

**Testimony by Wilsonville Mayor Tim Knapp  
in Opposition to SB 534:  
Contrary to Oregon Land-Use Law Requiring  
Municipal Governance for Urban Services**

For Public Hearing Scheduled on Feb. 16, 2015, Before the  
Senate Committee on Transportation and Economic Development

**To Chair Beyer, Vice-Chair Girod, and Members of the Committee:**

The City of Wilsonville opposes SB 534 for several reasons, including:

1. Unnecessary Legislation
2. Contrary to Oregon Land-Use Law
3. Potential for Negative, Unintended Consequences
  - a. Unfunded Impacts to Public Surface Transportation Facilities
  - b. Inability to Fund Necessary Infrastructure to Accommodate Urban-Level Activity
  - c. Unfair Competition Harms Public and Private Real-Estate Interests
  - d. Potential Damage to Agricultural Cluster and Regional Economy
4. Specific Examples of Issues Relating to the Aurora State Airport
5. French Prairie Ag Economy Important to Willamette Valley and Oregon

**1. Unnecessary Legislation**

Oregon law currently allows for the provision of municipal water and sewer service outside of cities to an airport — so long as an agreement is reached that provides for eventual annexation of the airport into the municipality. Municipal governance with urban services is a key tenet of Oregon land-use law.

**2. Contrary to Oregon Land-Use Law**

Oregon land-use law is predicated on the principal that cities are to be centers of urban-level development and that prime farmland is to be protected from urban encroachment. The proposed legislation violates this key tenet of Oregon land-use law

by allowing the extension of city water and sewer service to areas outside a city without the concurrent requirement for municipal governance.

### **3. Potential for Negative, Unintended Consequences**

By usurping the key principle of Oregon land-use law that cities are to be centers of urban-level development, the proposed legislation has the potential to produce a number of negative, unintended consequences:

#### **a. Unfunded Impacts to Public Surface Transportation Facilities**

While city or an airport or private-property interests may benefit financially from the extension of urban services outside a city, the net result over time becomes costs that are externalized to others. That is, the provision of city water and sewer facilitate activity and development at the airport or adjacent private-property.

The increase in activity produces increased traffic congestion on unimproved, farm-to-market county roads for which no new revenues are available to improve surface streets. Hence, Oregon law wisely calls for municipal governance for areas of economic activity so that mechanisms are available capture revenue needed to fund the necessary infrastructure to accommodate the urban-scale development.

#### **b. Inability to Fund Necessary Infrastructure to Accommodate Urban-Level Activity**

By allowing a situation where only the core essence of urban services—water and sewer—can be provided to an airport in an unincorporated county EFU zone, additional city mechanisms are unavailable to provide the total necessary “infrastructure package” to accommodate new development and business operations in a rural ag area. That is, a city provides other necessary components of urban-level development in addition to water and sewer such as adequate roads and sidewalks, transit service, stormwater management, and a host of other city-provided services.

#### **c. Unfair Competition Harms Public and Private Real-Estate Interests**

The provision of urban services without municipal governance creates an unfair and unlevel playing field for real-estate investment by the public-sector distorting

the market. That is, government creates a situation whereby businesses located at an airport may operate at an artificially lower rate due to a lack of charging these businesses the full infrastructure costs of allowing their operation.

The full costs of operating a business in a city include helping to pay for infrastructure capacity improvements that facilitate economic activity such as road and street/sidewalk improvements, water and sewer service, stormwater management and other urban services. Thus, when government allows inappropriately sited development in an EFU zone, government is in effect providing a public subsidy to those businesses by allowing them to avoid paying for the full impact of their operations on local streets, impervious surface-area stormwater generation, and the like.

Allowing businesses in one area to operate with a public subsidy while other businesses nearby are paying regular full-freight to a city that accommodates the impact of their operations creates an unfair playing field for both the private- and public-sectors. The subsidy by one public entity harms other nearby cities and property owners whose commercial and industrial properties are undercut by unfair competition from subsidized airport development.

