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April 6, 2015

Senator Chris Edwards, Chair, and Members  
Senate Environment and Natural Resources Committee  
State Capitol  
Salem, OR

Re: SB 716

1000 Friends of Oregon is a 40-year old, non-profit, statewide organization. We advocate for livable urban and rural communities, protecting family farms and forests, and conserving natural areas, largely through the implementation and improvement of Oregon's land use planning program.

1000 Friends opposes SB 716. SB 716 allows each Metro county to designate one large lot industrial parcel of 150-500 acres in an area that is an urban reserve, a rural reserve, or was previously designated as an urban reserve. If the "large-lot industrial site" is taken from land now designated as rural reserve, that acreage must be made up by changing the designation on some other land outside the UGB to rural reserve.

1000 Friends oppose SB 716 for two reasons. First, it is fundamentally unfair and undermines citizen trust in government. Second, the premise behind the bill – that the Portland Metro area lacks sufficient large lot industrial sites – is wrong.

### **SB 716 undermines citizen trust in government**

Citizens, organizations, businesses, local governments, farmers, and many others came together over eight years ago to craft the urban and rural reserves process. Many compromises were made by all, but with this legislature's direction and the rules adopted by the Land Conservation and Development Commission (LCDC), we built trust amongst ourselves and agreed to the rules governing the process and policies to designate rural and urban reserves in the Metro area. We all hoped it would be implemented correctly by the region.

Metro, local governments, businesses, organizations, and thousands of citizens participated in the several years-long process to designate rural and urban reserves. In some ways the law was implemented correctly, and in other respects it was not. Nine sets of petitioners from all perspectives – local governments, developers, land owners, farmers, and more – appealed LCDC's decision. The Court of Appeals found that the counties, Metro, and LCDC had largely complied with the law, with one glaring exception – the reserves designations in Washington County were found to not comply with the law.<sup>1</sup> The Court remanded LCDC's decision.

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<sup>1</sup> The Court also remanded the decision with respect to one individual area in Multnomah County, and one individual area in Clackamas County.

Because that decision came out during the 2014 legislative session, this legislature undertook a legislative settlement of the Washington County issues and did truly yeoman's work to construct a settlement within 2 weeks, thus saving potentially years back at the local level on remand. Every party to the reserves appeal, and every local government, came before this legislative body and swore their agreement to HB 4078 before the House Rules Committee. Legislators proclaimed that they would never undertake something like this again.

Yet here we are again, 1 year later, and SB 716 will not only undo that settlement, but the entire reserves process.

Some of the interests advocating SB 716 are simply losing land speculators. For example, more than a decade ago, would-be developers bought land south of the Willamette River in Clackamas County. They knew they were buying farmland and have been trying to develop it one way or another ever since. Yet, in the reserves process, that land was designated as rural reserve by Clackamas County, by Metro, and by LCDC. Eight state agencies agreed. Those development interests were among those who appealed the reserves decision not the Court. They lost. That land was found at every level to have been correctly designated as rural reserves.

SB 716 undermines the public's trust in the legislative process. 1000 Friends will not ever again be able to advise citizens or clients to trust the word of government – whether in crafting new land use approaches like the reserves process or negotiating to resolve individual land use issues at the local level.

### **SB 716 is unnecessary**

Some claim the bill is needed because there is a need for more large lots for industrial development in the Portland Metro area. There are no facts to support this claim. Land is not the answer for the Metro area's or Oregon's economic development needs – **investment** is – in infrastructure, education, work force development, business development, research. That's why 1000 Friends is engaged in efforts this session with business groups – and have been for many sessions – to fund industrial site readiness and brownfield redevelopment.

