

Exhibit List for ZDO 265

Last updated: April 17, 2017 (2:45PM)

Exhibit No.	Date Received	Document Date	Who Submitted	Brief Summary of Comments
1	02/10/2017	02/10/2017	Jenny Weller, email	Expresses concerns about high growth in Stafford Hamlet area
2	02/23/2017	02/23/2017	Mike Stewart, email	Expresses concern that animosity at 3/23/17 Stafford Forum led to an environment that not everyone was comfortable to speak up
3	02/27/2017	02/27/2017	Lauren Hughes, email	Expresses concern that the county and Metro are moving forward without listening to cities and Hamlet
4	02/27/2017	02/27/2017	CJ Kroll, email	Opposes Urban Reserve designation of Stafford Hamlet
5	02/27/2017	02/27/2017	Kirk Morganson, email	Supports "Stafford Compromise"
6	02/28/2017	02/28/2017	Kelly Bartholomew, email	Expresses concern about the community ramifications of urbanizing the Stafford area, including traffic, crime, air quality and water
7	03/01/2017	03/01/2017	Walt Gamble, email	Encourages Commissioner to consider the Stafford Hamlet's plan
8	03/01/2017	03/01/2017	Carol Reinmiller	Wants the Stafford Hamlet to remain as it is now
9	03/02/2017	03/02/2017	Patrick Thurston, email	Expresses concern about increased traffic and the costs of utility infrastructure
10	02/23/2017	02/23/2017	Judy Large, Kirk Morganson, Megan Burt, comment forms provided at 2/23/17 Stafford Forum	Three comment forms received after 2/23/17 meeting, generally supporting the Stafford Hamlet plan
11	03/03/2017	02/25/2017	Stacey Krish, email	Opposes urban development in Stafford, support rural reserve in Stafford
12	03/03/2017	03/01/2017	Rich Cook, letter via email	Expresses concern about process and communication between county and Stafford community, relating to the Hamlets plan and the forthcoming IGA with the county and Metro
13	03/06/2017	03/06/2017	Paul Starr, letter	Opposes development in the Stafford Hamlet
14	03/06/2017	03/06/2017	Eileen Starr, letter	Expresses concern with current levels of traffic. Supports Stafford Compromise
15	03/13/2017	03/12/2017	Herb Koss, letter via email	Letter discussing elements of Stafford Land Owners Association (SLOA) plan for Stafford area. Supports legislative resolution for area
16	03/20/2017	03/20/2017	Jan Castle, letter via email	McVey-South Shore Neighborhood Association in Lake Oswego is concerned about traffic impacts of development. Requests the IGA be signed by the cities (5-party IGA)
17	03/14/2017	03/14/2017	Kelly Bartholomew, email	Elaborates on concerns about urban reserve designation of Stafford, including whether traffic issues are resolved, quality of life, air quality, water and additional court proceedings

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18	03/21/2017	03/21/2017	Michael Salch, document vial email	Presentation that discusses traffic concerns, cut-through traffic in the Stafford area. Recommends the county contract a traffic study for Stafford and neighboring areas
19	04/03/2017	03/23/2017	Mike Stewart, email	Supports urban reserves. Includes map of "willing" property owners in the Stafford area.
TESTIMONY RECEIVED AFTER BCC PACKET SUBMITTED AND POSTED (4/3/2017)				
20	04/10/2017	04/07/2017	Darren Sheets, email	Wants community to remain rural - be designated rural reserve; cites traffic concerns
21	04/10/2017	04/02/2017	Ann Culter, letter via email	Opposes Urban Reserve designation of Stafford Hamlet area; notes numbers of residents voting for undesignated and Stafford Hamlet plan
22	04/10/2017	04/09/2017	Liz Rogers, email	Supports urban reserve for Stafford Hamlet area
23	04/10/2017	04/09/2017	Kathy Hanavan, email	Opposed to Stafford Hamlet area being in the urban growth boundary; cites traffic concerns. Not opposed to development in Borland area
24	04/10/2017	04/10/2017	Jay Minor, email with attachments	Request to enter the <i>Stafford Hamlet Values and Vision Statement</i> (2009); <i>Stafford Hamlet Community Vision Plan</i> (2015); and the 2010 Reserves IGA between the County and Metro into the record
25	04/11/2017	04/10/2017	Steve & Monica Cox, email	Opposed to adding a large number of new residents to Stafford area
26	04/11/2017	04/11/2017	Kelly O'Neill Jr, Planning & Building Director, City of Sandy, email with attachments	City requests the record include the 1998 and 2011 IGAs between the city and county, relating to the desire of the city to maintain a rural buffer from the Portland metro area
27	04/11/2017	04/11/2017	Don & Elaine Young, email	Supports Stafford Hamlet Plan; opposes decisions so far by BCC and Metro
28	04/12/2017	04/11/2017	Lauren Hughes, email	Opposed to Metro and County moving forward with urbanization of Stafford area; cites natural area and traffic concerns
29	04/12/2017	04/11/2017	Bonnie Combs, email	Opposed to urbanizing Stafford; cites agricultural identity and traffic concerns
30	04/12/2017	04/11/2017	Thane Eddington, email	Supports Stafford Compromise and working together with County, Metro, cities and citizens in area
31	04/12/2017	04/11/2017	Steven DeLugach, email	Opposed to including Stafford in urban reserve; cites concerns for wildlife and quality of life
32	04/12/2017	04/11/2017	Heather Burden, email	Supports Stafford Compromise; cites infrastructure, wildlife, and quality of life concerns
33	04/12/2017	04/11/2017	Mike Stewart, email	Support urban reserve designation for Stafford area; feels it will help economic future of county
34	04/12/2017	04/11/2017	Mark Stevens, letter via email	Supports urban reserve designation; feels measured growth in Stafford area is practical and timely
35	04/12/2017	04/11/2017	Richard Bohrer, email	Opposed to urbanization in Stafford; cites concerns about traffic and natural area impacts
36	04/12/2017	04/12/2017	Herb Koss, emails	Supports Stafford area urban reserve the plan developed by the Stafford Landowners Association (SLOA); thinks finance and infrastructure issues can be resolved

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37	04/12/2017	04/12/2017	Alexandra Wenig, email	Opposed to urbanizing Stafford; cites density, school capacity and traffic concerns
38	04/12/2017	04/12/2017	Carol Yamada, letter via email	Opposed to urban reserve in Stafford area; states concerns about certain information provided by the SLOA, including the map of " the willing"
39	04/12/2017	04/12/2017	Nelson Smith, email	Requests Stafford Vision be used as a foundation to move forward and that infrastructure be funded before development considered
40	04/12/2017	04/12/2017	Richard Fiala, email	Objects to the findings for urban reserve designation of Stafford area; cites concerns about evidence
41	04/12/2017	04/12/2017	Mark Kimball, email	Supports keeping Stafford triangle rural; cites infrastructure problems and ability to grow local food
42	04/12/2017	04/12/2017	Leonard Schaber, email	Stafford - Lower Tualatin Valley CPO supports Stafford Hamlet Plan
43	04/12/2017	04/12/2017	Jay Minor, letter via email	Requests BCC not affirm the revised findings for Stafford area reserves; cites infrastructure and livability concerns
44	04/12/2017	04/12/2017	James Adkins, HBA, letter via email	Home Builders Association supports county's efforts to resolve and finalize reserves
45	04/12/2017	04/12/2017	Greg Wolfe, email	Opposed to urbanizing Stafford area; cites traffic and development concerns
46	04/12/2017	04/12/2017	Steven Pfeiffer, Perkins Coie, letter and attachments via email	Asserts that the findings proposed for adoption are deficient; details reasons
47	04/12/2017	04/12/2017	Carol Reinmiller, email	Wants to keep the Stafford area as it is now; cites traffic issues and preservation of open spaces
TESTIMONY RECEIVED AT 4/12/2017 PUBLIC HEARING				
48	04/12/2017	04/11/2017	Steven DeLugach & Gail Kempler, letter	Opposed to urban reserve designation for Stafford Hamlet; cites wildlife and quality of life concerns
49	04/12/2017	04/12/2017	David Powell, Lake Oswego city attorney, letter	Agrees with J Condit (Ex.50) that the record does not support an urban reserve designation for Stafford area; supports development of 5-party IGA for area
50	04/12/2017	04/12/2017	Jeffrey Condit, Miller Nash, letter and attachments	Attorney represents Tualatin and West Linn; asserts that the record does not support the urban reserve designation of 4A-4D; details reasons; supports a 5-party IGA
51	04/12/2017	05/14/2009	David Adams, map	Map of Stafford Land Owners Association concept plan for the Stafford triangle area
52	04/12/2017	04/12/2017	Bill Markt, testimony	Expresses concern about traffic in area and notes which groups are opposed to developing area

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Exhibit No.	Date Received	Document Date	Who Submitted	Brief Summary of Comments
TESTIMONY RECEIVED AFTER 4/12/2017 PUBLIC HEARING				
53	04/13/2017	04/12/2017	Christine Roth, email	Requests Stafford area be undesignated; cites traffic and funding concerns
54	04/13/2017	04/12/2017	Nancy Phelps & John Keith, letter via email	Cites issues with Board moving forward with urban reserves designation in Stafford Triangle, including wildlife, water quality and traffic safety; requests Board delay actions for more analysis
55	04/13/2017	04/13/2017	Nancy Leveque, email	Opposed to urbanizing Stafford Hamlet; cites agricultural identity and concerns with traffic, crime, air quality and water supply
56	04/13/2017	04/13/2017	Kirk Morganson, email	Opposes urbanization of Stafford area; supports limited development near transportation corridors
57	04/17/2017	04/17/2017	Richard Cook, email and attachments	Questions need for study planned by county and cities with Metro grant; includes three attachments related to funding development and the Metro grant

Fritzie, Martha

From: Nelson Smith <deepwoodfarm@aol.com>
Sent: Wednesday, April 12, 2017 12:18 PM
To: Fritzie, Martha
Subject: Re: file #ZDO - 265

Follow Up Flag: Follow up
Flag Status: Flagged

To: Martha Fritzie - Senior Planner

I want you to be aware that the Stafford Hamlet has spent hundreds of hours and hundreds of dollars putting together our Vision Plan for the Stafford Triangle area. I believe this vision lays out a very realistic approach to the development of the Triangle, now and into the future. Please use the written Vision Plan as your foundation, as you move forward.

I also am hoping you will take into account the fact that over 80% of the residents voiced their opposition to the Urban Reserve designation in a formal vote.

As far as I know and have read, there are no funds for infrastructure in the amounts needed, to even consider any kind of development. Doesn't it make sense to table this until funds become available. Then look at what type and size of development will best serve the area and its citizens.

Respectfully, Nelson Smith
A member of the Stafford Hamlet

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Fritzie, Martha

From: Richard Fiala <rcfiala@gmail.com>
Sent: Wednesday, April 12, 2017 2:38 PM
To: Fritzie, Martha
Subject: Urban Reserve Hearing, ZDO265, Submission for Public Record

Follow Up Flag: Follow up
Flag Status: Flagged

To the Clackamas County Board of County Commissioners.

I am writing in objection to the findings that you are considering for acceptance and agreement with Metro concerning the Remand from the LCDC pertaining to Traffic in the proposed Urban reserve designation for "the Stafford area".

Metro is presenting information that in their judgement will prove that traffic should not be a limiting factor in the decision process for urban reserve designation. I argue that anyone or any governing body can manufacture evidence after a decision or position has been made. In fact why do we have rules at all pertaining to evidence submission based on the open period of submission. Under the premises that Metro has followed evidence might as well be withheld until the first submittal to the LCDC is complete and their ruling is completed, then manufacture evidence as necessary if the ruling is negative, so as to provide new evidence to overcome the objections of in this case a decision from the Court of Appeals.

So I ask you to vote no on the "new" findings from Metro that is before our governing body, The Board of Clackamas County Commissioners.

Sincerely,

Richard Fiala
21229 SW Johnson Road
West Linn, Or 97068

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Fritzie, Martha

From: Mark Kimball <mark.kimball2@frontier.com>
Sent: Wednesday, April 12, 2017 3:32 PM
To: Fritzie, Martha
Subject: File number ZDO-265

Follow Up Flag: Follow up
Flag Status: Completed

From: Lisa Volpel 5655 Kenny St. Lake Oswego OR.
 Date: 04-12-17
 Re: File number ZDO-265 Stafford Triangle designation as Urban Reserve

Please keep the Stafford Triangle rural.

1. We do not believe we are Urban, but sub-urban, semi-rural. This is important to the identity and character of our community. The rural character of the Stafford Triangle is a large part of this, and helps provide separation to the adjoining cities and higher density developments. What would Portland be without Forest Park or the other open areas? What would Vienna without the "green lungs" of the Vienna Woods".

2. Infrastructure in this area has not kept up with population growth. Even if infrastructure is built to accommodate growth within the Stafford Triangle, this does nothing for the infrastructure in the adjoining cities and surrounding area to accommodate the additional traffic originating from Stafford. We can not wall this area off. Lake Oswego roads are increasingly congested by commuters using surface streets instead of the free ways between West Linn, Beavercreek, Hillsboro and Portland. East to West transportation facilities are inadequate. Even if money was no issue, it is politically difficult to build more transportation facilities beyond adding free way lanes. Money is an issue. Existing transportation infrastructure is not adequately maintained in Clackamas County, we can not afford to build or maintain even more infrastructure.

3. To be self-reliant and sustainable we need the ability to grow food locally. We all have to eat. What would happen to our food supply if we went to war with Mexico? While this land is designated "conflicted" as to agricultural uses, potatoes and cabbage does not care. Food is food.

-Lisa

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END-ANTISPAM-VOTING-LINKS

Fritzie, Martha

From: lschab@juno.com
Sent: Wednesday, April 12, 2017 2:50 PM
To: Fritzie, Martha
Subject: Remand Hearing Testimony

This is for inclusion in the Remand Hearing testimony.

The Stafford-Lower Tualatin Valley CPO supports the Stafford Hamlet Vision Plan that designates approximately 3,300 acres North of the Tualatin River as Undesignated, not Urban Reserve, and that the Borland Road corridor remains Urban Reserve.

This position was verified and voted on at the April 10, 2017 CPO meeting.

Leonard Schaber
 Acting Chairperson

Police Urge Americans to Carry This With Them at All Times The Observer
<http://thirdpartyoffers.juno.com/TGL3141/58eea1297ad792129354est02vuc>

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END-ANTISPAM-VOTING-LINKS



April 12, 2017

Chair Jim Bernard
Clackamas County Board of Commissioners
2051 Kaen Road
Oregon City, Oregon 97045

Re: Land Use Hearing
Subject: Revised Findings Stafford Area

Dear Chair Bernard and Commissioners,

My name is Jay Minor, the Board Chair of the Stafford Hamlet. I have lived at 18300 S. Whitten Lane West Linn for thirty years. I am appearing tonight as Board Chair and as an interested individual. I call upon you not to affirm the revised findings and to vote against affirming the Urban Reserve for the Stafford Area, 4A, 4B, 4C and 4D.

The system is horribly broken for the following reasons:

Over 100,000 citizens in the unincorporated area and the three surrounding cities do not want all of the area urbanized. This has been voiced for decades. The livability will be reduced, not increased (Petition with 1,168 signers)

In many areas of the cities, surface transportation is failed and there is no way of increasing capacity due to geographic and residential/commercial constraints

The costs of other infrastructure such as sewers and water is extremely expensive and cannot be efficiently extended

There is still adequate land for urban reserves to meet the 40 year supply without Stafford

Best achieves standard cannot be used since if the area is brought into the urban reserve, it will be tied up in court battles for years to come and will never be devoped. Metro is counting acres only to achieve compliance with their interpretation of the law

I call upon you to vote against Metro's revised findings and pull together a thoughtful and practical analysis of the County's land use needs and listen to the voice of your citizens manifested in their Value and Vision Statement and Community Vision Plan (Compromise)

Thank you,

Jay Minor
Stafford hamlet
Board Chair

Encl Hamlet Value and Vision Statement
Community Vision Plan
IGA 2010
Petition(Hand Carry)

EXHIBIT 43
ZDO-265:
Reserves Remand
Page 1 of 1



Home Builders Association
of Metropolitan Portland

April 12, 2017

The Honorable Jim Bernard, Chair
Clackamas County Commission
2051 Kaen Road
Oregon City, OR 97045

Re: Oregon Land Conservation and Development Commission (LCDC) Remand Order

Chair Bernard and Commission Members:

The HBA of Metro Portland (HBA) appreciates the opportunity to provide written comments on the Urban and Rural Reserves in Clackamas County.

The association applauds Clackamas County for their efforts to resolve and finalize the Clackamas County reserves and to adopt the LCDC findings on remand. The HBA recognizes that this has been a difficult and lengthy process for all involved. As we move forward, the HBA hopes to be an active partner with Clackamas County, Metro and other impacted parties for the benefit of our communities and residents.

The HBA values its relationship with Clackamas County and appreciates its consideration and adoption of the Urban and Rural Reserves in Clackamas County.

Respectfully,

James Adkins
Government and Political Relations Coordinator

From: wolfeidx@aol.com
Sent: Wednesday, April 12, 2017 4:12 PM
To: Fritzie, Martha
Subject: File # ZDO-265 Greg Wolfe written testimony

RE: File# ZDO-265

April 12, 2017

Dear Ms. Fritzie,

I am opposed to urbanizing the Stafford area and have the following concerns:

Development concerns:

There are no second chances - once developed, this area that provides a valuable scenic and calming buffer among neighboring cities will no longer provide that unique benefit to existing residents and surrounding communities. While Metro has its objectives of meeting numbers in a paper plan, greater development would come at the expense of what the surrounding cities and the residents of the area want to maintain. **There is a huge expanse of land bordering Hwy 30 in NW Portland with rail and river transportation access, imagine if Metro were to designate Forest Park for development of thousands of businesses and residences! This example is no different than what is being proposed for the Stafford area.**

The current pace of development under existing designations and Clackamas County oversight is right for this area and should be maintained. If any change in designation should occur, subsequent development in any area within the changed designations should only be done with complete agreement of Clackamas County and at least two of the three adjacent cities of Tualatin, Lake Oswego, and West Linn under an Inter-Governmental Agreement and with input from the CPO and Stafford Hamlet.

The Stafford Landowners Association (SLOA) proposal is a "wolf in sheep's clothing" – while mentioning all the buzzwords about maintaining the nature and feel of the area/walkability/livability/ etc., their maps and development descriptions indicate how the area will be forever scarred by thousands of high density homes. They, and other "build and run", developers would ruin this area and leave even worse traffic nightmares behind. Nobody here wants to live in or around a southern CA/Las Vegas/Phoenix type jam packed residential development – if we did we would live there!

We don't need to accommodate more people, we need to accommodate the people that live here. Just as in many areas of life, making a conscience decision to not do something is taking action. It is ok to say "no" to new development in this area that benefits several surrounding communities. Why would Oregon/Metro want to destroy the look and feel of this area to accommodate a bunch of people who don't even live here. So far, the only thing growth has provided for most people in the region is higher insurance rates ("due to more accidents because more cars are on the road" – as recently explained to me by a State Farm agent), jobless protestors interfering with real business, and traffic jams that even people from LA would complain about.

Traffic concerns:

The Stafford road off ramp is currently used by ~ 40-50% of exiting vehicles during 3:00-6:00pm only to re-enter the onramp and briefly bypass the 205 traffic mess that exists. Another ~ 25% use it to access Ek Rd to Borland/Willamette Falls Dr. to bypass 205 and create mile long traffic jams through West Linn. Cut-through traffic between Wilsonville and 205/Stafford to avoid the I5-205 mess is endless. Residents along all these routes wait much longer than ever to be able to turn onto the roads and are increasingly forced to make aggressive and dangerous driving decisions to go anywhere. I have picked up roadside trash along one mile of Stafford Rd between Trail Rd. and Shatz Rd. for the past ten years. Over the past 3 years the amount trash has increased 33% (measured in full trash bags). More disturbing is the amount of beer, wine and other liquor cans and bottles, I attribute this to the increase in cut-through traffic avoiding I-5/205 traffic congestion.

