ***Industrial Sites with Statewide Significance for Job Creation***

The Industrial Lands Advisory Committee, (committee members listed in Appendix B), chaired by Greg Specht, met during November and December 2003, to select 25 industrial sites with statewide significance for job creation. The committee made their selection from a larger pool of 55 industrial sites forwarded to them by OECDD's twelve Regional Development Officers (RDOs).

After much deliberation, the committee selected the industrial sites described below as those sites with the greatest market potential as significant job creators. It should be noted that sites are at varying degrees of readiness to develop. Those sites NOT ready for development will be the focus of the GERT and the seven GERT agencies<sup>2</sup> over the next 2 years. The GERT agencies will be working with local government and property owners to resolve issues, coordinate actions and leverage limited state dollars to bring the sites to "project ready" status at the earliest opportunity.

The industrial sites selected by the committee as having statewide significance for job creation are briefly described below. Sites are categorized by region and listed alphabetically by location.

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<sup>2</sup> The 7 GERT agencies are: Oregon Economic and Community Development Department (OECDD), Oregon Department of Transportation (ODOT), Department of Environmental Quality (DEQ), the Department of Land Conservation and Development (DLCD), The Division of State Lands (DSL), Oregon Department of Agriculture (ODA) and Oregon Housing and Community Services (OHCS)

## **NORTHWEST OREGON**

Northwest Oregon, which includes the north coast, Hood River, Clackamas, Multnomah and Washington counties is the population and economic center of the state. According to the Industrial Lands Task Force Report (October 2003) and the Portland-area Regional Industrial Lands Study (RILS), this region of the state has a critical shortage of large industrial sites, for both immediate development and long term (20 year) projected need.

Although the committee selected the following five highly marketable sites, the industrial land supply in the METRO region remains critically low. Identifying these five sites is only a first step. More industrial sites, especially those that could accommodate a large employer, are needed.

### **Canby—Pioneer Industrial Park (200+ acres)**

Close proximity to the Portland METRO Area and transportation access makes this site highly marketable for light or general manufacturing and warehousing/distribution. Just 25 miles from Portland International Airport and minutes from I-5 and I-205, the site is easily accessible by rail, air, land and sea transportation.

### **Fairview—Townsend Industrial Park (111 acres)**

Exceptional transportation access (rail, marine, air and major freeways) and M2 industrial zoning makes this site marketable for a wide range of industrial uses.

### **Hillsboro—Shute Road (201 acres)**

This highly desirable site in Oregon's high tech corridor is about 350 feet from a major freeway Interchange. The Hillsboro City Council just approved annexation of this flat, buildable acreage. The site is zoned for high technology research and/or manufacturing.

### **Hillsboro—Nike/Shute Road (72+ acres)**

This is an excellent location for a high tech firm looking to locate or expand. The site also can accommodate other corporate uses. Owned by the Nike Foundation, this industrially zoned site is situated near Hwy 26 and with excellent freeway access. The potential to add another 20 acres to the north could expand the site to 92 acres.

### **Portland—North Lombard/Rivergate (113 acres)**

Located in the Rivergate Industrial Area and owned by the Port of Portland, this industrially zoned property is within the Portland's Enterprise Zone and E-Commerce Zone. The site's market potential is further enhanced by its multi-modal transportation access—five miles from two I-5 interchanges, 1/2 mile from the Port of Portland's Terminal Six marine container facility and close proximity to Burlington Northern and Union Pacific Railroad.

## **WESTERN OREGON**

Western Oregon includes the Willamette Valley and mid-coast counties of Marion, Polk, Yamhill, Benton, Linn, Lane and Lincoln. This seven county region is both geographically and economically diverse. Like the Portland Metro area, the Industrial Lands Task Force Report found that the Eugene-Springfield and Salem-Keizer metropolitan areas, the state's second and third largest urban areas, also appear deficient in their supply of industrial lands.

The committee selected the following sites as being highly marketable in western Oregon:

**Albany—Kempf (66 acres)**

This site is highly marketable because it is adjacent to I-5 and located mid-way between CA and WA with easy access to Oregon's metro areas. Located in the heart of Linn County, this site has access to a trained, high quality workforce from Oregon State University (OSU) and Linn Benton Community College.

**Junction City—Oaklea (70 acres)**

The market potential of this industrial site is enhanced by its close proximity to the Eugene-Springfield metropolitan area and a supportive city government. The site is 15 minutes from Interstate 5 and 5 miles from the Eugene Airport, which has commercial service.

**Lebanon—NW Industrial Area (272+ acres)**

This mid-valley site off of Hwy 34 is a prime location for industrial development. A unique partnership of property owners and local, state and federal agencies are working together to complete a conceptual site master plan and a conceptual wetland mitigation plan within the next 12 months.