- Metro estimates a demand for 8-34 large lots for industrial, flex, and warehouse needs over the next 20 years.<sup>2</sup> A study done by McKenzie group for the Portland Business Alliance, NAIOP, the Port of Portland, Metro, and other development interests found that the Metro area has 54 large lots industrial sites inside the UGB. 14 are ready to go, the remainder needs some investment.<sup>3</sup>
- Metro has over 8000 acres of land zoned for industrial use, inside the UGB, in parcels over 25 acres. **Economic development does not require more land; it needs investments** in infrastructure, work force development, research and development, and other business development actions. According to Metro, the Portland region faces \$10

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<sup>2</sup> Metro 2014 Draft Urban Growth report, Appendix 7

<sup>3</sup> Mackenzie Group, *REGIONAL INDUSTRIAL SITE READINESS 2014 Inventory Update*, p. 2. Included in Metro 2014 Draft Urban Growth Report, Appendix 13, p. 5.

billion in infrastructure maintenance costs between now and 2035, with no source of funding identified to pay for it.<sup>4</sup> This is on top of up to \$31 billion Metro estimates will be required for new infrastructure by 2035.

- Metro is correctly focusing its policy and investments on getting existing sites “development ready” – those sites are located where people already live, and they need far less in investment to make development-ready than greenfield sites currently outside the UGB that have no infrastructure.
- The vast majority of new jobs in Oregon and in the United States come from small businesses and start-ups.<sup>5</sup> Metro’s data shows this is true in the Metro region as well. These employers do not use large lots, and those businesses needing capacity to grow are not looking for sites over 150 acres.

***The actual industrial land development patterns in the Metro area demonstrate more large lots are not needed.***

- Metro expanded the UGB in 2002, 2004, and 2005 and added 53 large lots designated for regionally significant industrial use. As of 2009, only 1 of those sites had actually developed.<sup>6</sup>
- Existing large lot industrial parcels inside UGBs around Oregon – including in the Hillsboro high tech cluster - are being and have been converted to small lot industrial sites, and even to non-industrial uses.<sup>7</sup>
- Only 60 existing businesses in the Metro region are located on parcels over 25 acres in size. Those 60 large lot users account for only 8.1% of the total employees in the region. If one takes out the institutional employers – all of which are medical centers – that drops to **5.7%**.<sup>8</sup>

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<sup>4</sup> Metro, *Regional Infrastructure Analysis* (July 2008): 1, accessed October 4, 2012, <http://www.oregonmetro.gov/index.cfm/go/by.web/id=26213>

<sup>5</sup> "It turns out that start-ups, companies that are in their first five years of life, account for virtually all net job growth in the United States economy." Robert Litan, Kauffman Foundation, as reported on NPR on 11/22/10: See <http://marketplace.publicradio.org/display/web/2010/11/22/pm-can-startups-help-the-economy/> ; see also <http://blogs.wsj.com/economics/2010/12/27/startups-key-to-job-growth/> ; International Economic Development Council, See [http://www.iedconline.org/?p=Guide\\_BRE](http://www.iedconline.org/?p=Guide_BRE).

<sup>6</sup> Metro, *Development on large lots added to the UGB (2002-2009)*

<sup>7</sup> A 74-acre parcel known as the "Nike" site, located at NW Brookwood & NW Huffman in Hillsboro, was zoned for industrial use and on the state's certified shovel-ready list. After sitting vacant for years, in 2014 Hillsboro divided the site into 9 "industrial" lots, ranging in size from 4.5-15 acres. The site is now being developed and marketed as the Majestic Brookwood Business Park, which includes a building that is being developed for an indoor golf facility. [http://www.colliersinternational.com/portland/thomas/Majestic/MajesticBrookwood\\_EMAIL.pdf](http://www.colliersinternational.com/portland/thomas/Majestic/MajesticBrookwood_EMAIL.pdf)

<sup>8</sup> Metro, *2009 – 2030 Urban Growth Report*. The UGR’s “definition of a large employer recognizes these differences by varying employment minimums for each building type.” *2009 – 2030 Urban Growth Report*; APPENDIX 4, A4-2. p. 6.

