

**Testimony by Wilsonville Mayor Tim Knapp
in Opposition to SB 716:**



Proposed Legislation Harms Existing and Planned Public/Private-Investments in Industrial Lands, Upsets Metro Reserves Process, Fails to Address Key Development Obstacles, and Hurts Ag Industry

For Public Hearing Scheduled on April 6, 2015, Before the Senate Committee on Environment and Natural Resources

To Chair Edwards, Vice-Chair Olsen, and Members of the Committee:

The City of Wilsonville opposes SB 716, which presents a host of potential problems for area local governments and developers. SB 716 produces unintended consequences and fails to address the core obstacles to development of employment lands while at the same time risking prime agricultural resources.

1. SB 716 Adds More to Metro Region Surplus of Buildable Industrial Lands

The greater Portland metro region has over 7,800 acres of designated, buildable *industrial* lands in the UGB composed of 4,060 acres that are vacant and 3,211 acres that may be redeveloped.

An extra 4,793 acres of vacant or redevelopable *commercial* lands are already designated within the Metro UGB.

In total, the metro region has 12,064 acres of buildable industrial and commercial lands waiting for development or redevelopment.

METRO-AREA INDUSTRIAL LANDS INVENTORY			
Jurisdiction	Vacant	Redev	TOTAL
Clackamas County (Metro UGB area only)			
Cities	571	595	1,166
Uninc. County	95	142	237
TOTAL	666	737	1,403
Multnomah County			
Cities	1,367	888	2,255
Uninc. County	140	454	594
TOTAL	1,507	1,342	2,849
Washington County			
Cities	1,056	956	2,012
HB 4078 (2014)	550		550
Uninc. County	831	176	1,007
TOTAL	2,437	1,132	3,569
GRAND TOTAL	4,611	3,210	7,821

SOURCE: Metro, 2015 UGR, App 3, Buildable Land Inventory

Clackamas County reports an additional 939 acres of vacant industrial lands exist in rural areas of the county outside the UGB.

2. SB 716 Harms Existing and Planned Public/Private Investments in Developing Industrial Lands

Many local jurisdictions have been working for years with Metro, the Port and private developers to bring to market a portion of the buildable 7,800 acres of designated

industrial employment lands that are vacant or slated for redevelopment. Following are a few examples:

- The City of Gresham has been working with the Port of Portland on redevelopment of the combined 204-acre LSI East/West site.
- The City of Wilsonville has begun working with developers on the master-planned 215-acre Coffee Creek Regionally Significant Industrial Area (RSIA).
- The Cities of Tualatin and Wilsonville have been working on planning the development of the 800-acre greenfield Basalt Creek Employment Area.

Adding more acreage diminishes the value of existing acreage and diverts private and public capital from existing and planned developments, thereby diluting the market's capacity to develop designated industrial lands for employment.

3. SB 716 Upsets Certainty of the Metro Urban/Rural Reserves Process

Just as the metro region seeks to affirm the planned Urban and Rural Reserves, SB 716 allows “the counties to redesignate or undesignate land already designated as urban reserve or rural reserve.” Changing reserves designations would result in scrambling a great deal of work completed and underway by both local governments and private investors. Substantial public input and government resources over a three-year period went into designating the reserves, and this work should not be cavalierly undone.

Changing already-designated reserves creates further uncertainty and may result in new appeals and lawsuits that cause additional delays for both urban interests seeking to develop land and agricultural interests seeking to invest in farming. Creating certainty for all of these stakeholders to invest was the positive goal of the reserves process.

4. SB 716 Does Not Address the Real Problem of Developing Industrial Lands

The core issue that the metro region faces is *not* a lack of designated industrial lands; rather, it is a *lack of resources* available to address the substantial costs of bringing designated land into productive use. These costs include due-diligence review, wetlands mitigation, stormwater retention, water/wastewater and other utilities, parcel aggregation, constructing roads and sidewalks, and off-site transportation infrastructure. Just adding acreage to the UGB does not create development or jobs, but does dilute the available resources for development plans and projects already underway.