#### **d. Potential Damage to Agricultural Cluster and Regional Economy**

The State's agricultural economy operates in various regional clusters where a sufficient number of farm operations, food processors and their service-providers are in business that work together to sustain the regional rural economy. Urban-level activities on farmlands increase speculative price pressures on land and create traffic congestion that together increase the difficulty to farm economically. Gradual loss of suppliers and producers can harm a regional ag cluster by reducing the vibrancy and transactional capacity that generate economic activity.

#### **4. Specific Examples of Issues Relating to the Aurora State Airport**

The Aurora State Airport is essentially a publicly-owned State runway bordered by private property. Even without city water and sewer service, the county has gradually allowed the conversion of adjacent EFU lands to other uses, which has facilitated an increase in activity at the airport — for which insufficient revenues are available to improve adjacent streets and sidewalks, provide transit services to commuting employees, appropriately manage stormwater runoff or provide other urban services.

Development over time in proximity to the airport has greatly increased the amount of automobile traffic on narrow, unimproved farm-to-market county roads with deep ditches and no shoulders and lacking sidewalks or bike-lanes — producing a dangerous situation for both drivers and pedestrians. Additionally, no public transit services are available to the airport, further increasing traffic on nearby streets.

Farmers near the Aurora Airport have complained about both an increase in traffic that negatively impacts operations and safety and escalating land-lease costs that appear due to land speculation for potential development. Encouraging urban-level development in EFU areas invites land speculation on farm and forest lands in anticipation of government permitting of further urbanization. Land speculation harms the agricultural industry by artificially driving-up the cost of farmland, and correspondingly the cost of doing business, which can make these businesses uncompetitive in a global economy.

Unfortunately, the Oregon Dept. of Aviation and Marion County have over time demonstrated little interest in cooperating with the City of Wilsonville regarding issues of concern pertaining to the Aurora State Airport. As recently as 2010 when the Aviation Dept. and Marion County signed an *Intergovernmental Agreement on the Coordination of Growth Management and Transportation Issues Between City of Aurora, Marion County and Oregon Department of Aviation, June 2010*, the City of Wilsonville and Clackamas County were excluded from the process and denied the opportunity to participate in the agreement.

Despite the fact that the City of Wilsonville is an interested stakeholder in area land-use and transportation matters and hosts the largest population of residents and businesses in proximity to the airport, the Aviation Dept. – Marion County IGA specifically excludes the City of Wilsonville. See Exhibits A and B:

- Exhibit A: “Aurora Airport Impact Area – Exhibit A,” to Intergovernmental Agreement on the Coordination of Growth Management and Transportation Issues Between City of Aurora, Marion County and Oregon Department of Aviation, June 2010
- Exhibit B: Map of Aurora Airport Region Population, 2000 US Census

## **5. French Prairie Ag Economy Important to Willamette Valley and Oregon**

While State and Local government efforts have focused on encouraging “traded-sector” economic development and job creation, the proposed legislation poses potential negative, unintended consequences for important Oregon industries and jobs. The high-value farmlands of French Prairie in northern Marion County are a major powerhouse for the Oregon’s agricultural industry.

These foundation farmlands form the key inputs for the traded-sector “ag” industry where a majority of products are destined for export out of Oregon. During the Great Recession, agriculture was the one Oregon economic sector to weather the storm better than other sectors and it is enjoying a speedier recovery.


Many local area businesses are highly engaged in the North Willamette Valley ag economy cluster. A major employer with over 500 employees in the Wilsonville-Tualatin area, Pacific Natural Foods, is a national food processor that also farms 1,000 acres in the Aurora area and contracts with other local farmers for ag products.

Encouraging economic activity in EFU areas without municipal governance may have the unintended consequence of severely interfering with ag operations, encouraging urban sprawl and land speculation that is detrimental to the rural ag industry, and harming the ag cluster of businesses and jobs on French Prairie.

Based on the potential risky, unintended consequences that may flow from the proposed legislation and the lack of need, the City of Wilsonville respectfully urges a DO NOT PASS vote by the committee on SB 534.