**Salem—Mill Creek (500 acres)**

The proposed Mill Creek Industrial Park is a highly desirable site from a market perspective because it is one of the only parcels of this size available for development on the I-5 corridor between Sacramento, CA, and Seattle, WA. Located on the east side of I-5, the property is within the city of Salem's Urban Growth Boundary (UGB) and city limits. In addition, this project will put underutilized non-revenue generating property to highly productive use.

**Woodburn—OPUS Industrial Park (130 acres)**

The OPUS site appears to be one of the only large parcels on I-5 between Salem and Portland available today. Due to its central location, the site has access to a large and skilled workforce. The city of Woodburn is very eager to cooperate in bringing the site into the UGB and zone it for industrial use.

**SOUTHWEST OREGON**

As a region, southwest Oregon includes Douglas, Coos, Curry, Josephine and Jackson counties. The Industrial Lands Task Force Reported noted that the Medford area, this region's largest city, seems to have the short-term and long-term industrial land supply issue under control.

The committee selected the following sites as being highly marketable in southwestern Oregon:

**Central Point—Airport/Orchard/Hamrick Rd (46+ acres)**

Conveniently located between two I-5 interchanges and the Jackson County commercial airport, this level, roughly rectangular site is expandable to an estimated 70 acres. The site backs up to the Bear Creek Greenway and is located in a mix of industrial and commercial uses.

**Coos Bay—North Bay Marine Industrial Park (165 acres)**

Owned by the Port of Coos Bay, the state's second busiest maritime commerce center, this site is one of the largest undeveloped industrial sites in Oregon with marine access. Located on the North Spit, the site is adjacent to the deep draft-shipping channel. In

recent years, several companies have expressed interest in siting large industrial projects on the site or on adjacent sites.

**Medford—NE Airport (90 acres)**

Located in the city limits of Medford, this large site is close to I-5, Hwy 62 and the Medford Airport. This site has excellent transportation connectivity and is buffered from any residential or conflicting use by its proximity to the airport and other industrial uses. Zoned general industrial with excellent workforce availability, this site is fully serviced with utilities including high-speed connectivity. This site offers both enterprise and electronic commerce incentives.

**Myrtle Creek—South Umpqua Industrial Park (50 acres)**

This county-owned industrial site is visible from I-5 with easy freeway access. Douglas County is actively marketing the site for distribution facilities and other lighter industrial uses. The site has full utility service.

**Sutherlin—Sutherlin Knolls (200 acres)**

Situated close to I-5 and about 50 miles south of Eugene and 20 miles north of Roseburg, this large industrial site has market potential for light manufacturing and high technology assembly.

**White City—Avenue G (105 acres)**

This is one of the largest, ready to go, rail served industrial sites on the west coast. Zoned for heavy industrial use and close to I-5 and air services, this site is adjacent to large national and international companies. The site has good workforce availability and is eligible for tax increment assistance from the Jackson County Urban Renewal District.

**CENTRAL CORRIDOR**

Highway 97 is the Central Corridor's major north/south transportation route. It bisects most of the Central Corridor which consists of the following counties: Wasco, Sherman, Gilliam and Wheeler counties to the north, Jefferson, Crook and Deschutes counties in the middle of the state and Klamath and Lake counties along the California border. According to the Industrial Lands Task Force Report, the Bend metropolitan area also has an industrial land supply shortage.

The committee selected the following sites as being highly marketable in the Central Corridor:

**Bend—Juniper Ridge (250+ acres)**

Located at the north end of Bend, this is the largest site being prepared for industrial development in Central Oregon. The site is in close proximity to Hwy 97 and 15 minutes from the Redmond/Bend Airport. With anticipated transportation improvements in place, this site will be a draw for industrial/campus users.

**Klamath Falls—Klamath Falls Industrial Park (55 acres)**

This city owned industrial park is adjacent to the Klamath Falls Airport and 5 minutes from Highway 97, the major north/south freight corridor. This fully served industrial park is currently home to two manufacturing facilities, and is ready to break ground for the next tenant.

**Redmond—Deschutes County Property (122 acres)**

This serviced industrial site is located on the east side of Redmond and less than 5 minutes from the Redmond/Bend airport. The transportation improvements both planned and currently underway on the state system and within the city of Redmond will benefit this site as well as other nearby industrial sites. Affordable housing in the city of Redmond adds to the marketability of this site.

**The Dalles—North Chenoweth Industrial Park (83 acres)**

This is the largest industrially zoned site in The Dalles fronting the Columbia River and with direct access to I-84. The site is publicly owned and located within an Enterprise Zone. With high unemployment due to cutbacks at two area aluminum plants, any company locating to this site will have a ready industrial workforce.