The Oregon Legislature demonstrated insight on the real issue of bringing land to market in the 2013 session by creating financing programs that could help provide local governments with the resources for advancing industrial development:

- HB 2284 / SB 246 established forgivable loan provisions that help to pay the expensive front-end costs of land aggregation and infrastructure development that are the prime impediment to developing already-designated industrial lands.
- HB 2285 / SB 253 set up a program of ‘due diligence grants’ to help the State and local governments understand the constraints of developing industrial lands, thereby reducing risk about site-preparation costs and help inventory the work necessary to bring potential job-producing lands into the industrial market.

However, neither of the programs established by these bills has been funded, and therefore are useless to local governments that seek to encourage private-sector investment in industrial development. HB 2435-A (2015) goes part-way there by providing loans, including forgivable loans, but only for rural infrastructure projects.

Rather than undertake unnecessary State intervention to add more undeveloped/unserviced land to a surplus inventory of over 7,800 acres of buildable industrial lands, would it not make more sense to fund the programs that could actually result in development or redevelopment of existing vacant buildable industrial sites?

5. SB 716 Can Be Used to Foster Inappropriate Urbanization Schemes Near Wilsonville Opposed by the Community

Many believe that SB 716 is really about bringing into the Metro UGB lands immediately south of Wilsonville currently occupied by the Langdon Farms Golf Course. This area, however, has been found by State agencies, Metro and others to be inappropriate and costly for urban development during the intensive Urban/Rural Reserves process.

a. State Agencies Found Many Problems with Urbanization

In Joint State Agency Comments on the Metro Urban and Rural Reserves process dated October 14, 2009, page 17, seven state agencies unanimously found that urbanization immediately south of the Willamette River and Wilsonville was detrimental public policy.

“South Wilsonville

“ODOT, ODA, DLCD, OWRD, DEQ, ODFW, and DSL support the preliminary recommendation from Clackamas County to designate lands south of the Willamette River (French Prairie) as a rural reserve. The reasons for a rural reserve designation include: threat of urbanization, high suitability for agriculture, very significant transportation limitations (Boone Bridge capacity and no alternate river crossing, poor multimodal connectivity), poor suitability for urbanization (services and distance to

existing population), and concerns about encouraging urban development moving south along I-5 into prime agricultural lands.”

b. Very Significant Transportation Limitations: *Detrimental Impacts to Commerce*

“Huge” Transportation Costs: In an April 6, 2009, joint state agencies (ODOT, ODA, DLCD, ODFW, and ODF) letter to the Metro Reserves Steering Committee, ODOT indicated that the South Metro I-5 corridor and Boone Bridge were at maximum traffic-handling capacity, and that the cost to increase capacity was “huge,” or “over \$500 million.”

ODOT states in this letter (page 3) that: “The analysis shows that the highways least suitable to accommodate additional trips and most expensive to improve, are... I-5, especially the segment from Or 217 to south of the Willamette River.”

ODOT further states in “Attachment 1, Oregon Department of Transportation Comments on Candidate Urban and Rural Reserves” (page 2):

“Highway Section: Inside UGB and from Wilsonville SCL [southern city limits] to Marion County line

“Potential to accommodate additional traffic: Very Low - FC 2035 RTP identified severe capacity problems on I-5 within and south of existing UGB and at Wilsonville Interchanges. Congestion is especially high in the segment between I-217 and I-205. Widening of I-5 including Boones Bridge will be very expensive.

“Relative Cost to Improve: > \$ 500 M = Huge”

Commuter and Freight Traffic Overload: The I-5 Boone Bridge reaches peak traffic-carrying capacity during normal commute times and on many other occasions; adding new traffic generators on a congested highway furthers harms the movement of freight and conduct of commerce in the metro region and to areas further south, including Woodburn, Salem and Albany areas.