While on a map the Stafford triangle and its access to 205 may appear inviting for development, the reality is that adding tens of thousands of residents, businesses and associated traffic to this area makes no sense at all. Adding a lane on 205 from Abernathy Bridge to Stafford Rd. should not be viewed as support for accommodating growth in this area, it should be viewed cleaning up the traffic mess that has already been created.

Greg Wolfe
3500 SW Trail Rd.
Tualatin, OR 97062

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April 12, 2017

Steven L. Pfeiffer
SPfeiffer@perkinscoie.com
D. +1.503.727.2261
F. +1.503.346.2261

VIA HAND DELIVERY

Jim Bernard, Chair
Clackamas County Board of Commissioners
Public Services Building
2051 Kaen Road
Oregon City, OR 97045

**Re: Clackamas County Consideration of Findings in Response to Oregon Land
Conservation and Development Commission Remand Order 14-ACK-001867
(Urban and Rural Reserves)**

Dear Commissioner Bernard and County Commissioners:

This office represents Chris Maletis, Tom Maletis, and Exit 282A Development Company, LLC, and LFGC, LLC, the owners of property in Clackamas County near the City of Wilsonville that multiple agencies and organizations have identified as ideal for serving large-scale regional employment needs. This letter is written to address the draft findings prepared in response to the Oregon Land Conservation and Development Commission Remand Order 14-ACK-001867 ("Findings"), which are scheduled for consideration at today's Clackamas County Board of Commissioners ("Board") meeting.

The Findings, which are set forth in Exhibit A to Metro Ordinance 17-1397 in the Board packet, are deficient for the following reasons:

- Metro's designation of only 23,031 acres of urban reserves is not sufficient to meet the region's employment and population needs over the planning period, resulting in a decision that is inconsistent with applicable reserves administrative rules.
 - Metro's designation of urban reserves is not supported by an adequate factual base because it erroneously relies upon the 2014 Urban Growth Report. That report is based upon flawed reasoning, including the unreasonable projection of urban development of the former city of

Damascus and an unreasonable reliance upon the documented economic downturn in the region beginning in 2007.

- Metro's own findings and evidence state that the designated amount of urban reserve acreage is deficient over the 50-year planning period previously selected by Metro and its regional partners.
 - Metro selectively acknowledges some changes in facts, yet fails to take into account additional factual and legal changes that have occurred since the original adoption of reserves, including the loss of over 3,000 acres of urban reserves in Washington County, the disincorporation of Damascus, the loss of Hayden Island for future employment use, and Metro's own documented conclusion that the region lacks an adequate supply of large-lot industrial land. *See attached.* Taken together, these documented circumstances undermine the conclusion that the proposed supply of urban reserve acreage is adequate.
 - The identified urban reserve acreage in the Stafford area, which constitutes approximately one-fourth of all urban reserves in the Metro region, will not urbanize within the planning period in light of the legitimate policy concerns expressed on the record by both the nearby cities of Tualatin and West Linn and residents of the Stafford Hamlet. More specifically, the unequivocal positions expressed by the cities effectively preclude any finding that urbanization of the proposed Stafford urban reserve area, including the provision of urban levels of facilities and services, can reasonably be expected to occur. *See attached letter from counsel for the cities and see additional testimony from residents in the Board packet.* As a result, this acreage will become "Damascus II," an area of "phantom" acreage that is not actually available to serve the region's employment and residential needs.
- The Findings erroneously conclude that the proposed urban and rural reserves designations, in their entirety, best achieves livable communities, the viability of

the agricultural and forest industries, and protection of the important natural landscape features that define the region for its residents.

- Contrary to the Findings, Metro, Clackamas County, and Multnomah County are proposing to adopt a “new joint designation” of reserves, as contemplated by the Court of Appeals in *Barkers Five, LLC v. Land Conservation and Development Commission*, 261 Or App 259, 323 P3d 368 (2014) because no such joint designation is currently in place in these two counties due to the remand. As a result, Metro and these counties are obligated to address the “best achieves” standard in conjunction with this “new joint designation.”
- Contrary to the Findings, HB 4078, which resulted in a reduction of 3,000 urban reserves acreage, did not, as a matter of law, override or otherwise fulfill Metro and the counties’ obligation to apply and demonstrate compliance with the “best achieves” standard. In fact, the legislative history for HB 4078 refutes the Findings on this point. The -12 amendments to HB 4078 proposed to add a provision stating that the reserves designations would meet the “best achieves” standard; however, the Legislature did not adopt this amendment. The decision not to adopt this amendment and not to directly address the “best achieves” standard in HB 4078 confirms a legislative intent to leave this issue to further action by Metro and the counties. Copies of the -12 amendment and HB 4078, as enrolled, are attached to this letter for convenience.
- The interpretation and application of the “best achieves” standard in the Findings is inconsistent with the purpose and intent of SB 1011, the implementing administrative rules, and the Findings themselves given that it does not result in an adequate supply of needed employment land during the planning period.
- As explained above in response to the “amount of land” standard, the urban reserves designated in the Stafford area are effectively “phantom” acres that will not urbanize within the planning period due to the

legitimate policy concerns expressed by hamlet residents and adjacent cities.

- The conclusion that the “best achieves” standard is met is not supported by an adequate factual base, and the attached documentation further undermines this conclusion.
- The Findings are deficient and do not adequately respond to the remand by the Court of Appeals and the Land Conservation and Development Commission because Multnomah County has not reconsidered and re-applied the reserves designation factors to Area 9D and determined the effect of that analysis on the designation of reserves in Multnomah County in its entirety.

Until Metro and the counties addresses these issues, the reserves designations will be subject to further legal challenge. Please include a copy of this letter in the official record for this matter. Thank you for your consideration of this testimony.

Very truly yours,



Steven L. Pfeiffer

Chair Jim Bernard
Clackamas County Board of Commissioners
April 12, 2017
Page 5

Enclosures:

- Clackamas County Economic Development Commission Final Report (2014)
- Regional Industrial Site Readiness – 2014 Inventory Update
- Land Availability Report: Limited Options (2012)
- Letter from Jeff Condit for Cities of West Linn and Tualatin (March 16, 2017)
- 2014 Oregon House Bill 4078 -12 Amendment
- 2014 Oregon House Bill 4078 (Enrolled)

cc: Ms. Martha Fritzie (via email) (w/encls.)
Mr. Nate Boderman (via email) (w/encls.)
Client (via email) (w/encls.)
Mr. Seth King (via email) (w/encls.)

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 12/2/14

Approx. Start Time: 1:30pm

Approx. Length: 1 hr.

Presentation Title: Economic Development Commission 2014 Final Committee Reports

Department: Business & Community Services, Gary Barth, Director

Division: Business & Economic Development

Presenters:

Staff: Catherine Comer, Business and Economic Development Manager

Economic Development Executive Committee:

Ken McClintock, Chair

Robert Campbell, Vice Chair

Bill Avison

Richard Goddard

Other Invitees:

Cindy Hagen, Business and Economic Development Coordinator

Jamie Johnk, Business and Economic Development Coordinator

2014 Economic Development Commission Members

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

The purpose of this study session is to present the 2014 Economic Development Commission (EDC) final committee reports for consideration by the Board of County Commissioners.

EXECUTIVE SUMMARY:

Under direction of the Board of County Commissioners the EDC split into two committees. The committee charge was to study the employment land inventory, successful key employment areas, and identify opportunities/constraints for sites that could be brought back into the employment land in the future. The committee studied the following areas:

- Inside the Urban Growth Boundary
 - Rock Creek, Happy Valley
 - Beavercreek, Oregon City
 - North Milwaukie Industrial Area
 - City of Damascus
- Outside the Urban Growth Boundary
 - Park Industrial Area, Estacada
 - Pioneer Industrial Park, Canby
 - I-5 Exit 282A, French Prairie Area
 - East County Boring/Carver/Springwater
 - Stafford/Borland

FINANCIAL IMPLICATIONS (current year and ongoing):

Staff time and program costs (undetermined at this time)

LEGAL/POLICY REQUIREMENTS:

No legal/policy requirements at this time. Policy recommendations in the report are made by the EDC for consideration by the BCC in future programming.

EXHIBIT 46

ZDO-265:

Reserves Remand

PUBLIC/GOVERNMENTAL PARTICIPATION:

Undetermined at this time

OPTIONS:

1. Accept the EDC 2014 Final Committee Reports
2. Request additional feedback from the EDC on the employment lands that were studied.

RECOMMENDATION:

Staff respectfully recommends that the BCC accept the EDC 2014 Final Committee Reports.

ATTACHMENTS:



Economic Development Commission 2014 Final Committee Reports and PowerPoint presentation

SUBMITTED BY:

Division Director/Head Approval

Department Director/Head Approval

County Administrator Approval


 , BCS Deputy Director

For information on this issue or copies of attachments, please contact
Clackamas County Economic Development 503-742-4329

EDC

ECONOMIC DEVELOPMENT COMMISSION

2014 COMMITTEES

Presentation to Board of County Commissioners

December 2, 2014



EDC MEMBERS

Executive Committee:

Kenneth McClintock, Chair

Edward Jones

Area Represented: Gladstone

Industry Represented: Professional Business

Robert Campbell, Vice Chair

Small Business Development Center

Area Represented: Milwaukie

Industry Represented: Professional Business

Bill Avison

Avison Lumber Co.

Area Represented: Molalla

Industry Represented: Wood Products Manufacturing

Richard Goddard

Portland General Electric

Area Represented: Wilsonville

Industry Represented: Utilities

Jason Lehne, Immediate Past Chair

Metis Group, LLC

Area Represented: Clackamas

Industry Represented: Professional Business

Matt Butts

Group Mackenzie

Area Represented: West Linn

Industry Represented: Professional Business

Michele Conditt

Reliance Connects

Area Represented: Estacada

Industry Represented: Utility

John Drentlaw

Turner & Townsend

Area Represented: Lake Oswego

Industry Represented: Professional and

Archie Ewers

Portland General Electric

Area Represented: Oregon City

Industry Represented: Utilities

Robert Fowke

Business Efficiency Consulting

Area Represented: Canby

Industry Represented: Professional Business

Jon Gramenz

Oregonians Credit Union

Area Represented: Milwaukie

Industry Represented: Professional Business

Kenneth Humberston

Area Represented: Oregon City

Industry Represented: Environmental – Clackamas Regional Water Supply

Bennett Johnson

Fearless, Inc.

Area Represented: Estacada

Industry Represented: Food and Beverage Processing - Brewery

Conrad Johnson

Wells Fargo

Area Represented: Clackamas

Industry Represented: Professional Business Services - Finance

Kevin Klupenger

Advanced Ornamentals

Area Represented: Wilsonville

Industry Represented: Nurseries & Greenhouses

Peter Lund

Star Oilco

Area Represented: Happy Valley

Industry Represented: Digital Media

Robert McEachern

Capacity Commercial

Area Represented: Clackamas County

Industry Represented: Professional and Business Services - Industrial Broker

Cheryl McGinnis

Clackamas River Basin Council

Area Represented: Gladstone

Industry Represented: Environmental

David Nielsen

Home Builders Association

Area Represented: Lake Oswego

Industry Represented: Home builders

Wilda Parks

Area Represented: Milwaukie

Industry Represented: Professional Business Services

Jerry Simnitt

Simnitt Nursery

Area Represented: Canby

Industry Represented: Nurseries & Greenhouses

Tammy Stempel

Adapt Engineering, Inc.

Area Represented: Gladstone

Industry Represented: Professional Business Services – Green Building

Matthew Subotnick

Area Represented: Lake Oswego

Industry Represented: Professional and Business Services

Gordon Young

Vector Control District

Area Represented: Oregon City

Industry Represented: Environmental

Liaisons:

Lita Colligan

Oregon Institute of Technology

Area Represented: Wilsonville

Industry Represented: Education

Bridget Dazey

Workforce Investment Council of Clackamas County

Area Represented: Clackamas

Industry Represented: Workforce

Tammy Marquez-Oldham

Portland Community College

Small Business Development Center

Area Represented: Portland

Industry Represented: Professional Business

Norman Solomon

Portland Community College

Area Represented: Wilsonville

Industry Represented: Education

EXHIBIT 46

ZDO-265:

Reserves Remand

Page 9 of 129

Committee charge from the Board of County Commissioners:

Explore any and all employment land in Clackamas County. The EDC is asked to study the employment land inventory, successful key employment areas, and identify opportunities for sites that could be brought into the employment land inventory for the future. Optimal sites will have potential within areas of successful key industries.

To accomplish this, the EDC will form two committees:

- 1) Focus on land and infrastructure Outside the UGB
- 2) Focus on land and infrastructure Inside the UGB

Where would the biggest return on public investment be?

- Public Funds
- Political Lobbying
- Long range infrastructure planning

What to look for

Opportunities:

- Higher density development
- Increase in GDP
- Assessed Value
- Jobs

Constraints:

- Development
- Transportation
- Utilities
- Political
- Land Use

STUDY AREAS

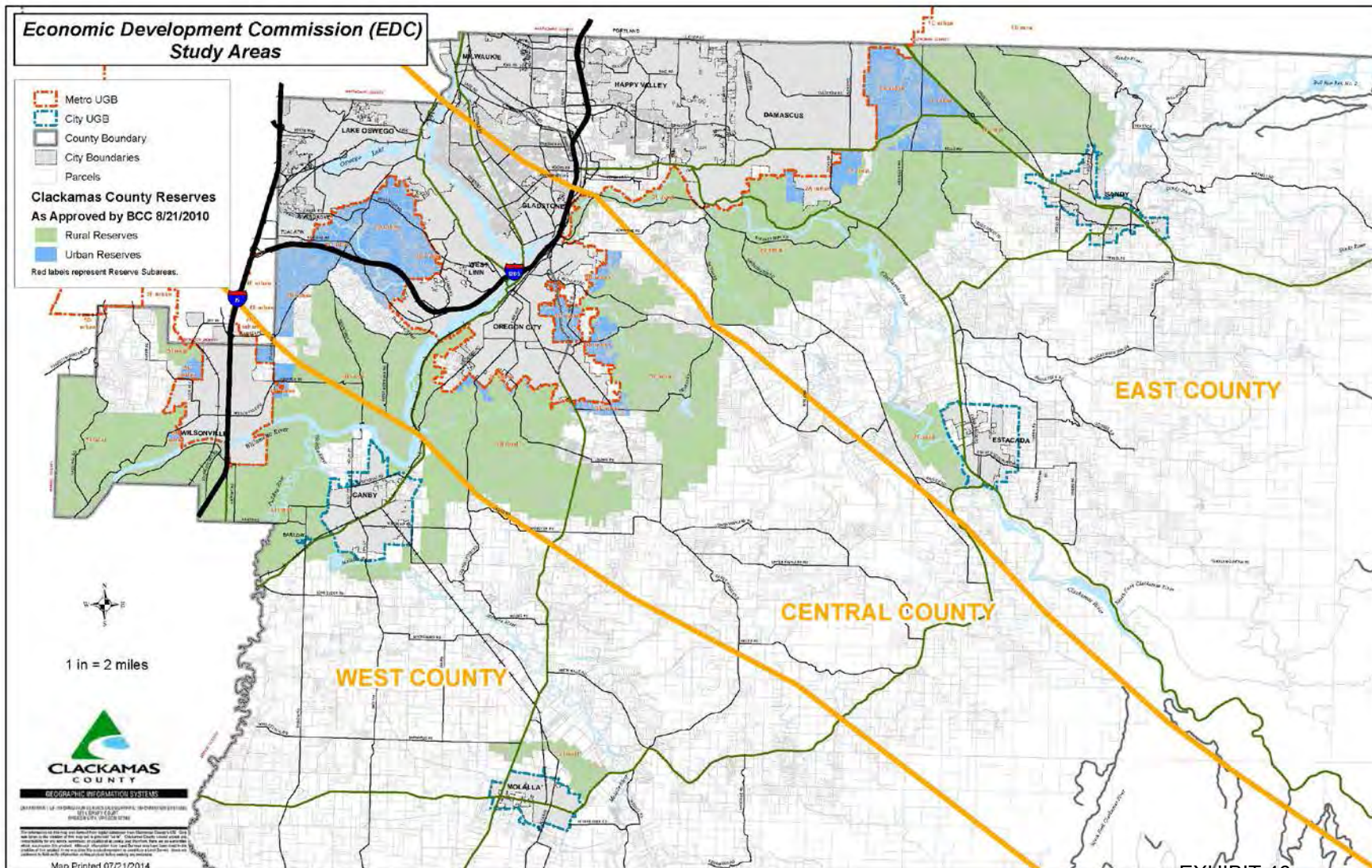
Inside the UGB

- Rock Creek, Happy Valley (May)
- Beavercreek, Oregon City (June)
- North Milwaukie Industrial Area (July)
- City of Damascus (August)

Outside the UGB

- Park Industrial Area, Estacada (May)
- Pioneer Industrial Park, Canby (June)
- I-5 Exit 282A, French Prairie Area (July)
- East County Boring/Carver/Springwater (Aug)
- Stafford/Borland (September)

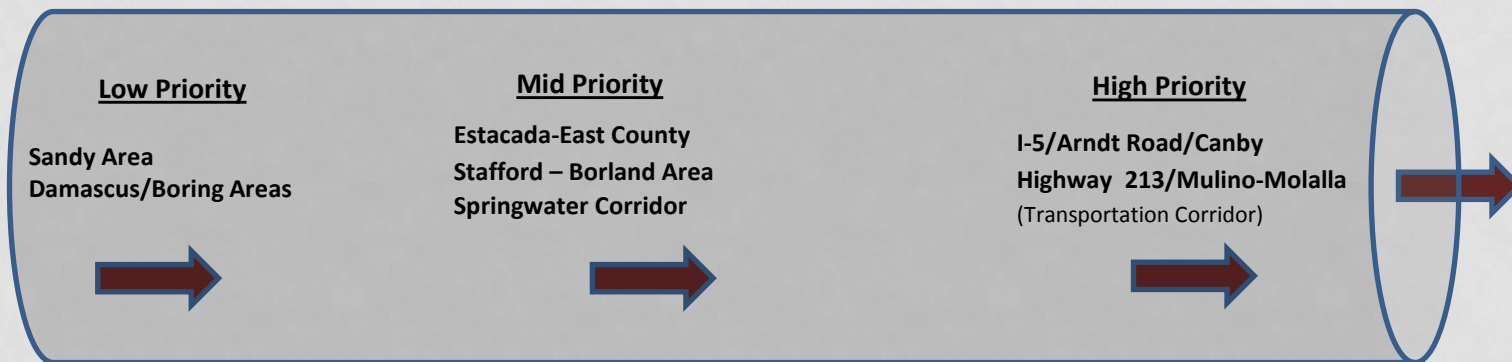
*Note: study areas may include development sites that are in the Asset Mapping project, however, may have constraints.