**Wasco—Ray Smith Property (150 acres)**

This privately owned site is located on Hwy 97, 10 miles south of I-84. It is partially within the Sherman County Enterprise Zone, and the city of Wasco is currently working to include the site in its entirety within its Urban Growth Boundary (UGB). The owner is willing to donate the land to a company bringing family-wage jobs to Sherman County. Sherman County also offers the Small City Taxable Income Exemption for Business Development. An identified industrial workforce is available and eager to return to work due to cutbacks at two area aluminum plants.

**EASTERN OREGON**

As a region, Eastern Oregon consists of the following counties: Morrow, Umatilla, Union, Wallowa, Baker, Grant, Harney and Malheur. This sparsely populated region of the state has a number of “ready to go” industrial sites.

The committee selected the following sites as being highly marketable in eastern Oregon:

**Baker City—Elkhorn Industrial Park (71 acres)**

Baker City is located on I-84 and is well positioned to attract industry from the Boise metro area. The city has dedicated economic development staff and has targeted the following industries: metal fabrication, recreation equipment and secondary wood products.

**Boardman—Port of Morrow Industrial Park (25+ acres)**

This site is part of a larger industrial park owned by the Port of Morrow. Strong transportation linkages, including barge and railroad mainline access make this site very marketable.

**Hermiston—Hermiston Industrial Park (306 acres)**

The market potential of this site is its access to rail (Union Pacific), water (Columbia River) and road (I-82 and I-84) transportation. It is a prime site for the warehouse/distribution industry as well as manufacturing sectors.

**La Grande—La Grande Technology Park (65 acres)**

The city of La Grande, located on I-84, is home to Eastern Oregon University (EOU). The city, Union County Economic Development Corporation and EOU are working closely together to take advantage of research and development as well as technology spin off opportunities.

## Issues Identified

Although the Industrial Lands Advisory Committee was able to identify 25 industrial sites with statewide significance for job creation, it would like to bring the following issues to the attention of OECDD, the Governor and the Legislature:

### Unavailable Land in Strategically Significant Employment Areas

In evaluating industrial sites of “statewide significance for job creation,” the committee resolved that it would only consider sites available for development under existing land use laws. Based on this criterion, the committee observed that several sites that might be attractive to large employers were ineligible for consideration. Specifically sites outside an established urban growth boundary (UGB) or sites not zoned for industrial use within a UGB.

The committee noted that available demographic data clearly indicated a trend of substantial population growth in the Portland and Salem metropolitan areas over the next two decades. Given this projected growth the committee expressed concern over the apparent dearth of sites currently available for industrial development in the I-5 corridor between Portland and Salem

Among the sites noted by the committee as ineligible for designation among the 25 site of “statewide significance” but potentially significant as strategic for job creation are:

- **Langdon Farms**—The 120 acre Langdon Farms site is adjacent to I-5, one mile from the Charbonneau interchange and 25 miles from Portland International Airport. Additional land to the south of this site could be added to increase the overall available acreage. The land is currently a golf course and outside a UGB.
- **Donald-Aurora I-5 Interchange**—The Donald-Aurora interchange on I-5 is approximately 20 miles south of Portland. Although this is a prime location for industrial development when viewed from a market perspective, the land surrounding the interchange is zoned Exclusive Farm Use (EFU) and is not within any jurisdiction’s UGB. Given current land use laws these are substantial obstacles to development.
- **The Stafford District at I-205 and Stafford Road**—The Stafford District is a large area adjacent to I-205 and a freeway interchange, two miles from I-5 and 20 miles from Portland International Airport. Several cities in the vicinity have expressed opposition to development of this area.

To facilitate the identification of industrial land in significant employment areas, the Committee concurs with the recommendation of the Governor’s Industrial Lands Task Force to form an Urban Lands Team that will provide direct assistance to solve the industrial lands problem in a limited number of communities or regions that OECDD identifies as being critical to the overall economic health of the state (Appendix C, page 16).

### Local Opposition to Industrial Development

Compounding the difficulty presented by existing land use laws, the committee observed that the ineligible sites also faced local opposition to industrial development. The committee expressed concern regarding the attitude of some localities in Oregon toward the role of their community in participating in the state’s industrial activity. Furthermore, while the opposition to industrial development of the ineligible sites is not wide spread, in many cases, the committee observed the current land use appeals process could allow even weak opposition to thwart viable industrial development.



In this regard the committee concurred with the findings of the Governor’s Industrial Lands Task Force which state in pertinent part:

The Task Force believes, that a first step local jurisdictions can take with respect to industrial land supply is to do what state law allows and requires them to do: have a 20–year supply of buildable lands inside their Urban Growth Boundaries (UGBs). The entire state’s economy suffers when certain communities fail to meet their obligations to provide a full inventory of such lands (Appendix C, page 3).