No Alternate River Crossing: The I-5 Boone Bridge is the only crossing over the Willamette River for a 28-mile span between Oregon City and St. Paul, resulting in a highway bottleneck without alternate routes. Placing additional traffic generators in the vicinity of the bridge increases reliance on the bridge for short, local trips, further restraining traffic flow and mobility while increasing the likelihood of freeway incidents that can result in major traffic tie-ups.

I-5 Boone Bridge Carries More Freight than “CRC”: The I-5 Boone Bridge carries nearly as much traffic as the well-known I-5 “CRC” Interstate Bridge (only 4% less), but one-third (33%) more freight trucks, making this bridge a critical transportation link for commerce. Freight traffic that is split between the CRC and the Glenn Jackson bridges converges at the Boone Bridge.

Poor Multimodal Connectivity: The French Prairie region is composed primarily of narrow, farm-to-market county roads not designed for traffic circulation common to urban areas. The area is not served by transit services and is not bike or pedestrian friendly, lacking urban-type infrastructure for multi-modal connectivity.

c. Poor Suitability for Urbanization: *Absence of Costly Urban Infrastructure*

Distance from Population Centers Forces Commuting: The French Prairie area lacks urban services and is distant from population centers and standard private commercial and public urban services. Urbanization would result in significant trip generation with long distances. Delivering and maintaining infrastructure services would be costly, inefficient, and impractical.

Lack of Available Water: The City of Wilsonville’s water capacity south of the river is fully used by Charbonneau. ODOT has prohibited any additional conveyance devices on the I-5 Boone Bridge.

The City’s water distribution and storage system has been master-planned to serve the City’s Metro UGB and urban reserve areas. These include the Coffee Creek Correctional Institution, the Coffee Creek and Basalt Creek industrial/employment areas, and our Villebois North, West Wilsonville, Frog Pond, and Advance Road residential concept areas.

Neither the Oregon Water Resources Department nor Marion County are permitting new groundwater wells that further draw-down the aquifer that is used primarily to support the region’s agricultural industry.

Lack of Wastewater Treatment Capacity: The City of Wilsonville’s \$45 million wastewater treatment capacity expansion is already allocated to existing and planned new developments, including the 1,000-acre Coffee Creek and Basalt Creek industrial areas, and the 500-acre Frog Pond/Advance residential areas, and an additional 500 acres of adjacent urban reserves. There is no surplus capacity available.

The City of Aurora is under DEQ orders and a settlement with Willamette River Keeper regarding wastewater treatment discharge into the Pudding River.

Expensive, Difficult Area to Provide Waste-Water Treatment Services: A “Sewer Serviceability” study conducted by Clackamas County and Metro during the Urban and Rural Reserves process found in 2009 that the French Prairie area would be “difficult” to provide waste-water treatment services, which implies expensive infrastructure costs.

No New Wastewater Outfalls: DEQ is not permitting any new outfalls on the Willamette River creating a barrier to for a new treatment plant with few, if any, solutions. Pursuing such a notion is expensive and impractical.

6. SB 716 Can Undermine North Willamette Valley Agricultural Industry Cluster

The City of Wilsonville shares concerns with agricultural interests and food processors about encouraging urban development moving south along I-5 into prime agricultural lands of the French Prairie Region, which contains Oregon’s finest soils.

One of the largest employers in the Tualatin/Wilsonville workshed with over 400 employees is Pacific Natural Foods, a national firm that farms over 1,000 acres around Aurora and contracts with farmers in the North Willamette Valley for organic produce and animal stock.

a. Lack of Natural Barriers Would Allow Urban Sprawl

The Willamette River acts as natural barrier to Portland metro area urban expansion into the prime ag lands of the Willamette Valley. “Jumping” the river would remove the last remaining barrier to urban sprawl along I-5, further harming the ag industry cluster and mobility along I-5 in the North Willamette Valley. The overall effect would be detrimental not only to long-planned industrial economic development efforts in areas already approved through appropriate processes, but also to public investments already on the ground and under way in Woodburn, Salem, Albany and Wilsonville. Because of the high cost of urban infrastructure, many hundreds or thousands of acres of development would be the only way to make it pencil. So more than just *allowing* urban sprawl, sprawl would essentially be *required*.