OUTSIDE THE UGB COMMITTEE

EDC Executive Committee:	Richard Goddard, Bill Avison
EDC Members:	Norm Solomon, Cheryl McGinnis, Robert Fowke, Jerry Simmitt, Jon Gramenz, Gordon Young, Michele Conditt, Bennett Johnson, Matt Butts, John Drentlaw, Matthew Subotnik
County Commissioners:	Commissioner Paul Savas, Liaison
County Staff:	Jamie Johnk – Committee Coordinator, Catherine Comer, EDC Liaison Corina Olsen Larry Conrad
Guest Speakers:	Bill Elliot, City of Estacada Mike Parks, City of Estacada Renate Mengelberg, City of Canby Hal Kever, WHPacific Inc. Rainse Anderson, WHPacific Inc. Tracey Brown, City of Sandy Martha Fritzie, Clackamas County Staff Rick Gruen, Clackamas County Staff Dan Chandler, Clackamas County Staff Jamie Johnk, Clackamas County Staff

OUTSIDE UGB RECOMMENDATIONS



Outside UGB Recommendations

High Priority - I-5 Arndt Road/Canby-Highway 213/Mulino-Molalla Transportation Corridor:

- A. Canby Pioneer Industrial Park:** After receiving an overview of Canby's current and future industrial areas and the job opportunities, including industry and manufacturing growth, development and access to rail, the sub-committee identified that the largest constraint included access to I-5. Therefore the recommendation(s) the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment might be for the Canby area includes:
- **Public Funds:**
 - Recommendation: The Committee would recommend that the BCC identify transportation funding needs for connections from Canby employment lands to I-5.
 - Recommendation: The Committee would recommend that the BCC support infrastructure improvements from Mulino Road to Highway 213.
 - **Political Lobbying:**
 - Recommendation: Committee recommendation to identify and lobby for funds to improve transportation access from the Canby industrial area to I-5.
 - Recommendation: Committee recommendation to support a solution that would allow for infrastructure improvements in rural reserve areas.
 - **Long-range Infrastructure Planning:**
 - Recommendation: I-5 Access from Canby employment lands
 - Recommendation: Infrastructure of Mulino Road with access to Highway 213
 - Recommendation: Aurora airport access
 - Recommendation: Potential partnership with Marion County

Outside UGB Recommendations

High Priority

B. I-5 Exit 282-A (French Prairie Area): The area off I-5 known as the French Prairie Area is located in three county jurisdictions (Clackamas, Marion and Washington). There are existing developments in this area including Langdon Farm, Aurora State Airport, as well as ag-related industries on the Marion County portion. There are many opportunities for potential future employment development with large acreages in single ownership or with property owners motivated to develop; as well as the proximity to utilities, access to I-5, proximity to urban areas, and the land itself has minimal topographical (flat land) and wetlands constraints. With the identified opportunities, the sub-committee was made aware of significant constraints impacting development such as the rural reserves, political impacts, transportation and infrastructure and capacity improvements. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment would be for the French Prairie Area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support efforts around the I-5 and Arndt Road connection
 - Recommendation: Revisit Rural Reserves in this area and seek legislative solution
 - Recommendation: Re-zone/re-designate land for future industrial/employment development
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this site.

Outside UGB Recommendations

High Priority

C. Final West County Swath: The sub-committee received a brief overview of the 240 acres of land south of the Charbonneau area (40 acres are zoned RRFF5 and 200 acres are exception lands). The group identified that the lands appeared to be relatively flat with good I-5 access along with the location to the Aurora airport, making them highly suitable for employment opportunities. However, a major question is which jurisdiction will service this area. The recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for this area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation and other infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

Outside UGB Recommendations

High Priority

D. Molalla: The Molalla area has available, ready to develop employment land with minimal topographical constraints, motivated property owners and relative access to Hwy 211 and Hwy 213. There are, however constraints facing Molalla's employment lands. Though access is available on Hwy 211 and Hwy 213, there are limitations to capacity and a solution will need to be sought. Also there have been no future employment lands identified in the current UGB plans. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for the Molalla area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area

Outside UGB Recommendations

Mid Priority

A. Park Industrial Site, Estacada:

This 130 acres industrially zoned is certified through the Business Oregon Industrial Lands program. The site has numerous opportunities for development, however due to the lack of natural gas available to the site; it is constrained to the types of industries which may potentially locate to the property. Upon reviewing the site characteristics, the sub-committee makes the following recommendation(s) to the Board of County Commissioners for consideration on where the highest return on public investment would be in the Estacada area.

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- Public Funds:
 - Recommendation: Work with NW Natural Gas to find out what their benchmark is for investment. The City has been working to obtain this information, requested Bill Elliot to share findings with Committee.
 - Recommendation: Research and identify Federal and State funding resources to extend natural gas service. Consideration of State or County guarantee on a loan in order to “buy down” the interest rate.
 - Identify if County funds are available to contribute towards the natural gas impact costs.
- Political Lobbying:
 - Recommendation: Committee could make request to BCC to submit letter to NW Natural Gas encouraging prioritization of extending natural gas to Estacada.
- Long-range Infrastructure Planning:
 - Recommendation: Natural gas infrastructure.

Outside UGB Recommendations

Mid-Priority

B. Stafford/Borland:

The sub-committee had an opportunity to review previous work that had been completed to identify development opportunities for the Stafford/Borland area. Per the studies, opportunities for future employment lands that could potentially have good job creation densities. However there are significant development constraints on this area including the political implications of the area in conjunction with the adjacent communities. Currently the area is in unincorporated Clackamas County and is not served by a city. In addition, there are also transportation and infrastructure constraints. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for the Stafford/Borland area includes:

- Public Funds:
 - Recommendation: EDC recommends that the BCC direct staff to study the Stafford/Borland area in the Clackamas County Employment Lands Analysis. The 2000 study completed by the City of Tualatin could serve as a foundation for information.
- Political Lobbying:
 - Recommendation: Support transportation/infrastructure investments in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

Outside UGB Recommendations

Low Priority

A. City of Sandy

The sub-committee received an overview on the City of Sandy and learned that the community was designated as the fifth fastest growing cities in Oregon for years 2000-2010. In addition, they have approximately 35,000 cars per day travel through the community providing a great opportunity for economic growth and development. Sandy has 15 acres of industrially zoned land and 60 acres of commercial land inside the city's limit and UGB and 250 total acres outside the UGB with approximately 40 acres in the reserve area. The lands within the city limits are fully served, with motivated property owners and minimal topographical (flat land) and wetlands on most of the lands. However there are transportation and access constraints on some of the employment lands as well as topographical constraints on a portion as well. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment would be for the Sandy area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation/infrastructure investments in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area

Outside UGB Recommendations

Low Priority

B. East County – Boring/Carver/Springwater

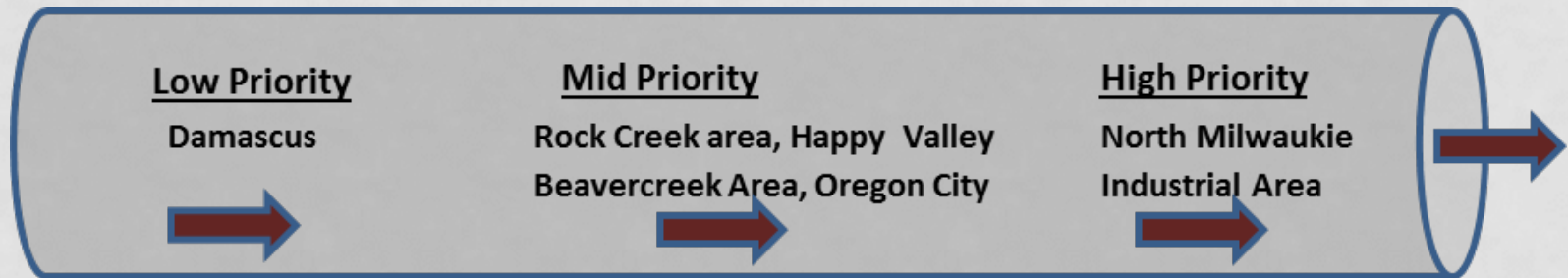
The sub-committee was able to hear more in-depth information on the methodology used to determine the urban and rural reserves. This allowed the sub-committee to conclude that though there is a great amount of land in the east county area, most is constrained by rural reserves. The lands identified in this area for employment uses include Damascus, which has not effectively adopted a comprehensive plan; leaving the County and region with a 1,200+ acre deficit in its inventory. The other area discussed where employment land is an opportunity is in the Gresham area, which is in Multnomah County. In addition to rural reserves, the sub-committee identified transportation, utilities and infrastructure, and the pending decision on dis-corporation for the City of Damascus. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for the East County area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

INSIDE THE UGB COMMITTEE

EDC Executive Committee:	Ken McClintock, Robert Campbell
EDC Members:	Lynn Wallis, Ken Humberston, Conrad Johnson, Bridget Dazey, Wilda Parks, Tammy Stempel, Peter Lund, Archie Ewers, Tammy Marquez-Oldham,
County Commissioners:	Commissioner Paul Savas, Liaison
County Staff:	Cindy Hagen – Committee Coordinator Catherine Comer EDC Liaison Corina Olsen
Guest Speakers:	Michael Walter, City of Happy Valley Lynn Wallis, Worksource Clackamas Eric Underwood, City of Oregon City Steve Butler, City of Milwaukie Mark Fitz, City of Damascus

INSIDE UGB RECOMMENDATIONS



Inside UGB Recommendations

High Priority

North Milwaukie Industrial Areas (NMIA)

NMIA offers a unique and immediate opportunity for economic growth in Clackamas County. EDC's decision to recommend NMIA as a primary focus for BCC was an easy one to make, and is driven by three factors: proximity, connectivity, and collaboration. Proximity to the greater Portland metro area is a considerable competitive advantage for Milwaukie. Milwaukie is the main gateway to Clackamas County. As metro area population growth continues to accelerate, Milwaukie offers a perfect recipe for growth based on ease of access to downtown, livability, charm, competitive priced housing and broad commercial opportunities.

The sub-committee discussed the following question as put forth by the BCC: "*Where would the highest return on investment be?*" and compile the following responses:

- Public Funds:
 - Recommendation: Further Analysis Needed on determining if there are funds for transportation and infrastructure needed to redevelop this area. Also, work with City Leaders in Milwaukie to seek funding to study the feasibility of redevelopment of this area.
- Political Lobbying:
 - Recommendation: Work with the City Leaders in Milwaukie to determine a plan for gaining redevelopment support
- Long-range Infrastructure Planning:
 - Recommendation: Work with the City Leaders in Milwaukie to analyze a redevelopment scenario.

Inside UGB Recommendations

Mid Priority –

A. Rock Creek area, Happy Valley

B. Beaver Creek area, Oregon City

A. Rock Creek area, Happy Valley

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- Public Funds:
 - Recommendation: Combination of funding sources (example: public/private/local improvement district)
 - Recommendation: Apply for State resources such as the Special Public Works Fund (SPWF) or the Immediate Opportunity Fund (IOF)
 - Recommendation: Prioritize county funds on county roads in the Rock Creek Employment Area (162nd & HWY 212)
- Political Lobbying:
 - Recommendation: Influence ODOT to prioritize the lane expansion of HWY 212/224 junction to 172nd from two lanes to five lanes.
 - Recommendation: Support business recruitment efforts to attract Foreign Direct Investment (FDI) specific to key industries identified for this site.
- Long-range Infrastructure Planning:
 - Recommendation: Long range planning needs will be dependent upon industry recommendations for this site.

Inside UGB Recommendations

Mid Priority

B. Beaver Creek Area, Oregon City

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- Public Funds:
 - Recommendation: Develop a P3 (public/private partnership). Combination of funding sources which could include a Local Improvement District.
 - Recommendation: Focus transportation investments on connections between Oregon City Development Sites #1 and #2 (OCDS) and the Beaver Creek employment area as identified in the Beaver Creek Concept Plan.
- Political Lobbying:
 - Recommendation: Acknowledgement voter approved annexation can impact employment land development.
 - Recommendation: Be prepared to respond to the question of “What is in it for the residents?” when it comes to new development.
- Long-range Infrastructure Planning:
 - Recommendation: Plan for transportation connection between employment area off of Fir Street to OCDS #1 and #2 and the Beaver Creek Employment Area.
 - Recommendation: Recommend that Oregon City develop an Asset Management Plan to determine the capacity of the roads, sewer treatment facilities, water lines, and general capacity of infrastructure.

Inside UGB Recommendations

Low Priority

Damascus

As the City of Damascus has their Comprehensive Plan on the November 2014 ballot, the sub-committee determined that while there are potential growth and development opportunities, those activities will not occur until a Comprehensive Plan is adopted by the community. The consensus is to hold on any recommendations at this time until after the election.

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- Public Funds:
 - Recommendation: Possible sewer extension if comprehensive plan is approved.
- Political Lobbying:
 - Recommendation: In addition to the comments from August report, the consensus is to hold on any activities until after the November 2014 election.
- Long-range Infrastructure Planning:
 - Recommendation: In addition to the comments from August report, the consensus is to hold on any activities until after the November 2014 election.

2014

**Economic Development Commission (EDC)
Final Committee Report
to Board of County Commissioners**

EXECUTIVE SUMMARY

This year, the Board of County Commissioners charged the Economic Development Commission (EDC) to explore employment land in Clackamas County. The EDC was asked to study the employment land inventory, successful key employment areas, and identify opportunities and constraints for each site. In the future, these employment lands could be brought into the employment land inventory.

To accomplish this, the EDC formed two sub-committees to focus on land and infrastructure; 1) Inside the UGB, 2) Outside the UGB. Each sub-committee was tasked with reviewing potential opportunities and constraints where the highest return on public investment would be. The sub-committees studied the following areas:

Inside the UGB

- Rock Creek, Happy Valley
- Beavercreek, Oregon City
- North Milwaukie Industrial Area
- Damascus

Outside the UGB

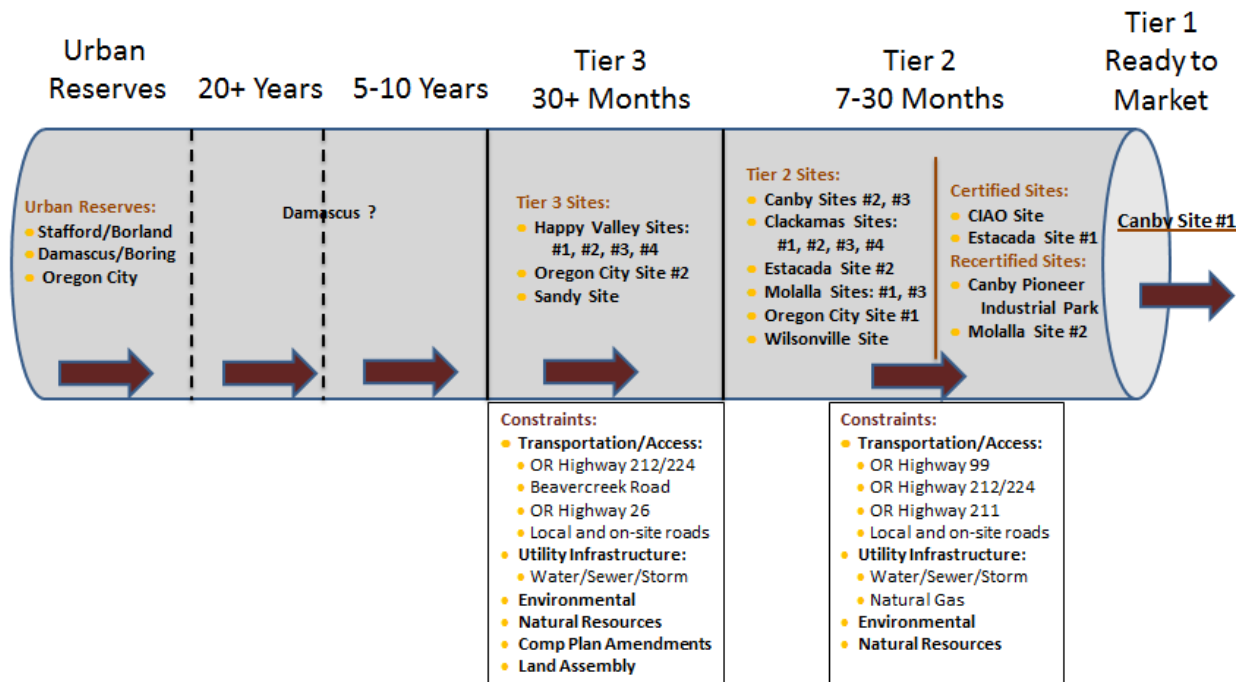
- Park Industrial Area, Estacada
- Pioneer Industrial Park, Canby
- I-5 Exit 282A, French Prairie Area
- East County Boring/Carver/Springwater
- Stafford/Borland
- Final West County Swath
- Molalla



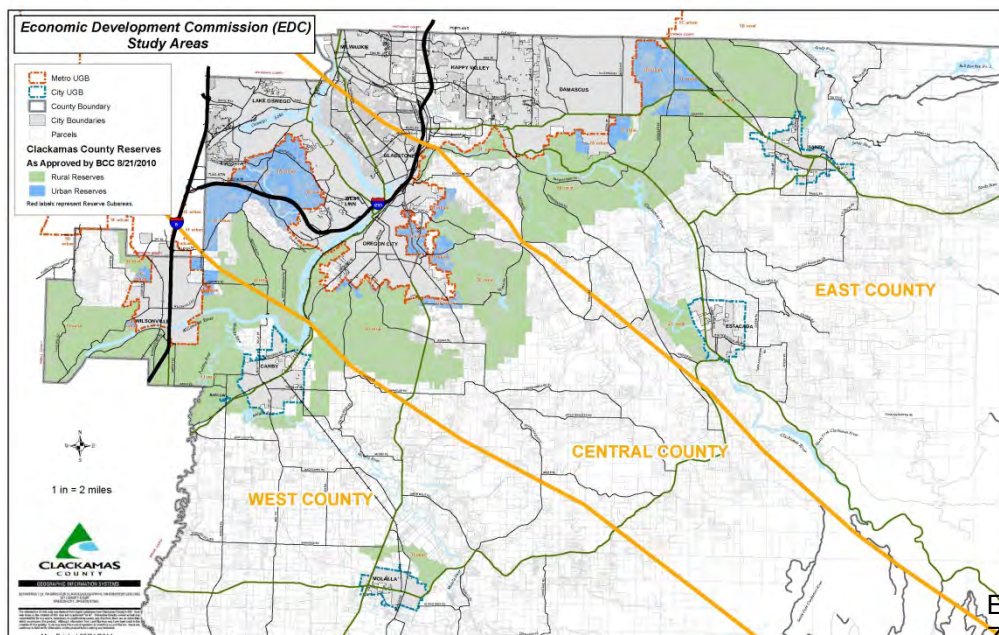
Throughout the individual study sessions, sub-committee members identified similarities in opportunities and constraints. Opportunities included location, ownership, and growth potential; constraints included transportation, natural gas, politically charged areas, rural reserves, and urban growth boundaries.

BACKGROUND

The EDC started this mission with presentation by Business and Economic Development Staff on the Asset Mapping Phase One and Two projects which identified all available employment lands in Clackamas County and identified constraints to development. The following Pipeline demonstrates the findings.



The next step for the EDC was to identify future employment areas and develop a Pipeline for demonstrating Low, Mid, and High Priority efforts for developing additional employment land inventory.



EDC COMMITTEES

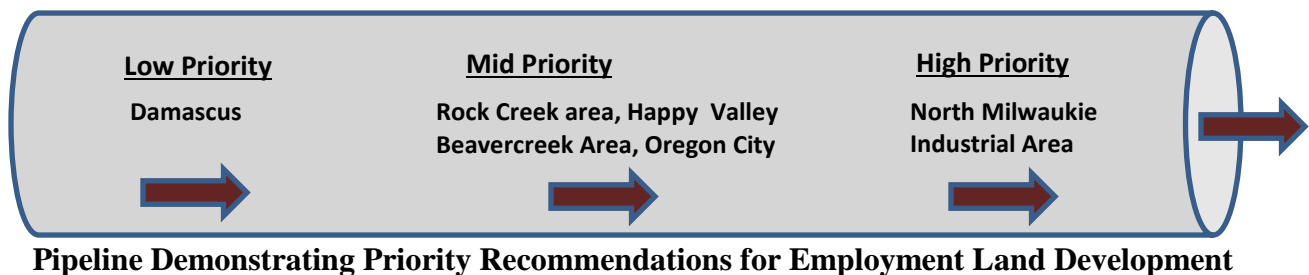
Inside the UGB Sub-Committee Members:

EDC Executive Committee:	Ken McClintock, Robert Campbell
EDC Members:	Lynn Wallis, Ken Humberston, Conrad Johnson, Bridget Dazey, Wilda Parks, Tammy Stempel, Peter Lund, Archie Ewers, Tammy Marquez-Oldham,
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Guest Speakers:	Michael Walter, City of Happy Valley Lynn Wallis, Worksource Clackamas Eric Underwood, City of Oregon City Steve Butler, City of Milwaukie Mark Fitz, City of Damascus

Outside the UGB Sub-Committee Members:

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EDC Members:	Norm Solomon, Cheryl McGinnis, Robert Fowke, Jerry Simmitt, Jon Gramenz, Gordon Young, Michele Conditt, Bennett Johnson, Matt Butts, John Drentlaw, Matthew Subotnik
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INSIDE THE UGB SUB-COMMITTEE FINAL RECOMMENDATIONS



1. High Priority

North Milwaukie Industrial Areas (NMIA) offers a unique and immediate opportunity for economic growth in Clackamas County. EDC's decision to recommend NMIA as a primary focus for BCC was an easy one to make, and is driven by three factors: proximity, connectivity, and collaboration. Proximity to the greater Portland metro area is a considerable competitive advantage for Milwaukie. Milwaukie is the main gateway to Clackamas County. As metro area population growth continues to accelerate, Milwaukie offers a perfect recipe for growth based on ease of access to downtown, livability, charm, competitive priced housing and broad commercial opportunities.