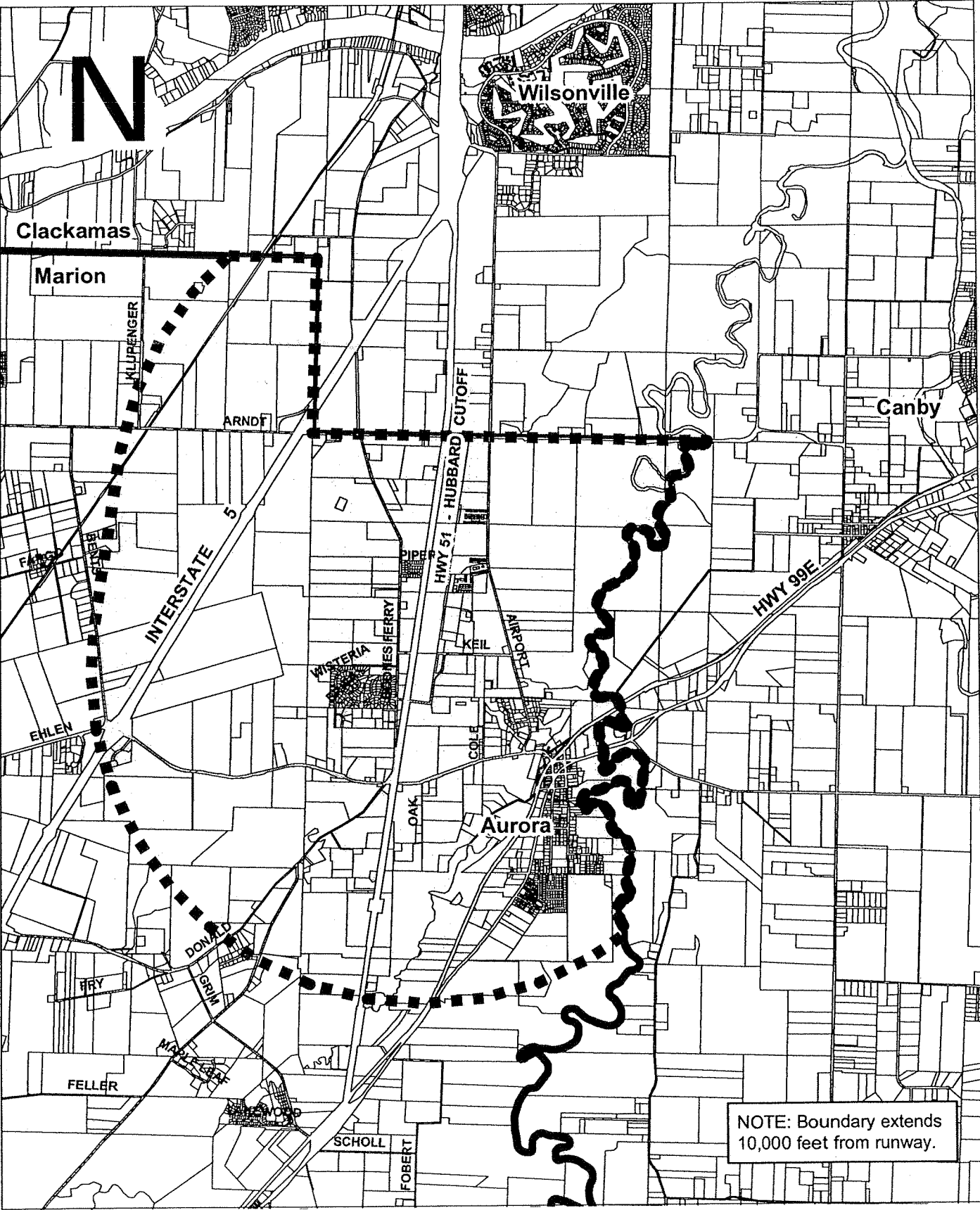
We thank you for your time and consideration.