b. High Suitability For Agriculture: Oregon's Best "Foundation" Farmland

French Prairie soils are some of the best in Oregon and the world and should be conserved for domestic food security and economic diversification purposes. French Prairie soils were formed over millennia by 10 major "Missoula Floods" that flooded the entire Willamette Valley, depositing multiple layers of organically rich silt on the lower watershed regions of the North Willamette Valley that compose French Prairie.

c. Governance Conflicts and Lack of Urban Services: *Recipe for Planning Disaster that Siphons Limited Public Resources*

Lack of Governance and Urban Services: Attempting to develop south of the Willamette River presents a real problem in terms of municipal governance and the provision of urban services. No city or county is in the position to provide municipal governance and urban services, including water, waste-water, stormwater, transportation, fire protection and law enforcement. The area, which is located in Clackamas and Marion counties and bordering two cities and a state airport, would also be subject to conflicting aspirations of different government bodies.

7. SB 716 Allows Speculators to Cash-in at Public's Expense, and Appears to Facilitate "Crony Capitalism"

Poor Public-Policy Precedent: This bill would allow a County governing body carte blanche authority to cause prime rural industrial agricultural land to be converted to urban industrial uses for the benefit of private developers/land speculators, at the expense of the local community and regional economy. Rewarding land speculators sends the wrong message to the public and development community that some can achieve favorable treatment outside existing rules and regulations that everyone must abide by.

See-Saw Policy-Making Furthers Lack of Government Credibility: When both the general public and investors observe government making a decision one day and then reversing the decision another day, government suffers a loss of credibility that further alienates citizens and creates a confusing, uncertain investment climate.

Denigrating of the Public Involvement Process: Residents of Clackamas County took a keen interest in the outcome of the two-year-long Metro process to determine the prime locations for Urban and Rural Reserves in the county. A grassroots, citizen-composed Policy Advisory Committee established by the Board of Commissioners held well-attended work sessions throughout the county. The Rural Reserve designation of the French Prairie area approved by the County at several levels, including the Planning

Commission and the County Commission; subsequently the designation was unanimously approved by the ‘Core Four’ and Metro. A later challenge to this decision by the owners of the Langdon Farms Golf Course was rejected on every count by the Oregon Court of Appeals. Further, the Court confirmed that the County had used the correct process and had properly applied the ‘factors’ in arriving at that decision. Cavalierly over-riding a popular citizen-driven process and decision upheld by the courts harms the very fabric of a democracy.

The City of Wilsonville respectfully urges a “Do Not Pass” vote on SB 716 by the Senate Committee on Environment and Natural Resources. Thank you for your time and consideration.

Sincerely,



Tim Knapp, Mayor
City of Wilsonville

Supporting Attachments

The following documents are submitted with this testimony as documentation.

1. MAPS: Wilsonville UGB and Reserves Areas; Vacant Commercial and Industrial Sites in Wilsonville; Clackamas County Employment Lands; Metro Title 4 Employment Lands
2. Regional Large-Lot Industrial Sites Inventory: Regional map, Wilsonville-area map, and sites matrix, Group MacKenzie (on behalf of Port of Portland, Metro, Business Oregon, NAIOP et al), November 2011
3. Metro, 2015 Draft Urban Growth Report, Appendix 3, Buildable Land Inventory and Maps, Extracted pages pertaining to Employment Lands, industrial and commercial.
4. City Wilsonville, Coffee Creek Industrial Area Master Plan, 2007
5. Cities of Tualatin and Wilsonville and Washington County, Basalt Creek Transportation Refinement Plan
6. Joint State Agencies Comments on the Metro Urban and Rural Reserves process dated January 22, 2010, supporting letter of October 14, 2009, page 17
7. Joint State Agencies Letter to the Metro Reserves Steering Committee, April 6, 2009; “Attachment 1, Oregon Department of Transportation Comments on Candidate Urban and Rural Reserves”