The sub-committee discussed the following question as put forth by the BCC: *"Where would the highest return on investment be?"* and compile the following responses:

- Public Funds:
 - Recommendation: Further Analysis Needed on determining if there are funds for transportation and infrastructure needed to redevelop this area. Also, work with City Leaders in Milwaukie to seek funding to study the feasibility of redevelopment of this area.
- Political Lobbying:
 - Recommendation: Work with the City Leaders in Milwaukie to determine a plan for gaining redevelopment support
- Long-range Infrastructure Planning:
 - Recommendation: Work with the City Leaders in Milwaukie to analyze a redevelopment scenario.

Notes: When the Orange line opens in 2015, Milwaukie will be directly connected with three major research and cultural hubs, OHSU, PSU and OMSI. These institutions have identified this transportation connection as an opportunity for economic and cultural exchange, and Milwaukie is ready to work directly with these groups to take advantage of this opportunity. The expected partnership between OHSU and the Knight Cancer Institute will likely generate a large demand for medical R&D/biotech facilities beyond what can be accommodated on the OHSU's South Waterfront campus in Portland; the NMIA's proximity to the new light rail line and the available acreage/building space make this area a good fit for future OHSU research and manufacturing facilities. OMSI's long term plan includes development of industrial space and the expansion of their advanced metals laboratory. Clackamas County's leadership in advanced metals manufacturing paired with Milwaukie's interest in developing its industrial lands provides an immediate opportunity for economic growth and raising the profile of the advanced metals industry

regionally. Opportunities in the broader medical, creative and manufacturing industries offered by these new institutional connections are also attractive. Milwaukie's economic development team has demonstrated to the EDC that it is prepared and energized to take advantage of opportunities. Their ability to coordinate with private and public growth partners and streamline the development process will encourage economic growth. Milwaukie's combination of a willing and energized team, attractive developable land, a growing downtown sector, and attractive residential options sets it apart from Clackamas County's other immediate opportunities, even if its favorable regional placement is disregarded.

Of all the inside the UGB study areas the EDC reviewed this year, we feel that Milwaukie is the most exciting choice for Clackamas County's economic development attention in the near future.

2. Mid Priority

A. Rock Creek area, Happy Valley

B. Beavercreek area, Oregon City

Given the timelines for the development of infrastructure in these two areas, the sub-committee determined these areas would be second in terms of recommended focus areas. A complete list of Opportunities and Constraints is shown in the monthly meeting summaries for each focus area.

A. Rock Creek area, Happy Valley

The sub-committee discussed the following question as put forth by the BCC: "*Where would the highest return on investment be?*" and compile the following responses:

- Public Funds:
 - Recommendation: Combination of funding sources (example: public/private/local improvement district)
 - Recommendation: Apply for State resources such as the Special Public Works Fund (SPWF) or the Immediate Opportunity Fund (IOF)
 - Recommendation: Prioritize county funds on county roads in the Rock Creek Employment Area (162nd & HWY 212)
- Political Lobbying:
 - Recommendation: Influence ODOT to prioritize the lane expansion of HWY 212/224 junction to 172nd from two lanes to five lanes.
 - Recommendation: Support business recruitment efforts to attract Foreign Direct Investment (FDI) specific to key industries identified for this site.
- Long-range Infrastructure Planning:
 - Recommendation: Long range planning needs will be dependent upon industry recommendations for this site.

B. Beavercreek Area, Oregon City

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- **Public Funds:**
 - Recommendation: Develop a P3 (public/private partnership). Combination of funding sources which could include a Local Improvement District.
 - Recommendation: Focus transportation investments on connections between Oregon City Development Sites #1 and #2 (OCDS) and the Beavercreek employment area as identified in the Beavercreek Concept Plan.
- **Political Lobbying:**
 - Recommendation: Acknowledgement voter approved annexation can impact employment land development.
 - Recommendation: Be prepared to respond to the question of “What is in it for the residents?” when it comes to new development.
- **Long-range Infrastructure Planning:**
 - Recommendation: Plan for transportation connection between employment area off of Fir Street to OCDS #1 and #2 and the Beavercreek Employment Area.
 - Recommendation: Recommend that Oregon City develop an Asset Management Plan to determine the capacity of the roads, sewer treatment facilities, water lines, and general capacity of infrastructure.

3. Low Priority

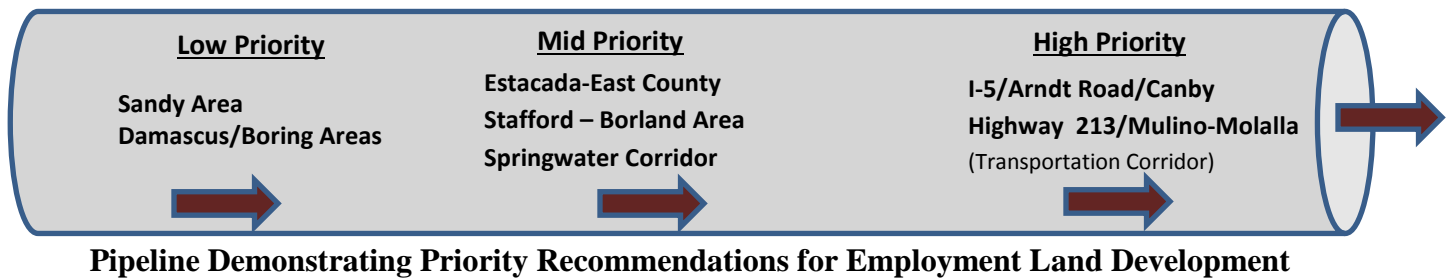
Damascus

As the City of Damascus has their Comprehensive Plan on the November 2014 ballot, the sub-committee determined that while there are potential growth and development opportunities, those activities will not occur until a Comprehensive Plan is adopted by the community. The consensus is to hold on any recommendations at this time until after the election.

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- **Public Funds:**
 - Recommendation: Possible sewer extension if comprehensive plan is approved.
- **Political Lobbying:**
 - Recommendation: In addition to the comments from August report, the consensus is to hold on any activities until after the November 2014 election.
- **Long-range Infrastructure Planning:**
 - Recommendation: In addition to the comments from August report, the consensus is to hold on any activities until after the November 2014 election.

OUTSIDE THE UGB SUB-COMMITTEE FINAL RECOMMENDATIONS



Outside the UGB Sub-Committee Summary:

Throughout the course of the EDC meetings, the “Outside Metro UGB” Sub-committee reviewed information and heard from a number of community and property spokespersons from the following study areas (*in order of discussion*):

- Park Industrial Area, Estacada
- Pioneer Industrial Park, Canby
- I-5 Exit 282A, French Prairie Area
- East County Boring/Carver/Springwater
- Stafford/Borland
- Final West County Swath
- Molalla

With the information made available to the sub-committee during discussions, participants were able to understand that Clackamas County is in the midst of a land shortage crisis. With an estimated lands need of 4,000 acres the county is not currently able to meet those needs unless a strategic approach is taken to identify additional employment lands and where they might be located.

Based on the information provided, the sub-committee puts forth the following recommendations for consideration to the Board of County Commissioners (BCC):

- Revisit the urban/rural reserves and re-evaluate employment land opportunities.
- Develop objective criteria in identifying where future employment lands might be located.
- Support and strengthen agricultural connections and opportunities.
- Review and consider the opportunities and constraints identified in the prioritized study areas (see below).

Based on information provided, the sub-committee has prioritized areas outside the UGB and compiled opportunities and constraints for further consideration by the BCC:

Priority Level:

- High:

- I5-Arndt Road/Canby-Highway 213/Mulino-Molalla Transportation Corridor
- High-Medium:
 - Estacada-East County Infrastructure/Natural Gas
 - Stafford – Borland Area
- Medium:
 - Springwater Corridor
- Low:
 - Sandy Area
 - Damascus/Boring Areas

Prioritized Areas of Discussion:

1. High Priority

I-5 Arndt Road/Canby-Highway 213/Mulino-Molalla Transportation Corridor:

A. Canby Pioneer Industrial Park: After receiving an overview of Canby’s current and future industrial areas and the job opportunities, including industry and manufacturing growth, development and access to rail, the sub-committee identified that the largest constraint included access to I-5. Therefore the recommendation(s) the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment might be for the Canby area includes:

- Public Funds:
 - Recommendation: The Committee would recommend that the BCC identify transportation funding needs for connections from Canby employment lands to I-5.
 - Recommendation: The Committee would recommend that the BCC support infrastructure improvements from Mulino Road to Highway 213.
- Political Lobbying:
 - Recommendation: Committee recommendation to identify and lobby for funds to improve transportation access from the Canby industrial area to I-5.
 - Recommendation: Committee recommendation to support a solution that would allow for infrastructure improvements in rural reserve areas.
- Long-range Infrastructure Planning:
 - Recommendation: I-5 Access from Canby employment lands
 - Recommendation: Infrastructure of Mulino Road with access to Highway 213
 - Recommendation: Aurora airport access
 - Recommendation: Potential partnership with Marion County

B. I-5 Exit 282-A (French Prairie Area): The area off I-5 known as the French Prairie Area is located in three county jurisdictions (Clackamas, Marion and Washington). There are existing developments in this area including Langdon Farm, Aurora State Airport, as well as ag-related industries on the Marion County portion. There are many opportunities for potential future employment development with large acreages in single

ownership or with property owners motivated to develop; as well as the proximity to utilities, access to I-5, proximity to urban areas, and the land itself has minimal topographical (flat land) and wetlands constraints. With the identified opportunities, the sub-committee was made aware of significant constraints impacting development such as the rural reserves, political impacts, transportation and infrastructure and capacity improvements. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment would be for the French Prairie Area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support efforts around the I-5 and Arndt Road connection
 - Recommendation: Revisit Rural Reserves in this area and seek legislative solution
 - Recommendation: Re-zone/re-designate land for future industrial/employment development
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this site.

C. **Final West County Swath:** The sub-committee received a brief overview of the 240 acres of land south of the Charbonneau area (40 acres are zoned RRFF5 and 200 acres are exception lands). The group identified that the lands appeared to be relatively flat with good I-5 access along with the location to the Aurora airport, making them highly suitable for employment opportunities. However, a major question is which jurisdiction will service this area. The recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for this area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation and other infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

D. **Molalla:** The Molalla area has available, ready to develop employment land with minimal topographical constraints, motivated property owners and relative access to Hwy 211 and Hwy 213. There are, however constraints facing Molalla's employment lands. Though access is available on Hwy 211 and Hwy 213, there are limitations to capacity and a solution will need to be sought. Also there have been no future employment lands identified in the current UGB plans. Therefore the recommendation(s) that the sub-

committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for the Molalla area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area

2. Mid Priority

A. Park Industrial Site, Estacada:

This 130 acres industrially zoned is certified through the Business Oregon Industrial Lands program. The site has numerous opportunities for development, however due to the lack of natural gas available to the site; it is constrained to the types of industries which may potentially locate to the property. Upon reviewing the site characteristics, the sub-committee makes the following recommendation(s) to the Board of County Commissioners for consideration on where the highest return on public investment would be in the Estacada area.

The sub-committee discussed the following question as put forth by the BCC: “*Where would the highest return on investment be?*” and compile the following responses:

- Public Funds:
 - Recommendation: Work with NW Natural Gas to find out what their benchmark is for investment. The City has been working to obtain this information, requested Bill Elliot to share findings with Committee.
 - Recommendation: Research and identify Federal and State funding resources to extend natural gas service. Consideration of State or County guarantee on a loan in order to “buy down” the interest rate.
 - Identify if County funds are available to contribute towards the natural gas impact costs.
- Political Lobbying:
 - Recommendation: Committee could make request to BCC to submit letter to NW Natural Gas encouraging prioritization of extending natural gas to Estacada.
- Long-range Infrastructure Planning:
 - Recommendation: Natural gas infrastructure.

B. Stafford/Borland:

The sub-committee had an opportunity to review previous work that had been completed to identify development opportunities for the Stafford/Borland area. Per the studies, opportunities for future employment lands that could potentially have good job creation densities. However there are significant development constraints on this area including the political implications of the area in conjunction with the adjacent communities. Currently the area is in unincorporated Clackamas County and is not served by a city. In addition there are also transportation and infrastructure constraints. Therefore the recommendation(s)

that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for the Stafford/Borland area includes:

- Public Funds:
 - Recommendation: EDC recommends that the BCC direct staff to study the Stafford/Borland area in the Clackamas County Employment Lands Analysis. The 2000 study completed by the City of Tualatin could serve as a foundation for information.
- Political Lobbying:
 - Recommendation: Support transportation/infrastructure investments in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

3. Low Priority

A. City of Sandy

The sub-committee received an overview on the City of Sandy and learned that the community was designated as the fifth fastest growing cities in Oregon for years 2000-2010. In addition, they have approximately 35,000 cars per day travel through the community providing a great opportunity for economic growth and development. Sandy has 15 acres of industrially zoned land and 60 acres of commercial land inside the city's limit and UGB and 250 total acres outside the UGB with approximately 40 acres in the reserve area. The lands within the city limits are fully served, with motivated property owners and minimal topographical (flat land) and wetlands on most of the lands. However there are transportation and access constraints on some of the employment lands as well as topographical constraints on a portion as well. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment would be for the Sandy area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation/infrastructure investments in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area

B. East County – Boring/Carver/Springwater

The sub-committee was able to hear more in-depth information on the methodology used to determine the urban and rural reserves. This allowed the sub-committee to conclude that though there is a great amount of land in the east county area, most is constrained by rural reserves. The lands identified in this area for employment uses include Damascus, which has not effectively adopted a comprehensive plan; leaving the County and region with a 1,200+ acre deficit in its inventory. The other area discussed where employment land is

EXHIBIT 46
BDO-265:

opportunity is in the Gresham area, which is in Multnomah County. In addition to rural reserves, the sub-committee identified transportation, utilities and infrastructure, and the pending decision on dis-corporation for the City of Damascus. Therefore the recommendation(s) that the sub-committee is putting forth to the Board of County Commissioners for consideration on where the highest return on public investment for the East County area includes:

- Public Funds:
 - Recommendation: Further analysis is needed
- Political Lobbying:
 - Recommendation: Support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

SUMMARY OF MONTHLY MEETINGS

INSIDE THE METRO UGB SUB-COMMITTEE

May Committee Session – Inside UGB

Rock Creek, Happy Valley

Guests: Michael Walter, City of Happy Valley; Lynn Wallis, Worksource Clackamas

OPPORTUNITIES

- Developable, “green-field” locations with no known Phase I Environmental hazards or issues.
- Land use zoning in the greater area includes light industrial, employment, commercial, institutional and residential.
- Nearby infrastructure includes 5-lane major arterial (172nd Ave.); a significant portion of a 5-lane arterial (Rock Creek Blvd.); OR Hwy. 212
- Rock Creek Interceptor (major sanitary sewer trunk line)
- Adequate water, sewer, gas and electricity for many types of industrial users
- Availability of property tax relief through an Enterprise Zone and Strategic Investment Zone.

CONSTRAINTS

- Topographic constraints on some properties
- Planned but not improved collector roadways that are a part of the City’s Transportation System Plan (TSP)
- Extension of sewer, water, gas and all other utilities to “green-field” sites
- Lack of larger, consolidated property ownership

Where would the highest return on public investment be

- Public Funds
 - Recommendation: Combination of funding sources (example: public/private/local improvement district)
 - Recommendation: Apply for State resources such as the Special Public Works Fund (SPWF) or the Immediate Opportunity Fund (IOF)
 - Recommendation: Prioritize county funds on county roads in the Rock Creek Employment Area (162nd & HWY 212)
- Political Lobbying
 - Recommendation: Influence ODOT to prioritize the lane expansion of HWY 212/224 to 172nd from two lanes to five lanes
 - Recommendation: Support business recruitment efforts to attract Foreign Direct Investment (FDI) specific to key industries identified for this site.
- Long range infrastructure planning
 - Recommendation: Long range planning needs will be dependent upon industry recommendations for this site.

Preferred industries for this site include:

Technology

Healthcare

Professional Services

Media/Digital Device Manufacturing

Note: Staff reached out to Providence to discuss the available land however, Providence did not have anyone available at this time

June Committee Session – Inside UGB

Beavercreek, Oregon City

Guests: Eric Underwood, City of Oregon City; Lynn Wallis, Worksource Clackamas

OPPORTUNITIES

- Significant employment, economic diversification and enhanced job density if Oregon City Development Sites 1 & 2 were served with the proper infrastructure (sewer, water and transportation).

CONSTRAINTS

- Funding and lack of an infrastructure plan.

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Develop a P3 (public/private partnership). Combination of funding sources which could include a Local Improvement District.
 - Recommendation: Focus transportation investments on connections between OCDS 1 & 2 and the Beavercreek employment area as identified in the Beavercreek Concept Plan.
- Political Lobbying
 - Recommendation: Provide support to relocate Bonneville Power Administration power lines that run through the employment areas. This could include placing the lines underground allowing for more developable acreage thus increasing the potential for more jobs and assessed value.
 - Recommendation: Review voter approved annexation.
 - Recommendation: Be prepared to respond to the question of “What is in it for the residents?” when it comes to new development.
- Long range infrastructure planning
 - Recommendation: Plan for transportation connection between employment area off of Fir Street to OCDS 1 & 2 and the Beavercreek Employment Area.
 - Recommendation: Recommend that Oregon City develop an Asset Management Plan to determine the capacity of the roads, sewer treatment facilities, water lines, and general capacity of infrastructure.

Preferred industries for this site include:

Advanced Manufacturing

Professional Services

****Campus style development of the Beavercreek Employment Area.**

July Committee Session – Inside UGB

North Milwaukie Industrial Area

Guests: Steve Butler, Denny Egner, Vera Kolias, City of Milwaukie; Lynn Wallis, Worksource Clackamas

OPPORTUNITIES

- Redevelopment of sites that are currently in public ownership
- Ability to generate higher numbers of jobs per acre
- Capitalize on new Light Rail access for redevelopment purposes
- Close connection to OHSU South Waterfront Campus
- Proximity to downtown Milwaukie

CONSTRAINTS

- Publically owned land/facilities
- Transportation access
- Existing building inventory features (i.e. Low ceiling heights, design for warehouse/distribution uses)
- Lack of redevelopment finance tools

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Assistance with funding of an analysis to determine the feasibility of key target industries
 - Recommendation: Assistance in funding transportation access improvements to move goods and people through the east side of the industrial area.
- Political Lobbying
 - Recommendation: Support the desire to keep the use of the TriMet owned property as shared parking for local employers – until TriMet decides to sell.
 - Recommendation: Continue exploring possible relocation of public owned land/facilities such as Oregon Department of Transportation (ODOT), Oregon Liquor Control Commission (OLCC) out of the industrial area in order for private development to occur.
 - Recommendation: Reach out to Oregon Health Science University (OHSU) and the Oregon Bioscience Association to discuss development opportunities given the proximity to the OHSU campus, and the community's desire to target the bioscience/high tech industry.
- Long range infrastructure planning
 - Recommendation: Explore potential transportation impact on access points to McLoughlin Blvd when redevelopment of the industrial area occurs and there are more jobs per acre.

The committee also discussed the following suggested activities for EDC members and County staff:

- EDC members to attend Milwaukie City Council meeting when the City Economic Development Program is presented.
- Attend an upcoming City of Milwaukie Economic Development Summit (date to be determined)
- County Staff to participate with City Staff in joint business outreach calls to existing companies located in the industrial area to learn more about long term plans for their offices.

