

## **Testimony in Opposition to HB 2255-1 as Presented – Potential Unintended, Risky Consequences to Already- Planned Industrial Areas and Existing Oregon Industries**

For Public Hearing Scheduled on April 4, 2013,  
Before the House Committee on Land Use

**To Chair Clem, Vice-Chairs Cameron and Frederick, and members of the House  
Committee on Land Use:**

While the City of Wilsonville supports the desired objectives of HB 2255 to recruit traded-sector industrial jobs, the City disagrees with the specific policy proposals and therefore opposes the bill in its current form. The City supports amendments to improve the proposed legislation, or better yet, suggests sending the draft legislation and concepts to an established work-group/committee for further vetting and review before returning to the legislature with an improved proposal.

### **HB 2255 – Insufficient Public Process May Lead to Unintended Consequences**

Over the last year, the City of Wilsonville has been an active participant in the Governor’s Urban Growth Advisory Committee (UGAC), which has reviewed a number of legislative concepts. However, the UGAC has not yet had time to discuss the policy recommendations contained in HB 2255 in detail; rather the UGAC spent considerable time and effort to provide a more formulaic, streamlined method to evaluate the need for more land in Urban Growth Boundary expansions that is contained in HB 2254.

The City’s observation is that HB 2255 was crafted primarily without the benefit of the UGAC’s review and advice or other public-input processes until today’s hearing. HB 2255 has not been vetted sufficiently with potentially impacted local governments and contains policies that appear to lead to unintended consequences that could be severely detrimental to the state’s long-term economic health and harmful to existing Oregon industries.

### **HB 2255 – May Harm Existing Industrial Development Efforts**

As a city within the boundaries of the Metropolitan Service District, or “Metro,” Wilsonville is very familiar with working with the UGB program, providing high-quality public infrastructure and developing industrial lands. Adjacent to Wilsonville are literally hundreds of acres of Metro-designated “Regionally Significant Industrial Area” (RSIA)

lands in the UGB that have been sitting for about a decade awaiting development. The 200-acre Coffee Creek RSIA, located adjacent to an I-5 interchange, was added to the UGB in 2002; the 800-acre Basalt Creek RSIA was added to the UGB in 2004, as were the 800-acre Sherwood Tonquin Employment Area and Southwest Tualatin Concept Planning Area, all of which are planned for new employment centers and other industrial development.

So just near the cities of Wilsonville, Tualatin and Sherwood alone lies over 1,800 acres of land already in the UGB for roughly 10 years designated by Metro primarily for employment and industrial uses that has not been developed. If not more limited, HB 2255 could adversely affect the market with more industrial land when these hundreds of acres of industrial UGB lands have yet to be developed. The addition of more UGB industrial land acts as a distraction and only drains potential capital away from public- and private-sector investments needed for development of these previously planned industrial urban reserves.

Furthermore, Wilsonville is collaborating with other Portland area cities—including Hillsboro, Forest Grove, Tualatin and Sherwood—and Washington County to submit a planning grant-application to Metro to conduct further studies on 1,000 acres of industrial-employment land both inside the UGB and in urban reserves. There appears to be an excellent pipeline of industrial employment lands being lined-up and made available for development in the greater Portland metro area.

### **HB 2255 – Addresses the Wrong Issues for Traded-Sector Industrial Development**

As was presented above regarding hundreds of acres of greenfield lands designated for industrial employment use, the issue is not that sufficient land is unavailable for industrial development; rather, the issue is that sufficient Capital Infrastructure and Human Resource Infrastructure are not available to encourage and support industrial development. Businesses need key public Infrastructure utilities—such as domestic water, waste-water processing and storm-water detention—along with transportation infrastructure of roadways, multi-modal connections and transit services to thrive.

And most significantly, businesses need a high-quality, skilled, educated workforce that forms the backbone of the Human Resource Infrastructure. By far the number-one issue of concern that City leaders hear about from leading industrial employers such as Xerox, Mentor Graphics, FLIR, Rockwell Collins and others is that they cannot obtain the skilled workforce in Oregon from Oregon educational institutions that these companies need to successfully compete in the global economy. The “best bang for the buck” may be increased State investment in education, particularly in improvements to STEM (Science-Technology-Engineering-Math) education.