Sincerely,



Tim Knapp, Mayor  
City of Wilsonville

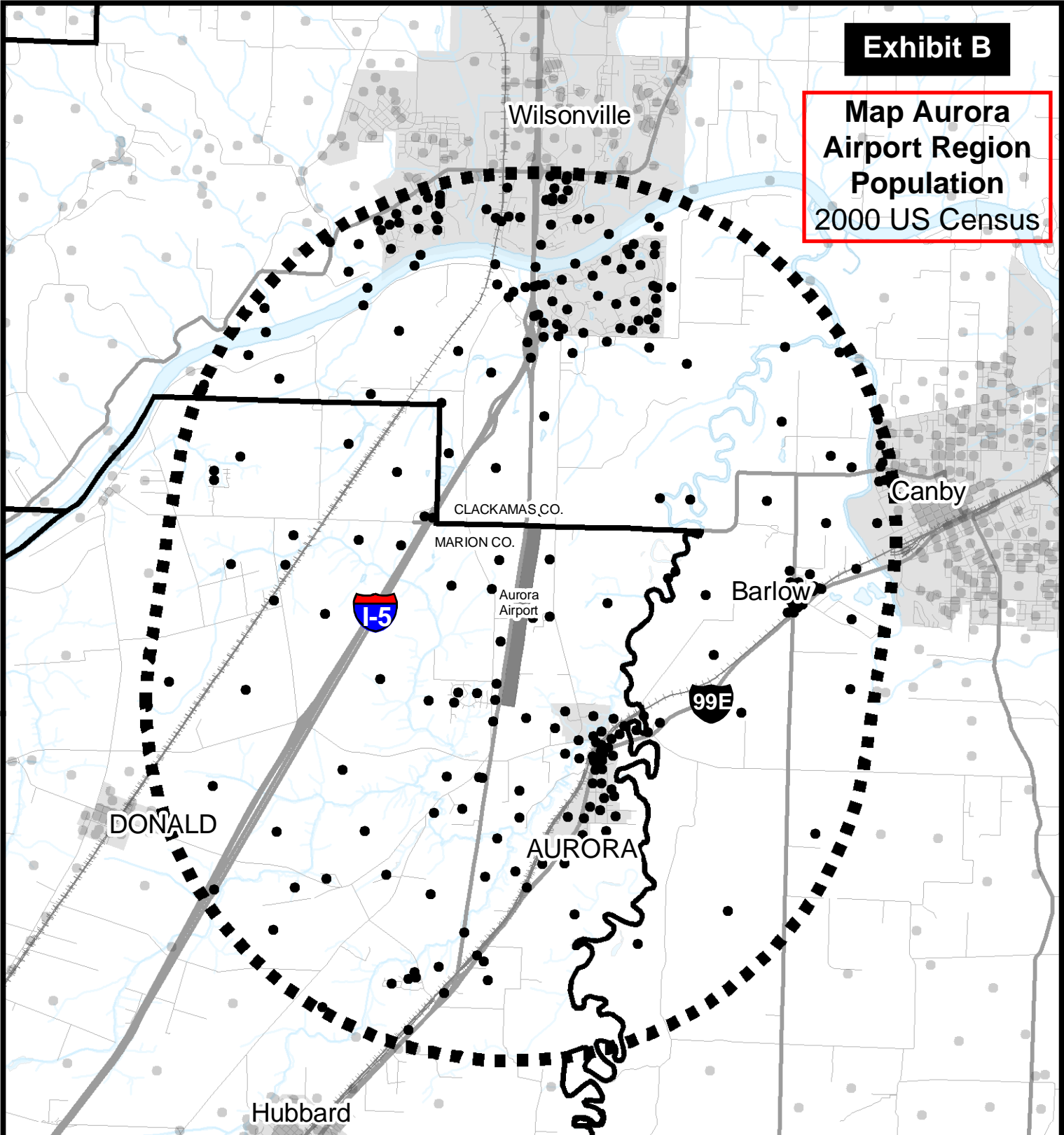
**Aurora Airport Impact Area - Exhibit A**



Map from Intergovernmental Agreement on the Coordination of Growth Management and Transportation Issues Between City of Aurora, Marion County and Oregon Department of Aviation, June 2010.

**Exhibit B**

**Map Aurora  
Airport Region  
Population  
2000 US Census**



**Aurora Airport Region**

- U.S. Census Block Populations
- 3 Miles
- County Boundary
- Cities

Population Count of Jurisdictions (3 miles)

City of Wilsonville	5,891
(Charbonneau District Alone)	(2,601)
City of Aurora	657
City of Canby	448
City of Barlow	140
Unincorp. Marion County	2,379
Unincorp. Clackamas County	1,983

Total Population 11,498  
within 3 Miles (Census 2000)