The City of Milwaukie staff has determined the two priority sites for redevelopment in the industrial area include (in order):

1. ODOT site
2. Properties at the North end of the industrial area that are closest to the Light Rail station

Preferred industries for this site include:

Technology

Bioscience

Advanced Metals Manufacturing

Food Processing

Professional Services

August Committee Session: Inside UGB
City of Damascus
Guest: Mark Fitz, Damascus Planning Commission

OPPORTUNITIES

- Wilda Parks commented that there are opportunities for new growth once a Comprehensive Plan is adopted.

CONSTRAINTS

- Mark Fitz included in his presentation that the City of Damascus does not have: commercial navigable waterway, Rail way access inside the City, commercial airport, waste water treatment, wide spread three phase power, wide spread natural gas.
- Wilda Parks commented that lack of major infrastructure and transportation were constraints.

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: (to be determined at September meeting)
- Political Lobbying
 - Recommendation: Mark Fitz commented that if the Comprehensive Plan does/does not pass, State law could be amended to allow the County to hold the land use process until a City passes their land use Comprehensive Plan.
- Long range infrastructure planning
 - Recommendation: Mark Fitz referred to presentation slide titled “Industrial Zoning” and stated that the circle on the left side of the map would be the easiest to develop with passage of a Comprehensive Plan.

Preferred industries for this site include:
(To be determined at September meeting)

September Committee Session – Inside UGB
City of Damascus – Continued conversation from August EDC meeting

OPPORTUNITIES

- See comments from August report.

CONSTRAINTS

- See comments from August report.

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Invest in sewer extension if comprehensive plan is approved.
- Political Lobbying
 - Recommendation: In addition to the comments from August report, the consensus is to hold on any activities until after the November 2014 election.
- Long range infrastructure planning
 - Recommendation: In addition to the comments from August report, the consensus is to hold on any activities until after the November 2014 election.

Preferred industries for this site include:

- To be determined upon results of the November 2014 election

October Committee Session: Inside UGB

FINAL DELIBERATIONS

COMMITTEE MEETING DATE: October 22, 2014

COMMITTEE ATTENDEES: Rob Campbell, Ken McClintock, Matt Butts, Peter Lund, Bridget Dazey, Ken Humberston, John Drentlaw, Conrad Johnson, Tammy Stempel, Dave Nielsen, Rob McEachern, Mike Williams

COUNTY STAFF: Corina Olsen

TOPICS DISCUSSED

- Ken Humberston commented that marketing Clackamas County with a few simple road signs (“Home of Advanced Metal”) at all of our major arteries may provoke someone to inquire and want to know more about what the County does. Discussion around marketing continued and the members agree that it’s important.
- Rob Campbell commented that there is a conflict of jurisdiction within the County and because of that sensitivity he asked how the County can help or be of support. There is a huge opportunity to think bigger and make linkages with OHSU and Tri-Met.
- Peter Lund asked if high level talks may help. Could we get our leaders to go out and talk to these industries?
- John Drentlaw mentioned that we are looking at Milwaukie due to the Orange Line. Tri-Met is separate. Asked if it’s was a good idea to add housing on the pipeline.
- Bridget Dazey said that Tri-Met is doing their vision planning right now. Proposed that we ask Tri-Met to host a forum so that this group and elected officials can become more engaged with one another. This is priority.
- Conrad Johnson made the comment re-branding and synergy – we have a great opportunity to promote the County.
- Mike Williams said that most County’s leave the “re-branding” work to the Cities. One strategy could be trying to cluster areas together i.e. Sandy, Estacada, Damascus and create an outer to show how diverse the County is. Look at advanced metals as a cluster while we have the opportunity to strengthen metal. Another strategic option is to make Clackamas County the new Kruse Way or Amber Glen. Mike also mentioned that he missed City of Milwaukie’s presentation to the committee and is going to ask for the City to have another meeting; he will invite committee members to this meeting.
- Dave Nielsen talked about Metro’s Urban Growth model and warned that it will create major housing problems for the County and other areas.

Next Steps for Committee:

- **Add the following items to the final report:**
 - **Bridget Dazey will provide some language to enhance skilled workforce and training by highlighting WICCO and Clackamas Community College***
 - **Add available acreage amounts to each area studied on the pipeline**

- **Committee members will provide more detailed language to the executive summary**
- **Davie Nielsen will provide a summary of Metro's Urban Growth report***
- **Add Metro's Urban Growth report as an addendum to the final report**

***Note: Reports submitted will be forwarded to the EDC Executive Committee, however will not be included in the final report as they were not submitted and discussed by the EDC membership.**

SUMMARY OF MONTHLY MEETINGS

OUTSIDE THE METRO UGB SUB-COMMITTEE

May Committee Session – Outside UGB

Estacada 130 Acre Industrial Site

Guests: Mike Parks, Park Development LLC.; Bill Elliot, City of Estacada

OPPORTUNITIES

- Workforce

CONSTRAINTS

- Natural Gas

Where would the highest return on public investment be?

- Public Funds:
 - Recommendation: Work with NW Natural Gas to find out what their benchmark is for investment. The City has been working to obtain this information, requested Bill Elliot to share findings with Committee.
 - Recommendation: Research and identify Federal and State funding resources to extend gas service. Consideration of State or County guarantee on a loan in order to “buy down” the interest rate.
 - Recommendation: Prioritize County funds (example: could the County partner with NW Natural and pay half the costs)
- Political Lobbying:
 - Recommendation: Committee could make request to BCC to submit letter to NW Natural Gas encouraging prioritization of extending natural gas to Estacada.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

June Committee Session: Outside UGB

Canby Pioneer Industrial Park

Guest: Renate Mengelberg, Economic Development Manager, City of Canby

OPPORTUNITIES

- Available Land for Infrastructure

CONSTRAINTS

- Transportation/Access to I-5

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: The Committee would recommend the BCC to identify transportation investment opportunities for connections from Canby employment lands to I-5.
 - Recommendation: Aurora airport access
 - Recommendation: The Committee would recommend that the BCC support infrastructure improvements from Mulino Road to Highway 213.
- Political Lobbying
 - Recommendation: Committee recommendation to identify and lobby for funds to improve transportation access from the Canby industrial area to I-5.
 - Recommendation: Committee recommendation to support a solution that would allow for infrastructure improvements in rural reserve areas.
 - Recommendation: Voter approved annexation on employment
 - Recommendation: Aurora airport access
- Long range infrastructure planning
 - Recommendation: I-5 Access from Canby employment lands
 - Recommendation: Infrastructure of Mulino Road with access to Highway 213
 - Recommendation: Aurora airport access

July Committee Session: Outside UGB

French Prairie/Langdon Farm properties

Guests: Hal Kever, WH Pacific and Rainse Anderson, WH Pacific

OPPORTUNITIES

- Land ownership: 385 acres under single ownership
- There are additional potential employment lands with multiple property owners nearby, most of which are supportive of development
- Proximity to Aurora Airport:
 - Currently 750 employees in proximity to airport; projection by 2030 950 employees
 - Future development opportunities and expansion of runway
 - Utilities and infrastructure are in proximity to lands
 - Proximity to I-5
 - Proximity to urban area
 - Minimal topographical (flat land) and minimal wetlands constraints
 - Good location in region from an economic development perspective; location is attractive/marketable to top tier companies
 - Economic growth opportunities to support agricultural industry

CONSTRAINTS

- Political factors
- Transportation: connection to I-5 via Arndt Road for capacity
- Infrastructure:
 - Capacity improvements
 - Jurisdiction willingness to serve properties or development of service district
- Rural Reserve designation
- Current zoning (EFU) – Metro approval for re-designation
- Possible Boone Bridge traffic impacts

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Information on public investment requirement was not available at the time of the discussion.
- Political Lobbying
 - Recommendation: Continue to support efforts around the I-5 and Arndt Road connection
 - Recommendation: Consider lobbying for a Rural Reserves “*Grand Bargaining*” similar to Washington County
 - Recommendation: Re-zone/re-designate land for future industrial/employment development
- Long-range Infrastructure Planning:

- Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this site.

Catherine provided a copy of the *Revised Findings for Clackamas County Urban and Rural Reserves* and a corresponding *Economic Development Commission Study Areas* map to the committee and asked that they review the documents.

August Study Session: Outside UGB
City of Sandy
Guest: Tracey Brown, City of Sandy

OPPORTUNITIES

- 60 Acres of commercial land with upgraded water and sewer
- Motivated property owners
- Free bus transportation system
- Internet/fiber service
- Quality of life
- Minimal topographical (flat land) and minimal wetlands constraints

CONSTRAINTS

- Transportation: connectivity to Hwy 26 and industrial land
- Topographical (flat land) and minimal wetlands constraints

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Information on public investment requirement was not available at the time of the discussion.
- Political Lobbying
 - Recommendation: Continue to support transportation/infrastructure investments in the area.
- Long range infrastructure planning
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

August Study Session
East County Boring/Carver/Springwater & Surrounding Areas
Guests: Martha Fritzie, Rick Gruen, Clackamas County

OPPORTUNITIES

- Hwy 26 would be a viable route
- Large employment area to build out in Gresham, as identified in regional industrial lands study
- Clackamas River could attract businesses in the outdoor and fishing arena

CONSTRAINTS

- EFU (Exclusive Farm Use) Land
- Clackamas River water quality
- East/West transportation
- Utilities/Infrastructure
- City of Damascus

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Information on public investment requirement was not available at the time of the discussion.
- Political Lobbying:
 - Recommendation: Continue to support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

Stafford/Borland and South of 205

OPPORTUNITIES

- Approximately 100 acres zoned for employment use
- Net developable land of 2450 acres
- 85% of property owners interested in development
- Moderately flat large lot development sites
- Proximity to I-205
- High quality housing and quality of life

CONSTRAINTS

- Transportation/infrastructure (I-205)
- Additional housing
- Political implications
- No current city interest in serving area

Where would the highest return on public investment be?

- Public Funds: Further analysis is needed
- Political Lobbying:
 - Continue to support transportation/infrastructure investments in the area.
- Long-range Infrastructure Planning:
 - Long range infrastructure planning needs will be determined by the use best suited for this area.

September Study Session: Outside UGB
Final West Swath – Dan Chandler, Clackamas County

OPPORTUNITIES

- Relatively flat land
- Access to I-5
- Some property owners interested in development

CONSTRAINTS:

- Multiple property owners
- In the rural reserves
- Infrastructure
- Political Implications

Where would the highest return on public investment be?

- Public Funds
 - Recommendation: Information on public investment requirement was not available at the time of the discussion.
- Political Lobbying
 - Recommendation: Continue to support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

September Study Session
Molalla
Guest: Jamie Johnk, Clackamas County

OPPORTUNITIES

- Available employment land
- Minimal topographical (flat land) and minimal wetlands constraints
- Motivated property owners
- Some improvements forthcoming to Highway 211
- Quality of life

CONSTRAINTS

- Transportation (Hwy 211/213)
- No identified future employment lands
- Multiple property owners of some of the employment lands

Where would the highest return on public investment be?

- Public Funds

- Recommendation: Information on public investment requirement was not available at the time of the discussion.
- Political Lobbying:
 - Recommendation: Continue to support transportation and infrastructure improvements in the area.
- Long-range Infrastructure Planning:
 - Recommendation: Long range infrastructure planning needs will be determined by the use best suited for this area.

October Committee Session : Outside UGB FINAL DELIBERATIONS

COMMITTEE MEETING DATE: October 22, 2014

COMMITTEE ATTENDEES: Richard Goddard, David Neilson, Bill Avison, Commissioner Savas, Matt Butts, Bennett Johnson, Jerry Simnitt, Robert Fowkes, Cheryl McGinnis, Gordon Young, Michele Conditt, Jon Gramenz

COUNTY STAFF: Jamie Johnk

TOPICS DISCUSSED

Richard led the discussion on the final draft of the committee priorities and recommendations; feedback ensued as follows:

- Gordon indicated that jobs and employment are the priorities and transportation/access to the communities where opportunities exist (Arndt Road, Hwy 224, etc.).
- Commissioner Savas shared that it is difficult for the BCC to prioritize areas.
- Cheryl stated that some areas are more ready for development than areas still waiting for infrastructure (i.e. Estacada waiting for natural gas). She recommends that her identified highest priority would be the I5 connection - Canby/French Prairie area; however felt that Stafford/Borland area might become another Damascus.
- Bennett recommends focus on areas that has the “biggest bang” – what area of infrastructure investment would yield the highest return. She however does not feel that the committee received enough information to make an informed recommendation. That said, based on the information provided, the highest priority areas would be Canby I5 connection and possibly Stafford area.
- Robert recommended breaking the areas down for prioritizing – Canby is ready to go except for transportation/ infrastructure impacts which also impacts the areas to the north and east.
- Matt suggested recommended identifying near term priorities and what could lead to development.
- Jon felt that infrastructure improvements in the Canby and French Prairie areas and connection to Highway 213 and Molalla were the highest priority.
- Jerry agreed that the Canby/French Prairie connection is priority.
- Gordon reminded the group that Canby is a great agricultural area; Springwater area is more long-term but better discussion than Canby farm land.
- Jerry agrees that Canby’s agricultural land is important; however getting product to I5 is a huge challenge.
- Michele shared that her priorities would be the I5 connection including Canby to Highway 213/Molalla and Estacada/East County infrastructure and natural gas.
- Bill indicated that Canby has designated employment lands ready to go; French Prairie might open up for development with the I5 connection.
- Commissioner Savas identified the I5 connection as the I5/Canby/Molino-Highway 213 corridor.

- Norm would like recognition of the county's horticultural shipping in the region.
- Michele added that lower priorities might be Sandy and Damascus areas.
- Commissioner Savas agreed that the east county area might be a lower priority due to the infrastructure needs and foundational farmlands.

Overall recommendations from the sub-committee, based on the information that has been provided include the following:

- The BCC review the urban/rural reserves and re-evaluate employment land opportunities.
- Develop more objective criteria in identifying where future employment lands might be located.
- Compile the opportunities and constraints and recommendations from all of the areas the Committee has studied and provide to the Board.
- Support and strengthen agricultural connections and opportunities.

In addition, the sub-committee has prioritized the areas discussed this year, based on the information provided as follows:

- High
 - I5-Arndt Road/Canby-Highway 213/Mulino-Molalla Transportation Corridor
- High-Mid
 - Estacada-East County Infrastructure/Natural Gas
 - Stafford – Borland Area
- Medium
 - Springwater Corridor
- Low
 - Sandy Area
 - Damascus/Boring Areas

Next Steps for Committee:

- **Add the following items to the final report:**
 - **Add prioritized areas and available acreage amounts to each area studied on the pipeline**
 - **Add more content to summary directly preceding the recommendations**
 - **Rearrange discussion areas to match prioritization**
 - **Include bullets recommendations from September meeting to the summary**

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REGIONAL INDUSTRIAL SITE READINESS

2014 Inventory Update

Submitted

September 2014

Project Number

2110160.03

EXHIBIT 46
ZDO-265:
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REGIONAL INDUSTRIAL SITE READINESS – 2014 Inventory Update

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EXECUTIVE SUMMARY

This report is an update to the *2011 Regional Industrial Site Readiness Project* of large (25+ acres) industrial sites within the Portland metropolitan area Urban Growth Boundary (UGB) and select urban reserves¹. The project is a partnership of Business Oregon, Metro, NAIOP - Commercial Real Estate Development Association Oregon Chapter, Oregon Department of Land Conservation and Development, Port of Portland, and the Portland Business Alliance, with cooperation from local governments and private property owners. This update is intended to inform local, regional, and state efforts to ensure an adequate supply of development-ready large industrial sites for traded-sector job creation.

Portland-Metro's Traded Sector, a 2012 Value of Jobs Report issued by Portland Business Alliance, found that on average a traded-sector worker in the Portland metropolitan area earns 42% more than a local-sector worker in the Portland metropolitan region. Promoting traded-sector job creation also spurs the local economy with a multiplier of 2.5 local-sector jobs created for each high-skilled traded-sector job. The production of traded-sector goods (i.e., manufacturing) remains a backbone of Portland metropolitan area's employment. Manufacturing jobs provide higher wages and better benefits than non-manufacturing jobs, particularly for those workers without a high school or college degree. The availability of large and market-ready industrial sites is critical to expanding and attracting traded-sector businesses and growing middle-income jobs key to a prosperous region.

This update intends to:

1. inventory and track changes in the region's large lot industrial site supply;
2. analyze movement of sites from varying states of site readiness;
3. inform policy makers on activity, such as policy changes or infrastructure investments, that have increased the supply and/or readiness of development-ready sites; and
4. support policy and investment decisions required to ensure an adequate supply of development-ready large industrial sites to support economic growth.

The development-readiness tiers used in this inventory are based on those established during the 2011 project:

Tier 1: Development-ready within 180 days of application submittal (i.e., projects can receive all necessary permits; sites can be served with infrastructure and zoned and annexed into the city within this timeframe).

ACTIONS THAT MADE SITES MORE DEVELOPMENT-READY	
Local and state legislative actions ²	2
Changes in property owner willingness to transact	2
Environmental constraint mitigation	2
Infrastructure investments	5

Tier 2: Likely to require 7-30 months to become development-ready.

Tier 3: Likely to require over 30 months to become development-ready.

Tier 1 sites are the only sites generally considered recruitment-ready for businesses expanding or locating in the Portland region. In a globally competitive environment, businesses increasingly require compressed timelines for

¹ Although this inventory does not include sites within rural areas of these three counties that are outside the UGB and selected urban reserves, these sites are important to the region's economic prosperity.

² Legislative actions include Urban Growth Boundary (UGB) expansion, annexation, zoning, and concept planning.

decision making and development. While not considered marketable for most recruitments, Tier 2 could be feasible for expansions of existing businesses and for speculative development for investors. Tier 3 sites are viewed as being non-competitive in the market, and are therefore unavailable for business expansion and recruitment without significant investments, changes in regulatory compliance, or land price discounted by property owners.

Findings

Of the 54 sites in the 2014 inventory:

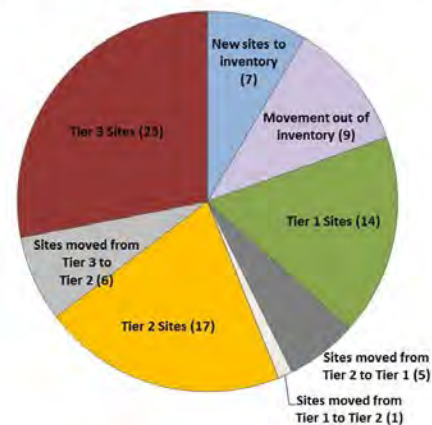
- There are 14 Tier 1 sites; 17 Tier 2 sites; and 23 Tier 3 sites.
- Seven new sites were **added** to the inventory since 2011.
- Nine sites were **removed** from the inventory since 2011:

ACTIVITY RESULTING IN INVENTORY REMOVAL	
User designated ³ :	1
Program changes ⁴ :	2
Construction and development:	3
Local and state legislative actions:	3
Total:	9

- Three of these sites are currently being developed and projected to result in \$38 million in investments and 416 new jobs when construction is complete⁵; one of the sites is being used as a temporary parking lot⁶ for Intel's Ronler Acres Campus expansion.
- Since this June 2014 inventory was completed, three additional Tier 1 sites have been absorbed in the market⁷.

- Five sites moved up from Tier 2 to Tier 1.
- Six sites moved up from Tier 3 to Tier 2.
- Large industrial sites face multiple development constraints, including: required state and local legislative actions⁸, inadequate infrastructure and transportation⁹, land assembly needs, natural resources mitigation, brownfield remediation, and property owners not willing to transact.

Total Sites and 2011-2014 Inventory Movement



³ User designated sites are sites owned and held for future expansion of existing regional firms and not available to the general market.

⁴ Current property owners have designated these sites to meet long-term operational needs. As a result, these sites are no longer available to the general market.

⁵ **Site 11:** Portland International Airport in Portland has two buildings under construction totaling 491,200 square feet with a \$28.5 million investment and 141 projected distribution and logistics jobs available in late 2014 (Port of Portland). **Site 40:** Pacific Realty in Tualatin has two buildings under construction totaling 100,000 square feet with a \$9.5 million investment and 275 projected distribution and logistics jobs available in 2015 (PacTrust). **Site 44:** Intel Corporation in Hillsboro was previously used as a staging area and is now a temporary parking lot for the D1X and D2X fabrication plants at the Intel Ronler Acres Campus with investment of \$1 billion (Intel).