### **Role of Land Owners**

The committee also observed that in several instances land that was otherwise potentially significant for job creation was negatively affected for near-term industrial development by either disinterested and/or diffuse land ownership.

For instance, the committee observed that many of the sites it reviewed lacked basic site information such as Phase I environmental assessments and wetlands delineations. The committee took this lack of information to indicate a lack of motivation by landowners to develop their properties for industrial use. Greg Specht, Chairman of the committee notes that “Property owners need to “tee up” their sites because this would demonstrate that they are serious about attracting a buyer.”

Some desirable sites possess a land ownership scenario that frustrates industrial development. One example identified by the committee, where diffuse and multiple land ownership hinders development is the Springwater site in Gresham. This 1,000+–acre site has more than 200 property owners, some own parcels as small as a half–acre. Complications likely to arise from this fractured land ownership pattern preclude near term industrial development.

The committee engaged in discussion about the roles that private landowners and state and local governments could occupy to encourage industrial development on significant sites in critical employment centers. The committee concluded that this issue warranted further evaluation.

### **Redeveloping Brownfield Sites**

The committee also observed that particularly in Oregon’s urban centers, brownfields<sup>3</sup> must be evaluated as potential industrial sites since an absolute proscription of development on these sites would drastically affect the industrial lands supply in these regions.

An example of an industrial brownfield site in the Portland area that has significant job creation potential is the site of the former Reynolds Aluminum facility located along the Columbia River near Troutdale. At approximately 700 aggregated acres, the site is one of the largest industrial parcels in the Portland metropolitan area. Although environmental clean is currently underway, the site will not be ready for redevelopment in the near term.

The committee recommends that the state set a strategic direction on the feasibility of brownfield rehabilitation clean up of potential industrial sites and supports the following recommendations of the Governor’s Industrial Lands Task Force:

Metro and other jurisdictions with significant brownfields in their inventories should examine how these lands should be treated in the industrial lands inventory (i.e., is it “buildable”), taking into account the environmental investigation and

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<sup>3</sup> “Brownfields” means real property where expansion or redevelopment is complicated by actual or perceived environmental contamination (ORS 285A.185.)

cleanup that have been performed at each property, any investigation and cleanup that remain to be performed, the impact on development of complicating factors such as potential Superfund liability and the fact that cleanup costs may require conversion to nonindustrial uses.

The Task Force heard testimony that a significant obstacle to redeveloping sites was a liability issue about future lawsuits. The Task Force observes that DEQ and EPA have tools to limit the liability of prospective purchasers of contaminated property and, therefore, that the liability issue should not be an obstacle to redeveloping these properties. However, the development community may be unaware of these liability limitation mechanisms. The Task Force therefore strongly recommends that DEQ (lead) and EPA better inform the development community about opportunities for liability protection, and work together to resolve liability issues for prospective purchasers in the Portland Harbor and other sites.

Although some sites may require significant sums for remediation, many sites have only minor or moderate levels of contamination and, therefore, may be cleaned up and redeveloped without extraordinary costs. The Brownfields Redevelopment Fund managed by OECDD is a direct loan and grant program to assess and clean up brownfields. The Brownfields Redevelopment Fund should be capitalized sufficiently by the Legislature, and grant funding priority should be given to projects that help with business recruitment and increase available supplies of industrial lands in areas with high demand (Appendix C, pages 26–27).

## **Next Steps**

Over the next year, the GERT office in partnership with OECDD and the other GERT agencies, will be working to prioritize their resources to bring the “opportunity sites” identified by the Industrial Land Advisory Committee to “project ready” status at the earliest opportunity.

This does not mean that “opportunity sites” will be developed to the exclusion of resource allocation to other industrial sites. Given state government’s ongoing budget challenges, state agency resources remain limited. Consequently opportunity sites facing barriers to development will be reviewed to ascertain which agencies can best assist the landowner and host community in addressing those barriers in a timely and cost efficient manner.

While the GERT agencies will not be focused exclusively on “opportunity” sites, readying these sites for development will be a top priority. For instance, if a barrier to development is sewer/water infrastructure improvements, OECDD will work with the community to find the most cost-effective remedy. The Oregon Department of Transportation (ODOT) in turn holds designated funds for freight mobility, industrial land access and job creation through HB 2041, which will be used to address transportations barriers. The Department of Environmental Quality (DEQ) will be working with local jurisdictions to expedite the environmental permitting process as well as assist with clean up of environmental contamination. Those sites where the possibility of wetlands poses a barrier to development, the Division of State Lands (DSL) will assist in identifying wetlands. And finally, staff from the Department of Land Conservation and Development (DLCD) will assist local jurisdictions in complying with the state’s land use laws in the most expeditious way possible.