- Fewer than 2 large employers per decade located in the Portland Metro area from elsewhere. Even in the booming 1990s, only 2 large employers located in the Metro region from outside Oregon.<sup>9</sup>

***SB 716 threatens Oregon #2 industry.***

- SB 716 would take land that is already supporting the state's #2 industry - agriculture - for some speculative future industry. Production value of Oregon agriculture is at an all-time high at **\$5.4 billion**. Value-added processing contributes up to \$2 billion in additional revenue to Oregon's economy. The state's top county in food processing is Multnomah County. Agriculture accounts for 15% of Oregon's gross state product. One in every eight Oregonians, or about 12 percent, is engaged in an occupation related to agriculture. And finally, Oregon agriculture is a key traded sector, ranking first in volume of exported products and third in value of exported products.<sup>10</sup>

***Creating more Metro –area large industrial sites will compete with existing shovel-ready sites in Willamette Valley***

Below are just some examples of existing large lot industrial sites in the Willamette Valley in which significant public and private investments have already been made to bring them to a shovel-ready status. SB 716 undermines those investments.<sup>11</sup>

Mill Creek

Mill Creek is a master planned 548-acre developable industrial site in Salem with immediate access to the I-5 corridor at the intersection of Highway 22.<sup>12</sup> It is less than 5 miles from Salem Municipal Airport and 60 miles from Portland International Airport. Land uses include industrial and warehouse and distribution.

The City of Salem and the State of Oregon have made substantial investments to plan the site and provide needed infrastructure.<sup>13</sup> All needed infrastructure is in place, properties are shovel ready, and expedited and concurrent permitting is available where construction could occur in less than 180 days.<sup>14</sup>

Godsey Road Site

The Godsey Rd. site is a 42 acre state-certified shovel-ready site in Dallas. The property is flat, cleared, zoned industrial, and ready to build. The site has good access to an arterial road system

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<sup>9</sup> Id., Table 2.

<sup>10</sup> Oregon Department of Agriculture, news release in Honor of National Agriculture Week, March 17, 2015

<sup>11</sup> The Business Oregon *Prospector* website lists other large industrial sites in the Willamette Valley that are shovel ready, <http://www.oregonprospector.com/>

<sup>12</sup> <http://millcreeksalem.com/>

<sup>13</sup> <http://www.tradeandindustrydev.com/region/oregon/mill-creek-industrial-park-3999>

<sup>14</sup> <http://millcreeksalem.com/available-sites/>

and is 14 miles from Interstate 5, 13 miles from a commercial airport and 1.5 miles from a major connecting highway. It is served by both rail and fiber optics.<sup>15</sup>

#### Corvallis Airport Industrial Park

The Corvallis Airport Industrial Park is located near the Corvallis Municipal Airport on Highway 99W, 3.5 miles south of downtown Corvallis and four miles from Oregon State University.<sup>16</sup> Up to 190 acres are available, of which 40 acres are state-certified as shovel-ready.<sup>17</sup> In addition to airport proximity, there is a rail spur to site. Natural gas and fiber optics are available on site. Flat ready to build land. Direct access to OR 99W and 12 miles to interstate I-5.<sup>18</sup>

#### Coburg Large-Lot Industrial UGB expansion

Coburg has adopted a 115-acre large-lot UGB expansion along I-5.

#### Eugene Large-Lot Industrial UGB expansion

Eugene is in the process of adding about 500 acres of large-lot industrial land near the airport. The city will be making substantial financial commitments to provide infrastructure to this site.

#### Springfield Large-Lot Industrial UGB expansion

Springfield is considering a proposal to add up to 450 acres of large-lot industrial land. The city will be making substantial financial commitments (up to \$500,000 per acre) to provide infrastructure to this site.

#### Goshen Regionally Significant Industrial Area

Lane County is in the process of developing about 200 acres of large lot industrial land in the Goshen area (intersection of State Highway 58 and I-5). Major public infrastructure investments are anticipated.

We urge this Committee to reject SB 716 and instead focus on investments – in infrastructure, work force development, and business development – that will enable Oregon and the Metro area to attract new and existing businesses to the thousands of industrial acres that are already available.

Sincerely,



Mary Kyle McCurdy  
Policy Director and Staff Attorney

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<sup>15</sup> <http://www.oregonprospector.com/>

<sup>16</sup> <http://yescorvallis.org/locate-here/enterprise-zones/corvalli-industrial-park/>

<sup>17</sup> <http://www.oregonprospector.com/>

<sup>18</sup> <http://www.oregonprospector.com/>