## **HB 2255 – May Be Detrimental to Existing Oregon Industries**

Many of the lands that might be a candidate for HB 2255 are already being used for “traded-sector industrial” purposes: agriculture and forestry. Both of these sectors are major players in the Oregon economy, with a majority of their products headed for export out of the state. During the Great Recession, “ag” was the one Oregon economic sector to weather the storm better than other sectors and it is enjoying a speedier recovery.

HB 2255 may have the effect of encouraging land speculation on farm and forest lands. Allowing farm and forest lands to become subject to speculation for UGB expansions harms the agricultural and forest-products industries by artificially driving-up the cost of land, and correspondingly the cost of doing business.

And not all “ag” jobs are rural in nature. A large traded-sector employer with operations in both Tualatin and Wilsonville is a major food-processor on the national level. This home-grown, Oregon-based natural foods employer farms over 1,000 acres in the fertile area of French Prairie in the Northern Willamette Valley, and additional acreage in the Mid-Willamette Valley area. Facilitating conversion of more farmland to urban uses and encouraging speculation on lands to be converted can have the effect of harming the competitive position of this existing, growing Oregon employer in the national and global economy.

## **Potential Improvements to HB 2255**

The City suggests that the current law for urban reserves (not the newer Metro urban & rural reserve process, but the older one that allows any city to establish urban reserves using the hierarchy of lands) be clarified so that a city could establish an urban reserve for the single purpose of industrial use. A city might not have to conduct a full analysis of all future urban uses, which would make the process simpler. However, the key application of the hierarchy of lands would be preserved.

In our view, the Metro area and perhaps most of the state do not need this bill; cities already have the ability to designate urban or industrial reserves if desired. Metro has two ways to designate urban reserves, and Metro re-evaluates the UGB every five years, which allows for continuous “course correction.” Southern Oregon just designated urban reserves for the Rogue Valley, and Central Oregon has a regional large-lot industrial process in place. Given current activity level around the state, the City suggests that just enacting Section 4 of the bill for Eastern Oregon may make common sense, along with some improvements in the public-process proposal.

HB 2255 as currently construed provides no role for the Oregon Dept. of Agriculture and the Oregon Dept. of Forestry to provide technical assistance or review. Both of these

agencies should be engaged from the outset for any review of proposed urban reserves, on a case-by-case basis.

Also, the City views the term “consider” in Section 3, subsection 4(c), to be open-ended and without any standard, and suggests the phrase to “meaningfully consider,” which ensures more than a token consideration. “Meaningful” is a standard term that courts apply to due-process hearing reviews.

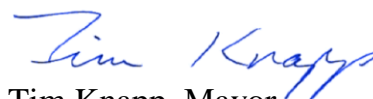
Alternatively, the City suggests that even a better remedy to further this bill at this time is to charge UGAC to study the issues presented by HB 2255 and to return to the legislature with a well-vetted proposal that more aptly reaches the desired target without precipitating potentially negative, unintended consequences.

**Alternatives to HB 2255 to Encourage Industrial Employment: HB 2284, HB 2285**

With all respect, the City suggests that the primary beneficiary of high-wage jobs generating higher income tax—that is, the State of Oregon—should consider assisting cash-strapped local governments to prepare existing industrial sites through brownfield clean-up, land consolidation and greenfield infrastructure development. Such bills exist, including HB 2284 and HB 2285, that would facilitate State assistance to local governments for industrial development. These bills are supported by the Port of Portland, Business Oregon, Oregon Economic Development Association and others, including the City of Wilsonville.

Based on the potential risky, unintended consequences that may flow from the proposed legislation, the City of Wilsonville respectfully urges a DO NOT PASS vote by the committee on HB 2255-1 as presented. Or in the alternate, the City suggests amending the bill as proposed in this testimony or, even better, to route the bill back to the Urban Growth Advisory Committee to review salient issues and return to the legislature with a well-vetted proposal that avoids potentially risky, unintended negative consequences.

Sincerely,



Tim Knapp, Mayor  
City of Wilsonville