⁶ Intel received land use approval for a temporary parking lot until 2023 at which point the property may be redeveloped.

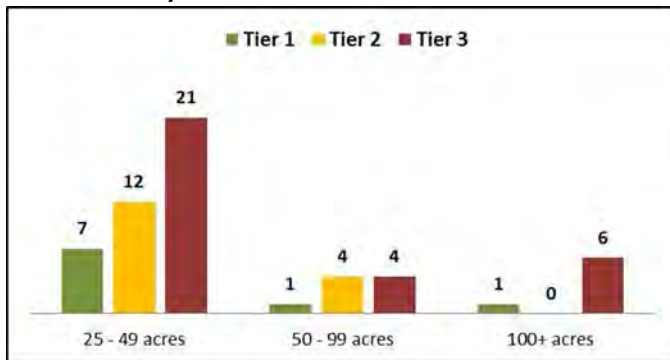
⁷ **Site 13:** Specht Properties in Portland; **Site 46:** Development Services of America (Westmark site) in Hillsboro; **Site 114:** Colwood Ltd Partnership in Portland.

⁸ Local and state legislative actions include UGB expansion, annexation, zoning, and concept planning.

⁹ Infrastructure includes water, sewer, and stormwater utilities.

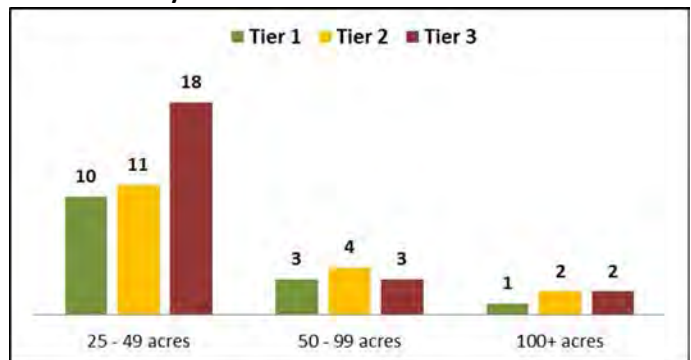
The following charts and tables compare site net developable acreage changes between the 2011 and 2014 inventories.

2011 Inventory: 56 sites



	2011 Inventory	2014 Inventory
Tier 1	9	14
Tier 2	16	17
Tier 3	31	23
Total	56 sites	54 sites

2014 Inventory: 54 sites



	2011 Inventory	2014 Inventory
25-49 acres	40	39
50-99 acres	9	10
100+ acres	7	5
Total	56 sites	54 sites

The increase in Tier 1 sites in the 2014 inventory is a result of the addition of three new sites to the inventory¹⁰ and five sites upgraded from Tier 2¹¹, offset by the market absorption of three Tier 1 sites. Of the 14 Tier sites, only seven have broad market appeal.

Of the 11 sites that moved up a tier, seven sites required investment in infrastructure and mitigation.

- Two sites moved up a tier due to mitigation of environmental constraints.¹²
- Five sites received transportation/infrastructure investments, totaling approximately \$39.5 million.¹³

Four of the sites which moved up a tier were able to do so without significant investment in infrastructure.

- Two sites had a change in the property owner's willingness to transact and were upgraded to Tier 2.¹⁴
- Two sites were taken out of urban reserves and brought into the UGB by House Bill 4078 in 2014.¹⁵

¹⁰ **Site 111:** Weston Investment – an aggregated site; **Site 113:** Henningsen Cold Storage – increased in site acreage due to decision to vacate dedicated right-of-way and building demolition for future development; and **Site 114:** Colwood Ltd Partnership – open space rezoned to industrial.

¹¹ **Site 13:** Specht Propertlines Inc.; **Site 22:** Port of Portland – GVBW West; **Site 29:** Clackamas County Development Agency; **Site 50:** Shute North; **Site 52:** Shute South.

¹² **Site 13:** Specht Properties and **Site 29:** Clackamas County Development Agency.

¹³ **Sites 18 and 19:** Troutdale Reynolds Industrial Park Phase 2 - The Port has expended \$2.5M in planning and design to permit the infrastructure for Phase 2. \$8 million in regional transportation funding was approved for the local roads, along with a transfer of \$6 million in funding from the State-funded Troutdale interchange project and \$1.1 million from the City of Troutdale.; **Site 29:** Clackamas County Development Agency - \$1.1 million in State Immediate Opportunity Fund and Clackamas County funding was used to improve local road access to the site. An additional \$1.8 million in County funds paid for extension of 120th Avenue; **Sites 50 and 52:** Shute Road North and South - \$8 million in regional transportation funding and \$10 million transfer of I-26/Brookwood interchange savings was used to pay for the construction of nearby local road improvements. The City of Hillsboro contributed \$1 million dollars for water infrastructure and planning for sewer line pump station and extension.

¹⁴ **Site 23:** Mt. Hood Community College and **Site 47:** Cranford.

¹⁵ **Site 101:** Vanrose Farms and **Site 104:** Meek Subarea.

Conclusions

- The Portland region's supply of large industrial sites over 25 net developable acres has decreased since 2011.
- There have been positive impacts in site readiness from investments in infrastructure, mitigation and local and state legislative actions. Movement between tiers is largely due to infrastructure investments, and environmental constraint mitigation (7 sites).
- Supply continues to be most limited for larger sites of 50 acres or more.
 - There is only one 100-plus acre Tier 1 site in the region. Larger sites are more complex and take patience to acquire and develop.
- Sites with multiple property owners require aggregation. This is a key issue to supplying larger sites to the market affecting a third of the Tier 2 and Tier 3 sites in the inventory (13 sites).
- There are multiple market-readiness site constraints for other sites in the pipeline.
- Over half of the Tier 2 and Tier 3 sites require local and state legislative actions such as annexation zoning, completion of concept planning, or addition to the urban growth boundary (23 sites).
- Between 40% and 60% of Tier 2 and Tier 3 sites have transportation, infrastructure, and/or environmental mitigation constraints (17-25 sites).
- While brownfield redevelopment affects only six large industrial sites, three industrial sites are located in the Portland Harbor Superfund site which will add significant costs, time, and brownfield redevelopment challenges and require coordinated strategies.
- While investments in infrastructure, changes in ownership willingness to transact, and legislative actions have improved the quality of sites in the inventory, with 11 sites moving closer to market readiness; site readiness is not occurring at a pace sufficient to keep up with demand.¹⁶

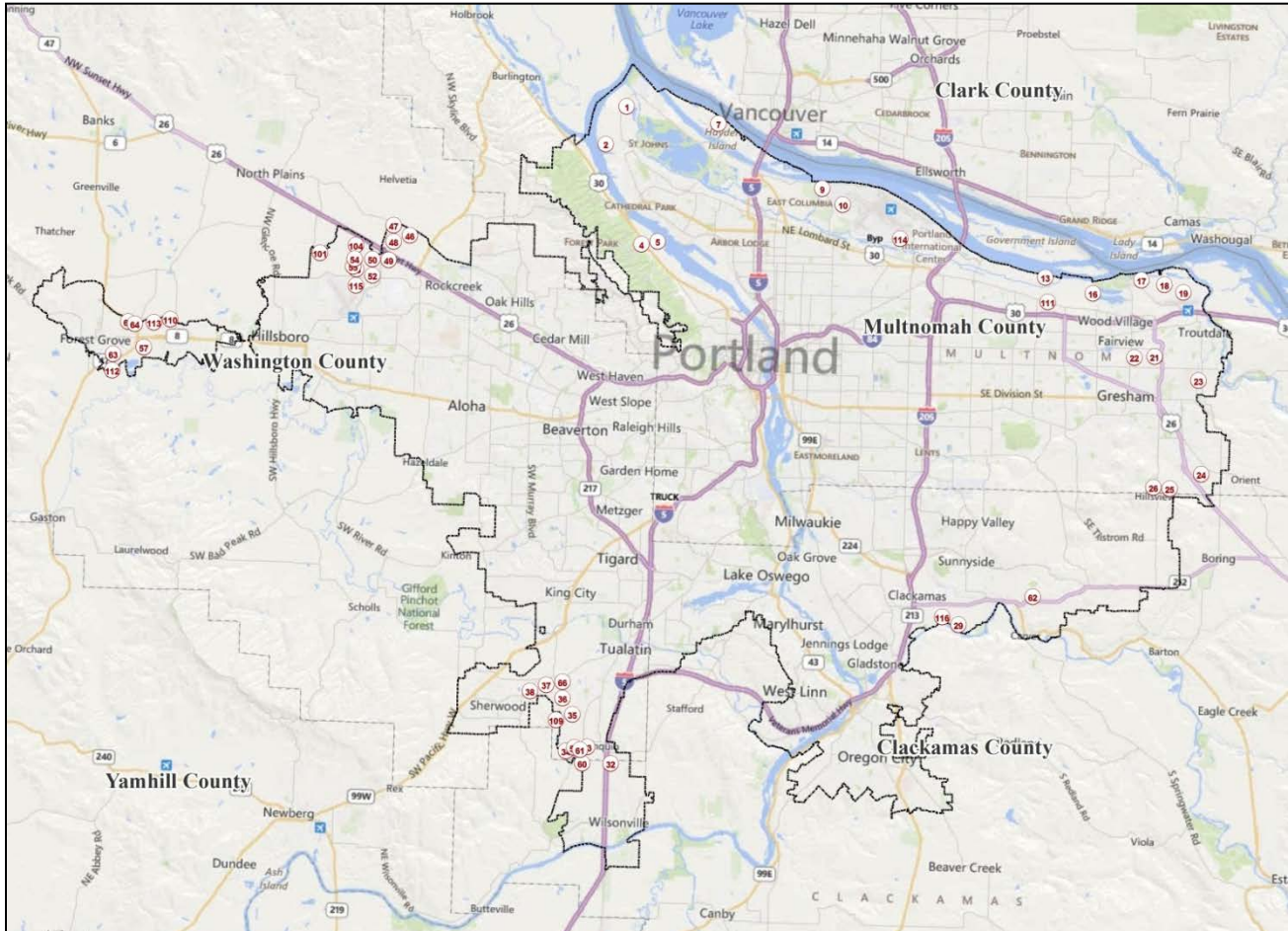
As the economy continues to recover and demand increases due to business growth and investment, additional strategies to increase the continued supply of land will be needed. In order to provide the required land supply to meet projected 2035 population and employment growth within the Metro UGB¹⁷, create middle income jobs to address income disparity, and achieve a sustainable tax base critical to public services¹⁸, state and regional policymakers must work from an accurate and practical employment land inventory and prioritize policy actions and investments to address industrial site readiness, aggregation, infrastructure, environmental constraint mitigation, legislative actions, and industrial brownfield identification and mitigation. Regular updates to the inventory support the region's traded-sector prosperity and job creation efforts allow tracking of progress in efforts to maintain a supply of sites and help target investments and policy decisions to ensure an adequate supply of development-ready industrial sites. With reduced federal funds, the region will need to be more strategic about investments required to move sites to market ready sites to support these goals.

¹⁶ The inventory shows an overall decrease in the total number acres and total number of sites, and a 26% decrease in Tier 3 sites over the two and a half year period.

¹⁷ The draft *2014 Metro Urban Growth Report* forecasts 85,000 to 440,000 additional jobs and 300,000 to 485,000 additional people inside the Metro urban growth boundary by the year 2035.

¹⁸ State personal income taxes and local property taxes.

Regional Map of Tier 1, 2, and 3 Sites



Note: Additional maps are available in Appendix B of this report.

Source: Mackenzie

PROJECT SUMMARY

Project Purpose

The *2011-12 Regional Industrial Site Readiness Project* assessed the Portland region's supply of development-ready large industrial sites, a critical part of a strategy to retain and attract traded-sector jobs. *Portland-Metro's Traded Sector*, a 2012 Value of Jobs Report issued by Portland Business Alliance, found that on average a traded-sector worker in the Portland metropolitan area earns 42% more than a local-sector worker in the Portland metropolitan region. In an income tax dependent state such as Oregon, these high wage traded-sector jobs generate more revenue for critical services like schools, health care, and social services than local-sector jobs. Traded-sector jobs have a multiplier effect throughout the economy, with an additional 2.5 local-sector jobs created for each traded-sector job. Manufacturing is the backbone of the Portland metropolitan area's traded-sector employment. Manufacturing jobs provide employment opportunities for those without a high school or college degree. The availability of market-ready industrial lands is critical for growing a prosperous traded-sector economy and middle-income jobs.

Because the Portland region must compete with other metropolitan areas for these traded-sector jobs, it must have an adequate inventory of development-ready large industrial sites for expanding and attracting companies. This report is an update to the 2011 inventory which described the supply and market-readiness of large (25 acres and larger) industrial sites in the Portland metropolitan region¹⁹. For purposes of this study, only vacant, industrially zoned or planned lands within the Portland metropolitan Urban Growth Boundary (UGB) and select Urban Reserves were analyzed. The 2014 inventory utilized the same methodology that was developed during the 2011-2012 Project.

The original project was conceived partly in response to Metro's *2009 Urban Growth Report*, which identified a shortage of large industrial sites in the region and the need to replenish large industrial sites as they are developed. The original project report was produced by Mackenzie in partnership with Business Oregon, Metro, NAIOP - Commercial Real Estate Development Association Oregon Chapter, Port of Portland, and the Portland Business Alliance whose representatives served as the Project Management Team (PMT).

The 2011 inventory created in Phase 1 of this *Regional Industrial Site Readiness Project* provided a community-wide understanding of the supply of vacant large industrial lands, the time and investment needed to get land development ready, and the severity of development constraints. While the 2011 report and this update are limited in scope to industrial lands within the Metro UGB and urban reserves, several communities have replicated the work for other locations, most notably Clackamas County's county-wide work in 2013-14²⁰.

Phase 2 of the 2011-12 project analyzed the development readiness of 12 sites, identifying a development scenario, constraints to development, costs for on- and off-site developments, and economic benefits derived from such development. This analysis highlighted the significant economic benefit that would result from development, with a significant share of benefit accruing to the State through personal income taxes. The findings supported the passage of Senate Bills 246 and 253 in 2013, designed to provide State financial assistance for local site readiness and due diligence work.

¹⁹ The Regional Industrial Site Readiness Project examines vacant, industrially-zoned, or planned lands within the Portland metropolitan area's UGB and selected urban reserves that are suitable for large industrial development by new firms moving to the region, development companies who develop business and employment centers, or support the growth of existing firms. The study identified and documented user-owned sites held for future use, but excluded these from the detailed analysis because these sites were not available to the general marketplace. Rural areas of Clackamas and Washington counties outside the Metro UGB were not included in this analysis.

²⁰ <http://cmap.clackamas.us/ccss/>

As with the 2011 inventory, the 2014 inventory update focuses on the quality of land and how ready it is for development versus the quantity of gross acres. The inventory is intended to be maintained and updated on a regular basis to reflect market changes, development, investments, and actions to move sites to market. It will also help to inform continued local and private sector efforts to increase site readiness, legislative actions to fund the site readiness, and due diligence programs, and Metro's *2014 Urban Growth Report* and 2015 Growth Management Decision. The *Urban Growth Report* assesses the region's long-range industrial site inventory and, as such, has a broader perspective than this inventory, which focuses on site-readiness for short- and medium-term job creation opportunities. The common theme of both the Urban Growth Report and this inventory is that the public and private sectors need to work cooperatively to make sites available for private sector job creation.

The inventory update reflects conditions as of June 2014. Seven new sites have become available to the market and nine sites from the 2011 inventory are no longer available to the market. This report summarizes the findings of the 2014 inventory and highlights changes from the October 2011 inventory to show movement within the market and the impact of recent legislative changes.

2014 INVENTORY

Background on the Update

The 2011 inventory identified available land for traded-sector employment expansion and attraction within the Metro UGB. Since the 2011 inventory was completed, there have been many changes to the inventory, including market activity as shown on Table 9. The PMT initiated this inventory update to reflect those changes and provide data for Metro's *2014 Urban Growth Report*. The PMT recommends future inventory updates on a similar cycle.

The 2014 inventory update assessed sites over 25 net developable acres to identify development-ready sites (Tier 1) and sites that need additional work and investment (Tier 2 and Tier 3). The 2014 inventory update did not analyze the size of investments needed to move Tier 2 and Tier 3 sites to development-ready status. Clackamas and Washington counties are undertaking detailed site assessments using the methodology developed in Phase 2 of the *2011-12 Regional Industrial Site Readiness Project*.

The inventory update provides a database of industrial sites to support the region's economic development efforts. The database lays a foundation for the work of local jurisdictions, Greater Portland Inc., Metro, the Port of Portland, and the State, to grow the region's job base through market absorption of Tier 1 sites, make investments in site readiness, and bring Tier 2 and Tier 3 sites to Tier 1 status.

Mackenzie and the PMT evaluated sites using similar criteria and metrics as companies or developers would use, rather than limiting analysis to existing parcels or tax lots. A site in this inventory could be a single owner parcel or multiple adjacent parcels that can be combined into a single site; combined parcels could include adjacent parcels in the same ownership and/or in multiple ownerships. This update is also important because trends and changes can be examined since the previous inventory, not solely the quantity of land. It assesses legislative actions and market changes to understand the transformation of sites. It is anticipated that in future updates of the inventory additional data points will help identify trends that may further inform policymakers.

Tiering Criteria and the Process to Score the Sites

The tiering system utilized in this inventory update was based on development readiness criteria established during the 2011-2012 project. The tiers are based on industry standards and mirror the recruitment/development timeframe used by the State's Industrial Site Certification Process. The tiers are defined as follows.

- Tier 1** Sites have over 25 net developable acres and are development-ready, or can be development-ready, within 180 days (six months). It is anticipated that no, or minimal, infrastructure or brownfield remediation is necessary and that due diligence and entitlements could be provided and/or obtained within this time period. A Tier 1 site does not have a use restriction and is currently on the market for sale or lease, or the ownership is willing to transact within 180 days. Sites in this tier would generally qualify for Business Oregon's Industrial Site Certification program.
- Tier 2** Sites have over 25 net developable acres and require additional actions that would take between seven to 30 months to be counted as development-ready. The seven to 30 month timeframe is for sites that are less competitive for expansions and recruitment, but may still be of some interest to more patient users/developers. These sites may have deficiency issues with regard to infrastructure or may require brownfield remediation, annexation, and additional local and state legislative actions that are assumed to take more than six months. Additionally, these sites may have a marine or aviation use restriction that limits, but does not eliminate, their market opportunity. These sites are

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currently on the market for sale or lease, or the property owner is willing to transact. If the property owners' willingness to transact is unknown, the site may still be considered a Tier 2 site. Should the site be in multiple ownerships, an agreement to aggregate within 30 months must be in place.

Tier 3 Sites have over 25 net developable acres and require the most cost and time to deliver a development-ready site. Tier 3 sites include those that require 30 months or more to be development-ready and represent the least competitive sites from an expansion, recruitment, or a speculative development perspective. In addition to the criterion for Tier 2, these sites may or may not be currently for sale or lease, or the owner may or may not be willing to transact. In a small number of cases, sites are in Tier 3 because required information was not available at the time this report was published.

Table 1 below shows the tiering criteria developed and used by the PMT and consultant team to tier the sites.

Table 1: Inventory Tiering Criteria

	25 net developable acres	Use Restriction	Brownfield Remediation	Annexation Required	Sewer, Water, & Storm	System Mobility	Currently for Sale or Lease		Willingness to Transact
Tier 1	Within six (6) months	No	No or Within six (6) months (Score of A)	No	A or B	A or B	Yes	OR	Yes
Tier 2	Within 7-30 months	Yes or No	Within 7-30 Months (Score of B)	Yes or No	A, B, or C	A, B, or C	Yes	OR	Yes or Unknown
Tier 3	>30 months	Yes or No	>30 months (Score of C)	Yes or No	A, B, or C	A, B, or C	Yes or No	OR	Yes or No or Unknown

Source: Mackenzie

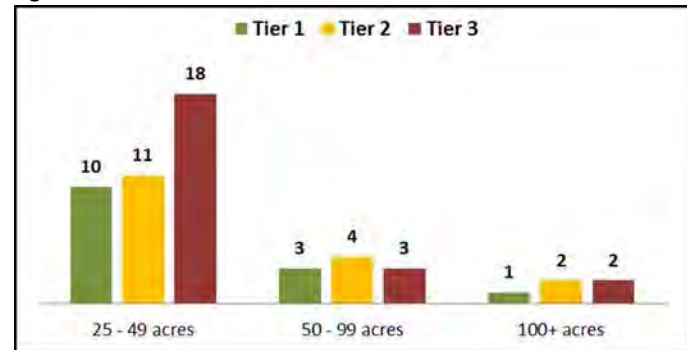
2014 INVENTORY UPDATE FINDINGS

Development Readiness

Industrial sites in the region are in varying states of readiness, requiring regulatory approvals (development permitting, environmental resource mitigation), local discretionary actions (concept planning, annexation, zoning), infrastructure (sewer, water, transportation), site/property owner aggregation, and brownfield remediation.

