



# Willamette Falls Legacy Project

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## The opportunity

A public visioning, master planning and rezoning process will help transform a former paper mill alongside Willamette Falls in Oregon City into an economic redevelopment project and visitor destination of statewide significance. Oregonians are being invited to shape the historic 23-acre site in collaboration with Oregon City, Metro, Clackamas County and the State of Oregon. The resulting vision could reconnect Oregonians with North America's second largest waterfall, as well as an important cultural site for native tribes and fish and wildlife habitat along the Willamette River. It will also support Oregon City's vision for the future and reinvigorate the downtown as a hub of employment, shopping, business, tourism and housing. By rezoning the site, this process will provide the certainty needed by developers considering an investment in Oregon's future.



The proposed \$5 million in state funding would be leveraged with significant other funding to take the first steps to realize a new, transformative vision for the site. It is critical that this \$5 million commitment be finalized in the 2013 legislative session to avoid abandonment of the property and resulting blight, and to ensure that the site can be prepared and attractive for development and private and federal funding.

## How did we get here?

The falls were an important gathering place for fishing and trading for centuries prior to white settlement. The property has been an industrial hub since 1829, housing a lumber mill, a flour mill, a woolen mill, a saw mill, a brick operation – and, for more than a century, a paper mill. That industrial legacy ended in February 2011, when Blue Heron Paper Co. declared Chapter 7 bankruptcy. The loss of 175 family-wage jobs was a blow to Oregon City and to the families impacted.

A bankruptcy trustee is marketing the former mill, but its complexity and risks have dissuaded private interest. With support from state agencies and the Regional Solutions Office, Metro and Oregon City evaluated the site and conducted extensive due diligence investigations during the past two years to assess opportunities and risks. The public collaboration gained a clearer understanding of possibilities for reusing historical structures and the high costs necessary to prepare the site for public access and private investment. Results of environmental investigations are promising; they indicate that conditions are manageable. But the site has more than 500,000 square feet of buildings, and its infrastructure is not connected to Oregon City's systems. A transformation will require substantial resources.

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## Why now?

With this information in hand, the potential for spurring private investment is very real. But without an investment from the public sector, the site will likely sit vacant – gutted of its valuable equipment and left with the shells of 57 structures. In fact, the property is already damaging surrounding property values: an analysis of residential and commercial properties within 0.4 miles shows a negative impact of \$2 million overall. Property owners will continue to see depressed values if the site remains as is or deteriorates further.

Public investment can be leveraged to move the site into a new era and reclaim its place as an engine of commerce in the region – but the opportunity has a time limit. If a potential purchaser does not come forward by May 2014, the trustee is expected to consider abandoning the site. The resulting blight would drag down property values in downtown Oregon City, one of the region’s most important economic hubs. It would attract vagrancy and burden the public with increased public safety risks and costs. And it would allow the deterioration of one of the Willamette River’s most ecologically diverse reaches.



Former Blue Heron Paper Co. along the Willamette River



Consultant’s conceptual rendering of revitalized site

## Leveraging expertise of a public partnership

The proposed \$5 million investment from the State of Oregon, along with local funding, would be used to demolish buildings that lack the potential for adaptive reuse, prepare the site for development and make it ready for significant private investment. This investment by the State would also build on the project’s firm foundation of financial and political support from Metro, Oregon City and Clackamas County.

Oregon’s Regional Solutions Office has identified this project as a high priority for the Portland metropolitan region. Key staff from Oregon State Parks, the Oregon State Historic Preservation Office, the Oregon Department of Environmental Quality and the Oregon Department of Transportation have been instrumental in charting the course for investigations and laying the foundation for current efforts.

Metro has been involved with the site since the bankruptcy, and has already invested more than \$500,000 to support due diligence efforts. As the leader of the new master planning and public visioning process, Oregon City has entered into a collaborative planning agreement with the trustee. Clackamas County’s economic development and tourism staff participate in weekly team meetings and provide technical guidance and advice. Collectively, local governments are committing \$500,000 for the planning effort. The owner, a trustee in bankruptcy, is contributing \$50,000.

Key staff from the U.S. Environmental Protection Agency have agreed to work with the project sponsors to develop a funding proposal to complement state and local efforts. U.S. Rep. Kurt Schrader has stated that identifying federal funds for the project is a “high priority.” Partners are committed to aggressively leveraging all available resources with additional public, private and perhaps philanthropic funds.

## Guided by four values

Oregon City, Clackamas County and Metro agree on four guiding values for public efforts on the site.

**Public access:** Cut off from public use for more than 150 years, the falls site is the most dynamic place along the Willamette River. The falls provide an important opportunity for Oregonians to connect with the river, which is isolated from many of the communities along its route. Visitors will get a front-row seat to experience Willamette Falls.

**Economic redevelopment:** The Willamette Falls property will carry on a tradition of economic development along the riverfront. By returning part of the site to private developers, partners will ensure the transformation supports Oregon City's vision for the future and reinvigorates the downtown as a hub of employment, shopping, business and tourism.

**Habitat restoration:** Historically, the falls were surrounded by unique plants because of microclimates from the mist. Protecting the site provides an opportunity to reestablish native plant communities, enhancing this ecologically diverse stretch of the Willamette River. Many rare plants thrive on river islands, in the Willamette Narrows and along Canemah Bluff. This land is also critical for water quality – every fish and lamprey that travels the river passes through or around the falls.

**Historic and cultural interpretation:** Future visitors will learn about the rich history of the Oregon City riverfront. Much like Celilo Falls in the Columbia River George, Willamette Falls served as an important cultural site for native tribes. The falls also tell the story of the area's industrial and community development: John McLoughlin built the Pacific Northwest's first lumber mill here, and in 1844, Oregon City became the first incorporated city west of the Rocky Mountains. As the birthplace of Oregon, it served as a launching point for thousands of new Oregonians.

### Public benefits of redevelopment

In 2012, a Hatfield Fellow study quantified the site's potential to create jobs and other public benefits, such as tourism, property value, downtown revitalization and environmental health.

**Increased tourist spending** (based on estimate of 660,000 visitors/year) would create approximately **600 local jobs**

**560 to 1,110 construction jobs**

**550 to 1,090 office and retail jobs**

**1,120 to 2,220 indirect and induced jobs** from the multiplier effect of jobs on-site

Redevelopment will **increase property values** in Oregon City, both on-site and by generating at least **\$7.5 million** in off-site property value