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February 16, 2012

House Transportation and Economic Development Committee
State Capitol
900 Court Street NE
Salem, OR 97301

Re: SB 1544-A

Dear Co-Chair Hunt, Co-Chair Bentz, and Members of the Committee:

Thank you for the opportunity to comment on SB 1544-A. 1000 Friends also appreciates the opportunity we have had to work with the various parties interested in this bill.

Elected officials from the city of Redmond and Central Oregon have stated that the purpose of SB 1544 is to enable a particular 465-acre site inside the Redmond UGB to develop with industrial uses. The Senate amendments narrow the bill to that site. (Section 1(1)) As the city stated in its letter of January 18, 2012, this site is excellent for industrial development because:

“... this land could serve a significant state-wide and regional need for job creation and economy * * * [It] is prime economic development land due to its location and proximity to the Redmond Airport and highway infrastructure, and is comprised of several large parcels that can provide large-lot industrial inventory for the state and the region...”

And as the bill describes (page 1, lines 6-9), this 465 acres is:

“...unique in this state, in that it is a large site that can be served readily with infrastructure, is adjacent to the city’s employment and industrial lands, is adjacent to Oregon Route 126 and is close to the Redmond airport...”

The city and other Central Oregon local governments have concluded that a significant need for large lots zoned for industrial use exists in Central Oregon. For example, in the Regional Economic Opportunity Analysis (REOA)¹ recently adopted by Deschutes County, the county states:

"A regional consensus has been agreed upon to establish and pro-actively manage a regional land supply of large-lot industrial sites to enable the region to become competitive in industrial recruitment."

"The Central Oregon region needs a critical mass of competitive and diverse vacant, developable industrial sites in order for site selectors representing potential industrial recruitment to consider the region."

¹ *Regional Economic Opportunity Analysis and Large Lot Industrial Land Policies for Central Oregon*, Ordinance no. 2011-017, final adoption by Deschutes County, November 30, 2011 .

"Developing and maintaining a regional supply of large readily available industrial sites will allow Central Oregon communities to compete for a broader range of economic development opportunities than they are currently capable of. There are a substantial number of large firms regularly seeking sites that are not currently available within the region, precluding economic development organizations such as Business Oregon and EDCO from marketing the area to these prospects."

The city's testimony described the difficulty it has had in marketing the Redmond site due to transportation improvements that would be required by the former Transportation Planning Rule (TPR), if the city re-zoned the land from Open Space Park Reserve to industrial. The interest of specific potential industrial users apparently faded at the prospect of having to make significant and costly transportation improvements.

SB 1544, together with amendments to the TPR and the Oregon Highway Plan adopted by LCDC and the Oregon Transportation Commission (OTC) in January 2012, will enable Redmond to re-zone this site without requiring costly transportation improvements. Instead, the city has committed to "phased local mitigation and transportation management"² that will meet the transportation and development needs of the state and region.

1000 Friends of Oregon agrees that Central Oregon has unique attributes that make it attractive to certain industries needing larger parcels or proximity to particular things, like airports. For example, the drone aircraft industry and the server farm sector already exist in Central Oregon and have demonstrated an interest in expanding. The Redmond 465-acre site is indeed excellent for industry due to its size, location inside the UGB and next to the airport, and the availability of infrastructure. It is appropriate to use the modified TPR approach here.

However, the site should *not* be lost to non-industrial uses that could locate on existing smaller parcels in many other places. If it is, a rare and valuable large lot resource will be unnecessarily squandered. It will call into question whether Central Oregon really needs additional large lot industrial sites.

Therefore, we are concerned that SB 1544-A could allow this site to be subdivided and developed with non-industrial uses. That would be contrary to the stated needs of the region and would mean the loss of an irreplaceable site. However, based on the commitments of the city, region, and state agencies about the intent of this bill, 1000 Friends is willing to see how it plays out. But we do wish to note some weaknesses we see in SB 1544-A, in the hopes that these potential pitfalls can be remedied or at least avoided.

- The bill requires only **one 50-acre parcel** to be reserved; the remaining approximately 415 acres could be divided into any size parcels - 1 acre, 3 acres, 100 acres, etc.... (Section 1(3)(b), p. 3 lines 28-30 to p. 4, line 1) The need for large industrial lots in Central Oregon has been repeatedly stated. That should be how this site is used.
- The bill requires Redmond to zone that 50-acre parcel for "industrial or traded-sector employment use." (Section 1(3)(b), p. 3 line 30 to p. 4, line 1) However, neither "industrial" nor "traded-sector employment" is defined in the bill. 1000 Friends

² City of Redmond letter of 1/18/12 to the Senate Committee on Business, Transportation and Economic Development.

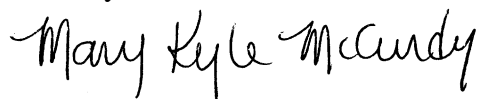
recommends using the definition of “industrial” from SB 766,³ passed by the 2011 Legislature, and the existing definition of “traded sector” (ORS 285A.010). We are concerned that if these undefined words are read too broadly, the site could be developed with various office-type uses that could locate anywhere, simply because they engage in some out-of-state business, such as stock brokers, insurance firms, call centers, etc...

- Redmond’s existing industrial zones (M-1 and M-2) allow quite a few non-industrial and non-traded-sector uses (most of these are allowed outright, a few with conditions: bars, bakeries, restaurants, indoor recreation, miniature golf, telemarketing, office supply stores, and more). It is not clear if the overlay zone that the bill directs Redmond to adopt would overrule the many non-industrial uses allowed in Redmond's industrial zones. (Sec. 1(3)(a), p. 3 lines 21-23) Such restrictions will be essential to keep this 50-acre parcel available for the industrial uses that the city and REOA state want to locate in Central Oregon.
- Other than the "industrial or traded-sector employment use" restriction on the one 50-acre parcel, **the remaining 415 acres could be zoned for almost any type of employment use.** The bill has only these restrictions for the vast majority of this site: commercial uses are confined to those “necessary to support the planned employment uses,” they may not include “large-scale retail commercial activities as that term is used in the land use regulations of the city,” and they must “help contain overall trips within the site.” (Sec. 1(3)(a)(A)-(C), p. 3 lines 24-27). We are concerned that this leaves most of the site available for a wide variety of uses that could locate almost anywhere, and do not need a site of this size and location. For example, this could include all professional offices, small scale retail, entertainment, storage, etc...
- The overlay zone should be subject to approval by DLCD due to the recognized state interest in the industrial value of this site and state investments in the nearby airport and roads.

1000 Friends wants to see this irreplaceable 465-acre site **used for the sustained economic development that true industrial uses will bring.** We look forward to participating in efforts to ensure the site is retained for industrial use.

Thank you for consideration of our testimony.

Sincerely,



Mary Kyle McCurdy
Policy Director

³ “‘Industrial use’ means employment activities generating income from:

(A) The production, handling or distribution of goods including, but not limited to, manufacturing, assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution and transshipment and research and development; and

(B) Services sold in a traded sector, as defined in ORS 285A.010.”