The study finds that the region has a limited supply of large industrial land readily available to attract and grow employers needed for the region to prosper, particularly sites of 50 net developable acres or more. Net developable acres are gross acres less wetlands, floodplain, 10%+ slopes, streams, and other development constraints that limit development. Figure 1 represents the findings of the regional inventory as of June 2014.

Figure 1: Site Distribution Based on Tiers



Source: Mackenzie

The study found the following.

14 Tier 1 sites

Available for facility construction within 180 days

There are 14 Tier 1 “market-ready” sites available for development opportunities in the near term, mostly in the 25 to 49 acre range. Tier 1 sites total approximately 650 net developable acres.

17 Tier 2 sites

Available for facility construction between seven and 30 months

Tier 2 mid-term sites require additional investment and policy actions to be market-ready. Of the 17 Tier 2 sites totaling approximately 1,100 net developable acres, four of these sites require property owner assembly.

23 Tier 3 sites

Available for facility construction beyond 30 months

There are multiple challenges to address to bring these 23 Tier 3 sites to market. Investment and actions required to move these sites forward include site aggregation, brownfield remediation, wetland mitigation, transportation/infrastructure improvements, and annexation. Nine of the Tier 3 sites (40%) require property owner assembly. Net developable acres in Tier 3 totals approximately 1,300 acres.

50-plus and 100-plus acre size sites

There is a limited supply of 50-plus and 100-plus acre sites in the Portland region. With respect to 100-plus acre sites, the study found:

- One Tier 1 site: Site 21: Gresham Vista Business Park (owned by Port of Portland)
- Two Tier 2 sites: Site 104: Meek Subarea site and Site 101: Vanrose Farms/Bert & Bernie LLC (Hillsboro)
- Two Tier 3 sites: Site 7: West Hayden Island and Site 10: SW Quad (both owned by the Port of Portland)

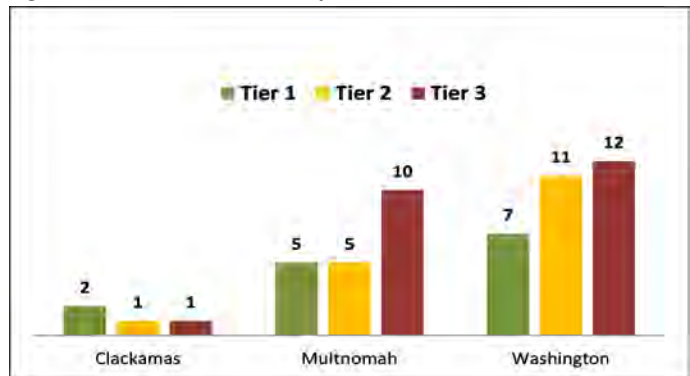
Tier 2 and 3 Development Constraints

There are multiple development constraints impacting the 40 Tier 2 and Tier 3 sites as outlined in the table below. Parcel aggregation is an issue affecting 25% of the sites in the inventory. More than 50% of the Tier 2 and Tier 3 sites require local and state legislative action and 45% of Tier 2 and Tier 3 sites have significant site infrastructure constraints.

Tier 2 and Tier 3 Development Constraints	
Brownfield clean up:	6
Natural Resources:	18
Infrastructure (water, sewer, storm utilities):	17
Transportation:	25
Land Assembly:	13
Local and State Legislative Actions:	23
Willingness to Transact	
No:	10
Unknown:	6

Note: Most sites may have multiple constraints

Figure 2: Distribution of Sites by Location



Source: Mackenzie

Tier 1, 2, and 3 Site Results

The 2014 update is based on the best available public information available to the consultant as of June 2014. The inventory of industrial sites in the Portland region will change over time; as such, this inventory is a snapshot in time. Changes to this inventory update are based on better information, such as wetland delineations; site surveys; property owner conversations; new properties coming on the market; properties in the inventory coming off the market due to transactions; a change in tier status based on investment or other actions; and other issues, such as an increase in property owner willingness to transact or other user designation.

The inventory update identifies 54 large industrial sites in the Metro UGB and selected urban reserves (Figure 2). Of these 54 sites in the inventory, 14 sites (26%) are Tier 1; 17 sites (31%) are Tier 2; and 23 sites (43%) are Tier 3 sites. Many of the Tier 3 sites have significant barriers to market readiness and may not be able to be aggregated as a site at all. The complete inventory of sites detailing all of the data prepared for each site, their location in the region, and their tiers can be found in Appendix A with regional maps found in Appendix B.

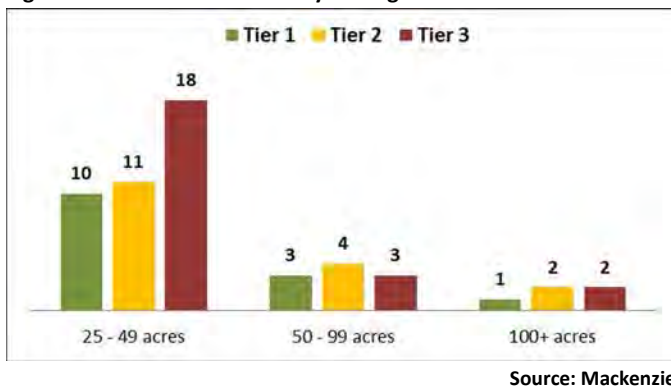
TIER AND SITE DISTRIBUTION BY COUNTY				
Tier/Acres	Clackamas	Multnomah	Washington	Total
Absorbed by the Market	0	1	2	3
Tier 1	2	5	7	14
25-49 acres	2	3	5	10
50-99 acres	0	1	2	3
100+ acres	0	1	0	1

Tier/Acres	Clackamas	Multnomah	Washington	Total
Tier 2	1	5	11	17
25-49 acres	1	2	8	11
50-99 acres	0	3	1	4
100+ acres	0	0	2	2
Tier 3	1	10	12	23
25-49 acres	1	8	9	18
50-99 acres	0	0	3	3
100+ acres	0	2	0	2
TOTAL	4	20	30	54

Tier 1 Sites

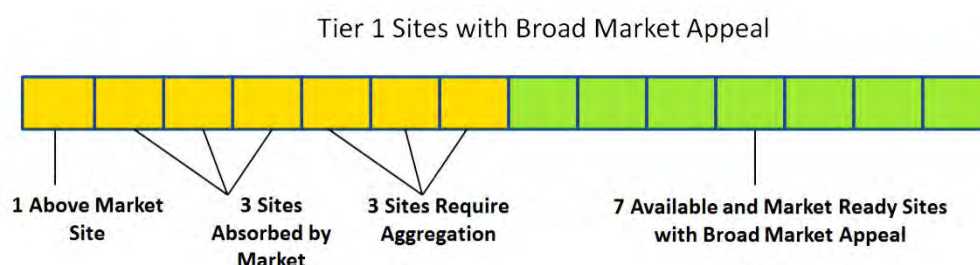
Of the 14 Tier 1 sites, seven are in Washington County, five are in Multnomah County and two are in Clackamas County (Figure 3). The number of larger sites is limited as approximately 70% of the Tier 1 sites are in the 25-49 acre range. There are only three 50-acre sites and one 100-acre site that are Tier 1.

Figure 4: Distribution of Sites by Acreage



In addition to development-readiness, there are a handful of economic factors that drive the suitability of industrial sites for immediate development. A closer look at the 14 Tier 1 sites (Table 2) reveals that the number of sites attractive to a broad range of potential traded-sector companies is even smaller. Of the 14 Tier 1 sites, there are seven sites that meet standard market requirements. Three sites have multiple owners and a potential user must aggregate these sites themselves. One site is currently for sale at an above market price for industrial development. It is unclear if, or when, the

current owner will align the asking price with current industrial market pricing. Three sites that have been absorbed by the market since June 2014²¹.



Over 85% of the Tier 1 sites are in Multnomah or Washington County²². Because the inventory only includes sites within the Portland metropolitan UGB or select urban reserves, industrial sites located in rural Washington

²¹ Site 13: Specht Properties in Portland; Site 46: Development Services of America (Westmark site) in Hillsboro; Site 114: Co...
²² ...

County and Clackamas County, such as Banks, Canby, Sandy, Molalla, and Estacada are not included in this inventory²³. However, these sites are an important component of the regional economy. Table 3 details the Tier 1 sites.

²² Approximately 40% of Multnomah County is within the Metro UGB; 17% of Washington County; and 5% of Clackamas County.

²³ <http://cmap.clackamas.us/ccss/>

Table 3: Tier 1 Site Summary

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acreage	Number of Tax lots	Number of Owners	Currently for Sale/Lease	Willing to Transact
13	Specht Properties Inc.	Portland	Multnomah	28.11	26.52	3		S	
21	Port Of Portland GVBP - East	Gresham	Multnomah	115.98	115.01	5		S/L	
22	Port Of Portland GVBP - West	Gresham	Multnomah	87.79	67.84	3		S/L	
29	Clackamas County Development Agency	Clackamas	Clackamas	61.93	40.00	11		S/L	
32	Ralph & Shirley Elligsen	Wilsonville	Clackamas	33.42	30.20	2		S	
46	Development Services Of America (Westmark Site)	Hillsboro	Washington	30.02	30.02	1		S	
48	Dewayne Wafford (Baker/Bindewald Site)	Hillsboro	Washington	46.06	44.58	1		S	
49	Majestic Realty Company	Hillsboro	Washington	75.11	62.75	9		S/L	
50	Shute North (Berger/Moore Trust/Boyles Trust)	Hillsboro	Washington	73.31	55.00	5	3	S	
52	Shute South (Berger Properties/Moore Trust)	Hillsboro	Washington	42.91	42.91	2	2	S	
57	Merix Corporation	Forest Grove	Washington	34.25	29.71	1		S	
111	Weston Investments and CCF Oregon LLC	Gresham	Multnomah	34.99	26.00	2	2	S	
113	Henningsen Cold Storage	Forest Grove	Washington	28.57	26.44	3			YES
114	Colwood LTD Partnership	Portland	Multnomah	47.55	39.42	1		S	

Note: It is assumed that if a property is currently listed for sale or lease, the property owner is willing to transact.

Source: Mackenzie

Tier 2 Sites

The analysis found 17 Tier 2 sites within the Metro UGB. The bulk of these sites are in Washington or Multnomah County with only one site in Clackamas County. The number of large sites in Tier 2 is limited, with four sites that are between 50-99 acres and two 100-plus acre sites.

The few large sites in Tier 2 face significant challenges to become market-ready, including the need to build infrastructure (roads and sewer), mitigate wetlands, and assemble parcels currently under multiple ownerships. Many of these sites have multiple development constraints that limit their marketability. The inventory update did not identify specific constraints at each site, but the list of potential constraints includes environmental clean-up, infrastructure upgrades, property owner aggregation, annexation, wetland/floodplain fill. Of the 17 Tier 2

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sites, four require aggregation and eight require local and state legislative actions, such as UGB expansion, annexation, zoning, and concept planning.

Generally, the constraints to readiness for Tier 2 sites are less extensive than Tier 3 sites, requiring less time and lower costs than the majority of the Tier 3 sites. Tier 2 sites present the best opportunity to focus resources to bring more sites to market. Table 4 details the Tier 2 sites.

Table 4: Tier 2 Site Summary

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acreage	Number of Tax lots	Number of Owners	Currently for Sale/Lease	Willing to Transact
1	Port of Portland (Rivergate)	Portland	Multnomah	51.44	51.21	4		L	
9	Port of Portland (NE Marine Drive & 33rd Avenue)	Portland	Multnomah	66.74	62.70	1		L	
18	Port of Portland (Trip - Phase 2)	Troutdale	Multnomah	42.67	30.18	3		S/L	
19	Port of Portland (Trip - Phase 2)	Troutdale	Multnomah	80.53	80.34	2		S/L	
23	Mt Hood Community College	Troutdale	Multnomah	38.45	37.40	3			Yes
38	Biles Family LLC	Sherwood	Washington	39.60	30.89	1		S	
47	Julian & Sharon Cranford	Hillsboro	Washington	28.51	27.29	1		S	
54	5305 NW 253RD Avenue LLC	Hillsboro	Washington	38.49	28.59	1			N/A
55	Spokane Humane Society & Spokanimal Care	Hillsboro	Washington	45.49	36.00	1			Yes
56	East Evergreen Site	Hillsboro	Washington	70.74	61.00	9	7	S	Yes
62	Rock Creek Site	Happy Valley	Clackamas	40.83	36.82	5	2	S	Yes
63	Woodburn Industrial Capital	Forest Grove	Washington	26.17	25.01	1		S/L	
66	Kenneth Itel	Tualatin	Washington	46.25	30.25	2			Yes
101	Vanrose Farms and Bert & Bernie LLC	Hillsboro	Washington	271.64	224.83	2	2		Yes
104	Meek Subarea Site	Hillsboro	Washington	268.02	257.42	8	7		Yes
112	Hally Haworth	Forest Grove	Washington	38.19	36.15	2			Yes
115	SolarWorld	Hillsboro	Washington	46.23	46.23	1		S	

Note: It is assumed that if a property is currently listed for sale or lease, the property owner is willing to transact.

Source: Mackenzie
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Tier 3 Sites

The analysis found 23 Tier 3 sites within the Metro UGB and selected urban reserves. While all but one of the Tier 3 sites are inside the UGB or select urban reserve sites, this category of sites has multiple and significant constraints to overcome to get to market-readiness. Similar to the other tiers, the number of larger Tier 3 sites is also limited, with three sites that are between 50-99 acres and two 100-plus acre sites.

Nine of the Tier 3 sites (nearly 40%) require aggregation of parcels in separate ownerships. Ownership ranges from two owners for the Woodfold site in Forest Grove (Site 64) and the Davis Family Trust & Taghon site in Cornelius (Site 110) to up to 16 owners for the Coffee Creek site #1 in Wilsonville (Site 33). Five of these nine sites have more than three ownerships. The more owners involved, the more complex and lengthy the aggregation process.

More than two-thirds (15) of the sites in Tier 3 will require some kind of local or state legislative actions such as UGB expansion, annexation, zoning and concept planning to become development-ready. Examples include sites that are outside the current UGB and West Hayden Island, which is inside the UGB but subject to a lengthy planning and annexation process that is likely to include significant mitigation requirements. If approved for development, the West Hayden Island site is at least seven years away from readiness due to permits, mitigation, and infrastructure requirements. There are also two sites on the edge of the UGB with tax lots that are partially inside the UGB and partially outside of the UGB included in this study. This split of urban and rural land creates a legislative challenge as only lots within the UGB are allowed to develop to urban use and intensity. Development to urban intensities includes a prohibition on partitioning of these lots to a size inconsistent with rural land uses and zoning. For the purpose of this study, only the portions of the tax lots inside the UGB are included as a site. Oregon Department of Land Conservation and Development is currently engaged in a process to fix this legislative issue.

Another issue affecting five Tier 3 sites is brownfield contamination. Three of these sites are located in the City of Portland adjacent to the Willamette River Superfund designation and have significant development issues, risk, and uncertainty.

Three of the Tier 3 sites (15%) are currently operating as active quarries with gross site acreage varying from 26 to 85 to 300 acres. These sites have been mined for decades and as a result are significantly sloped due to excavation.

Providing a market perspective on the quality of sites is a major objective of this analysis. Market-readiness requires first and foremost, a willingness to enter into a transaction by the property owner. However, simply a lack of willingness to transact, or a lack of information of a willingness to transact, was not a reason to exclude a site in the inventory. Of the 23 Tier 3 sites, 16 (nearly 70%) either lack a willingness to transact or the information was unable to be determined as part of this study. Slightly over 20% of the Tier 3 sites (four sites) are currently, or could be, available to the general market, as the property owner is willing to enter into a transaction. Only 13% (three sites) are currently listed for sale on the market. Table 5 provides a complete list of the Tier 3 sites.

Table 5: Tier 3 Site Summary

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acreage	Number of Tax lots	Number of Owners	Currently for Sale/Lease	Willing to Transact
2	Time Oil Company	Portland	Multnomah	51.10	39.40	7			Yes
4	ESCO Corp	Portland	Multnomah	37.62	29.92	6	3		N/A
5	Atofina Chemicals INC	Portland	Multnomah	59.76	47.25	6			N/A
7	Port of Portland (West Hayden Island)	Portland	Multnomah	472.00	300.00	3			Yes
10	Port of Portland (SW Quad)	Portland	Multnomah	209.69	206.47	5			Yes
16	Michael Cereghino	Gresham	Multnomah	41.63	25.00	5		S	
17	Port of Portland (Trip - Phase 3)	Fairview	Multnomah	34.14	30.00	1		S/L	
24	Jean Johnson	Gresham	Multnomah	37.17	33.82	1			N/A
25	Lester Jonak Jr.	Gresham	Multnomah	34.19	27.07	1			N/A
26	Michael & Ardele Obrist	Gresham	Multnomah	33.51	33.51	2			N/A
33	Coffee Creek Industrial Area - Site 1	Wilsonville	Washington	89.59	84.70	21	16		No
34	Kennedy/Fitzpatrick/Vanleeuwen	Wilsonville	Washington	52.88	25.50	3			N/A
35	Tonquin Industrial Area	Tualatin	Washington	49.52	34.32	8	7		Yes
36	Tigard Sand & Gravel Site	Tualatin	Washington	301.08	25.00				No
37	Orr Family Farm LLC	Sherwood	Washington	96.26	77.00	1			No
59	Coffee Creek Industrial Area - Site 2	Wilsonville	Washington	45.07	44.49	12	7		No
60	Coffee Creek Industrial Area - Site 3	Wilsonville	Washington	28.82	26.22	10	6		No
61	Coffee Creek Industrial Area - Site 4	Wilsonville	Washington	46.57	42.37	12	8		No
64	Woodfold-Marco MFG Inc. (East Oak Street)	Forest Grove	Washington	27.67	25.06	2	2		No

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acreage	Number of Tax lots	Number of Owners	Currently for Sale/Lease	Willing to Transact
65	Woodforld-Marco MFG Inc. (West Oak Street)	Forest Grove	Washington	53.66	52.97	5			No
109	Morse Bros. Inc.	Tualatin	Washington	83.68	25.00	7			No
110	Davis Family Trust & Remi Taghon	Cornelius	Washington	49.01	40.21	10	2		Yes/No
111	Northwest Sand & Gravel Inc.	Unincorporated	Clackamas	26.2	25.10	6	1	S	

Source: Mackenzie

Note: "YES/NO" is for a property with two owners – one willing to transact and one not willing to transact. Additionally, it is assumed that if a property is currently listed for sale or lease, the property owner is willing to transact.

Additional Sites

There are several dozen industrially designated sites that are not included in this inventory update. These sites fall into three categories.

1. The parcel/site is greater than 25 gross acres, but when constraints (environmental or restrictive zoning/overlay) are taken into consideration, the net developable acreage falls below 25 acres. (See Table 6)
2. The parcel/site is owned by a company that is **part of an existing campus/development** and the company has future expansion plans. This vacant land is not currently available to the market for another prospective user. The site is partially vacant but reserved for expansion. (See Table 7)
3. The parcel/site is owned by a company that has **future development plans**; therefore the site is not currently on the market for a prospective user. The site is fully vacant and land banked for new development. (See Table 7)

Although these sites do not appear in the 2014 inventory in this report, they are still an important portion of the region's industrial land supply. Appendix C provides regional maps of these sites.

Sites with Less Than 25 Net Developable Acres

There are 16 parcels and/or sites in this study that have 25 gross acres, but do not have 25 net developable acres. However, these sites are still part of the region's inventory of industrial land as they may be developable for smaller users. These sites are identified in Table 6 below, but are not included in the 2014 inventory because they did not meet the criteria of this study.

Table 6: Parcels or Sites with Less Than 25 Net Developable Acres

Owner	Location	Gross Acreage	Approximate Net Developable Acres	Notes
McCormick & Bassili Investments LLC	Happy Valley (HWY 212 & 162nd)	33.98	7.5	Environmental constraints result in <25 net developable acres – according to Clackamas County
Weaver Russell	Happy Valley (HWY 212 & 162nd)	34.19	3.5	Environmental constraints result in <25 net developable acres – according to Clackamas County
Fazio	Portland (East of NE MLK & Gertz)	34.96	22	Existing drainage ditch bisects site into a 21.5 acre site; net developable acres in largest development parcel is less than 25 acres
Graphic Packaging	North Portland (Marine Drive & Portland)	26.26	2.75	Environmental constraints result in <25 net developable acres
Catellus	Portland (N of Airport and 185th)	31.99	3.5	Environmental constraints result in <25 acres remaining (wetlands and floodplain)
Langer Family	Sherwood (TS Road & Adams)	56.48	< 25	Public utility district overlay on site results in <25 net developable
Orwa Sherwood LLC	Sherwood (T/S Road & Adams)	50.25	6	Bisecting road results in <25 net developable acres
Fred Fields property	Tigard (Hall and Hunziker)	35.6	<25	Environmental constraints result in <25 net developable acres (market/site knowledge)
David Young	Wilsonville (S of Boeckman W of I5)	33.9	0	Significant Resource Overlay Zone environmental constraints – according to City of Wilsonville
Gary Walgraeve	Tualatin (Herman Road & 118th)	54.95	14.5	Environmental constraints result in <25 net developable acres – according to City of Tualatin
Edward Wager	Tualatin (T/S Road & 124th)	32.14	13	Environmental constraints result in <25 net developable acres – according to City of Tualatin
Joe Bernert Tow Inc.	Wilsonville (Wilsonville Road & Boones Ferry)	31.18	13.5	Significant Resource Overlay Zone – according to Wilsonville
Rock Creek aggregate site	Happy Valley (Rock Creek Blvd & SE 172nd Avenue)	25.03	21.04	Slope constraints
Powin Pacific Properties LLC	Tualatin (T/S Road & 115th)	29.47	13.45	Wetlands and stream on site
Port of Portland	Portland (NE 33rd; South of Marine Drive)	28	23	Drainage ditches result in <25 net developable acres
Port of Portland	Portland (South of SW Quad)	67.5	0	Reserved for open space/wetlands mitigation. Land is not greater than 25 net developable acres – according to Port of Portland

Owner	Location	Gross Acreage	Approximate Net Developable Acres	Notes
Port of Portland	Fairview (South of site 17)	100	0	Reserved for open space/wetlands mitigation. Land is not greater than 25 net developable acres – according to Port of Portland
Port of Portland	Troutdale (East of Troutdale Reynolds Industrial Park site 20)	64	0	Reserved for open space/conservation. Land is not greater than 25 net development acres – according to Port of Portland
Xerox (2 parcels)	Wilsonville (East of Interstate 5)	95.81	34.1	Remaining 34.1 acres are reserved for future on site environmental mitigation for the Xerox campus and not developable

Source: Mackenzie

User Owned and User Designated Sites

This analysis also excluded land-banked parcels that are owned and held for future expansion by existing regional firms. These parcels are an important part of the regional industrial land inventory, but since they are being held by their current owners for future development, they are not considered to be available to the general market, which is the focus of this study. There are 25 user-owned sites with at a minimum 25 net developable acres that are being held for future development in this study (Table 7). Twelve (12) of these sites are vacant (for future use) with 25 or more net developable acres; and 13 are partially vacant (buildings on site/part of existing campus), but still have a minimum of 25 acres vacant for future expansion.

Table 7: User Owned and User Designated Sites

Owner	Location	Gross Acreage	Vacant Acreage	Vacant: for future use	Partially Vacant: in use	Notes
N Pacific Union Conference Association SDA	Gresham (Foster & Tillstrom)	66.9	66.9	X		Reserved for future use/development
Providence Health	Happy Valley (HWY 212 & 162nd)	49.7	49.7	X		Reserved for future use/development
Intel (Future parking lot)	Hillsboro (Cornell & Cornelius Pass)	47.36	47.36	X		Reserved for future use/development (parking lot)

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Owner	Location	Gross Acreage	Vacant Acreage	Vacant: for future use	Partially Vacant: in use	Notes
Legacy Health Services	Hillsboro (Cornell & Cornelius Pass)	28.95	27.3	X		Reserved for future use/development (easement on site)
Intel	Hillsboro (West Union & Cornelius Pass)	72.54	68.4	X		Reserved for future use/development
Port of Portland (PIC WEST)	Portland (NE Alderwood Drive)	69.45	58.96	X		Future relocation site for PDX rental cars
Port of Portland	Troutdale (East of site 17)	34	32.7	X		Vacant; reserved for utility use (substation) – according to Port of Portland
Port of Portland	Hillsboro (NW Evergreen Road)	71.81	67.69	X		Brought into UGB in 2014 with House Bill 4078; reserved for future Hillsboro Airport use (airport restrictions)
Port of Portland	Hillsboro (NW Evergreen Road and 264th)	39.22	34.15	X		Inside Hillsboro Airport fence, and included in FAA Airport Layout Plan; reserved for aviation related development only
Mentor Graphics	Wilsonville (S of Boeckman E of I5)	43.4	43.4	X		Reserved for future use/development - split from main campus by public street; Significant Resource Overlay Zone on site and wetlands
Phight LLC	Tualatin (T/S Road & 118th)	28.8	28.8	X		Reserved for future use/development
BT Property LLC (UPS)	Gresham (NE 185th and NE Portal Way)	51.45	51.45	X		Reserved for future use/development
Clackamas CDA	Clackamas County (I205/82nd)	32.2	32.1		X	Excess land - in use and not available – according to Clackamas County
Great American TVR	Clackamas County (I205/82nd)	49.35	47.5		X	Communication towers and infrastructure on site
State of Oregon (3 parcels)	Clackamas County (I205/Hwy 212)	232	97		X	In use and not available – according to Clackamas County
Nacco Materials Company	Fairview (Marine & Blue Lake Road)	78.7	58.7		X	Excess land; some environmental constraints on site
Microchip Technology (Formally Linde)	Gresham (Glisan & 223rd)	137	75		X	Not available – according to City of Gresham
Mutual Materials	Gresham (Hogan Road)	86.08	56.8		X	Excess land: currently in use

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Owner	Location	Gross Acreage	Vacant Acreage	Vacant: for future use	Partially Vacant: in use	Notes
Novellus Systems Inc.	Tualatin (SW Tualatin Road & SW 108th)	58.4	27.46		X	Excess land: currently in use
PGE Portland	Gresham (Powell & E of 182nd)	72.13	62.8		X	Reserved for future use and not available
Genentech (entire campus)	Hillsboro (Evergreen & Brookwood)	75.3	60		X	Reserved for future use and not available
Tokyo Ohka Kogyo	Hillsboro (Evergreen & Brookwood)	38.89	28.5		X	Reserved for future use and not available
Intel (Ronler Acres)	Hillsboro (Shute Road)	111.7	61		X	Reserved for future use and not available
PGE Portland	North Portland (St Helens)	63.1	43.9		X	Excess land currently in use
Cookin (Siltronic)	Portland (St Helens Road)	79.27	38.6		X	Reserved for future use and not available

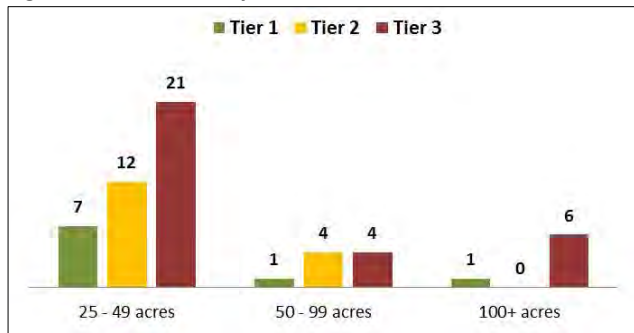
Source: Mackenzie

Changes from 2011 Inventory to 2014 Inventory

Movement In and Out of the Inventory

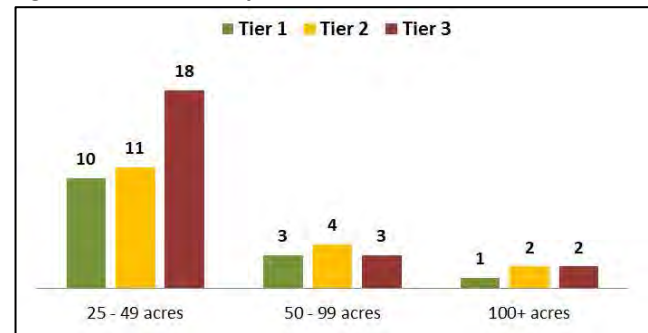
The 2011 inventory included 56 sites, compared to the 2014 inventory of 54 sites. The breakdown among tiers is shown in Figure 5 and 6 below. Nine sites were removed from the inventory, including three sites that are being developed or used for construction staging. Seven sites were added to the inventory. The number of Tier 1 sites has increased by six sites; Tier 2 sites increased by one site; and Tier 3 sites decreased by eight sites. Of the Tier 1 sites, only seven of the sites meet standard development criteria.

Figure 5: 2011 Inventory



Source: Mackenzie

Figure 6: 2014 Inventory



Source: Mackenzie

Movement between Tiers

From 2011 to 2014, there has been significant movement between the tiers. The 2014 update found 11 sites that moved up a tier; five Tier 2 sites became Tier 1 sites and six Tier 3 sites became Tier 2 sites in the 2014 update. The table below shows movement between the tiers in the past two and a half years. The majority of movement between tiers is a result of environmental mitigation and infrastructure investments.

Table 8: Movement in the Inventory

	2014 Inventory	Remain from 2011	Upgraded from 2011	Added Sites in 2014
Tier 1	14	6	5 (previously Tier 2 site)	3
Tier 2	17	8	6 (previously Tier 3 site)	3 ²⁴
Tier 3	23	21	-	2
TOTAL	54	35	11	7

Of the 11 sites that moved up a tier:

- Five sites are located in Hillsboro, five sites are located in the East Multnomah County submarket, and one site is located in Portland.
- Six sites are in private ownership and five sites are in public ownership three (3) sites owned by the Port of Portland, one site owned by Mount Hood Community College, and one site owned by Clackamas County Development Agency.

Seven of the 11 sites that moved up a tier required investment in infrastructure and mitigation.

- Two sites moved up a tier due to environmental constraint mitigation.²⁵
- Five sites received transportation/infrastructure investments.²⁶

²⁴ One of the three new Tier 2 sites is site number 1 (Port of Portland - Rivergate). In 2011, this was a Tier 1 site; however, due to the listing of the streaked horned lark species, the site requires mitigation and is no longer developable within a 6 month timeframe. Environmental mitigation required is a 7-30 month process which drops the site from Tier 1 to Tier 2.

²⁵ **Site 13:** Specht Properties and **Site 29:** Clackamas County Development Agency.

²⁶ **Sites 18 and 19:** Troutdale Reynolds Industrial Park Phase 2, **Site 22:** Gresham Vista Business Park West, and **Sites 50 and 52:** Hillsboro Road North and South.

Additionally, of the 11 sites that upgraded a tier, four were able to do so without significant investment in infrastructure.

- Two of the sites experienced a legislative change, and were taken out of urban reserves and brought into the UGB.²⁷
- Two of the sites had a change in the property owner willingness to transact, and therefore were upgraded to Tier 2.²⁸

Sites Deleted from the Inventory

Using the methodology developed during the 2011 inventory project, the team removed nine sites, resulting in a total of 54 sites in the June 2014 inventory. The tables below show which 2011 inventory sites are no longer on the inventory with an explanation of why. Between the *2011 and 2014 Regional Industrial Land Inventory Report*, nine sites and approximately 400 estimated net developable acres were removed from the inventory. In contrast, the seven sites added to the 2014 inventory accounted for approximately 240 acres.

Table 9: 2011 Inventory Sites Removed from 2014 Inventory

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acres	Sale/Lease/Transact (2011)	Development and/or Action
Tier 1 Sites							
11	Port of Portland (PIC East)	Portland	Multnomah	43.50	41.18	L	Currently under construction; results in less than 25 developable acres
44	Intel Corporation	Hillsboro	Washington	31.39	31.39	S	Currently used as a paved/gravel parking lot and staging area for Intel
Tier 2 Sites							
40	Pacific Realty Associates	Tualatin	Washington	26.80	26.80	S/L	Currently under construction; results in less than 25 developable acres
67*	Port of Portland (PIC West)	Portland	Multnomah	69.45	58.96	L	Held by Port of Portland for future relocation of rental cars at PDX ²⁹

²⁷ **Site 101:** Vanrose Farms and **Site 104:** Meek Subarea

²⁸ **Site 23:** Mt. Hood Community College and **Site 47:** Cranford

²⁹ With passenger volumes increasing to 15 million in 2013, the timeframe for the relocation of the rental cars at Portland International Airport has shortened, necessitating the removal of this site from the inventory.

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acres	Sale/Lease/Transact (2011)	Development and/or Action
68*	Port of Portland (Hillsboro Airport)	Hillsboro	Washington	39.22	34.15	L	Port of Portland Hillsboro Airport planning has changed, requiring this site for future airport use only
Tier 3 Sites							
6	McCormick & Baxter Creosoting	Portland	Multnomah	42.39	33.39	No	Designated for University of Portland expansion and development (City of Portland approved conditional use master plan)
15*	BT Property LLC (UPS)	Gresham	Multnomah	51.45	49.45	No	Owner has decided to develop site for future use
28	James & Mollie Siri	Happy Valley	Clackamas	26.40	25.26	No	Dedication along SE 172nd results in less than 25 developable acres
100	Holzmeyer Richard Henry	Forest Grove	Washington	111.37	100.12	N/A	Designated from urban reserves to rural reserves during Grand Bargain; no longer eligible to be included in inventory

* This site was removed from the 2011 inventory as it is no longer available to the general market; however, it now appears on Table 7: User Owned and User Designated Sites

Sites Added to the Inventory

Using the methodology developed during the 2011 inventory project, the team found seven new sites to add to the inventory and removed nine sites, resulting in a total of 54 sites in the June 2014 inventory. The table below shows which 2011 inventory sites are no longer on the inventory with an explanation of why. Approximately 240 estimated net developable acres were added in the same time period with seven newly identified sites. The net decrease of large industrial site acreage in the metro-region is an estimated 160 net developable acres.

Table 10: Sites Added to the 2014 Inventory

Site ID	Owner/Site	Location	County	Gross Acres	Net Developable Acres	Sale/Lease/Transact (2014)
Tier 1 Sites						
111	Weston Investments and CCF Oregon LLC	Gresham	Multnomah	34.99	26.00	S
113	Henningsen Cold Storage	Forest Grove	Washington	28.57	26.44	Yes
114	Colwood Ltd Partnership	Portland	Multnomah	47.55	39.42	S
Tier 2 Sites						
112	Hally Waworth	Forest Grove	Washington	38.19	36.15	Yes
115	SolarWorld	Hillsboro	Washington	46.23	46.23	S
Tier 3 Sites						
110	Davis Family Trust & Remi Taghon	Cornelius	Washington	49.01	40.21	Yes/No
116	Northwest Sand & Gravel INC	Unincorporated	Clackamas	26.2	21.10	S

2014 Inventory Update Conclusions

The 2014 industrial land inventory analysis finds that Portland metropolitan area's supply of large industrial sites has decreased over the past two and a half years. Supply continues to be most limited for sites of 50 acres or more, consistent with the 2011 inventory. The sites that are available are concentrated in the Columbia Corridor in Multnomah County, Hillsboro, and Wilsonville/Tualatin in Washington County. The location distribution reflects previous local and regional land use planning decisions to maintain a compact regional form.

Larger sites are more complex and take patience to acquire and develop. Parcel aggregation is a key issue to supplying larger sites to the market, affecting 25% of the sites in the inventory.

While this analysis has identified the available sites, and at a high level outlined the challenges that exist to bringing Tier 2 or 3 sites to development-ready status, the timeframes in the analysis assume that the jurisdictions, property owners, land-use regulatory bodies, and potential interveners are all working in support of the site's development and that appropriate public investments will be made to move these sites to market.

It is important to note that this inventory is a snapshot in time. As Tier 1 sites are absorbed by the marketplace, the expectation is that Tier 2 sites will continue to move to Tier 1 status and Tier 3 sites will continue to move to Tier 2. The inventory should be updated over time to ensure that the database of market-ready industrial sites is current, helps identify and prioritize required site readiness investments, and supports the region's recruitment and expansion efforts.

The experience of state and regional economic development experts indicates that accomplishing our region's traded-sector industrial retention, expansion, and recruitment strategy depends in part on the availability of an adequate supply of well-located, market-priced, and developable large industrial sites. The inventory can be used as a reference for monitoring and tracking changes of absorption of industrial land in the region, and can also be used by the public sector as the basis for making informed land use and investment decisions around the supply, regulation, and market readiness of industrial lands.

NEXT STEPS

The *2011-12 Regional Industrial Site Readiness* project found that many large industrial sites in the region are not development-ready, impacting the region's ability to meet forecasted job growth requirements³⁰, and potentially causing the region to miss business growth, recruitment opportunities, and the jobs and payroll they represent. The 2014 inventory update reinforces the importance of continued state and regional focus on the market-readiness of large industrial sites within the region. The well-paying jobs provided by traded-sector industries will help Oregon achieve economic prosperity, reduce income disparity, and secure funding for public services and amenities.

Regional policymakers have acknowledged the importance of a development-ready supply of large industrial sites in local and regional land use planning documents, such as Metro's *2014 Urban Growth Report* and separate local comprehensive plan updates, and should retain a policy focus on identifying and prioritizing funding to move industrial sites within the region to market. In addition to this work, the PMT has identified five next steps that could be helpful in the region and statewide.

Improvements to Regulatory Processes that Reduce Uncertainty for Firms Seeking Sites

Existing permitting processes sometimes add uncertainty and extend development timelines to the extent that targeted industry employers may choose sites in other regions, states, or countries. Options could include alignment of federal, state, regional, and local permitting processes; allowing wetland permitting and mitigation occur prior to identifying a site user; prioritizing technical assistance and funding; and dedication of staff with industrial development expertise within state permitting agencies. In addition, a regional focus on environmental mitigation strategies to support industrial development is appropriate (wetland banks, technical assistance). Although brownfield remediation is an issue, which affects a smaller number of larger industrial sites, industrial to industrial brownfield remediation is a significant challenge facing the region with remediation costs two to four times the sale price of industrial land³¹. Portland Harbor superfund sites have even greater costs challenges and require special focus. The state and region should consider incentives and regulatory relief to move these sites to productive industrial uses.

Expansion of and Support for Existing Business Development Programs

Existing state programs like Industrial Site Certification, Regionally Significant Industrial Areas, Immediate Opportunity Fund, Special Public Works Fund, and the brownfield programs deserve ongoing support and increased funding. Business Oregon and the Metro Regional Solutions Team should continue to collaborate on strategic efforts and prioritize site-specific work, leveraging Business Oregon programs to address the array of infrastructure and development constraints in the region.

Creation and Funding of New Capital and Financial Tools

New or refined tools are needed to address the upfront costs of capital investments for transportation, sewer, water, brownfield cleanup, wetlands mitigation, and site aggregation. Because of the personal income tax benefits that accrue to the state when large firms locate here, the state could play a role in providing upfront capital for industrial land site preparation.

³⁰ The draft *2014 Metro Urban Growth Report* forecasts 85,000 to 440,000 additional jobs and 300,000 to 485,000 additional people inside the Metro urban growth boundary by the year 2035.

³¹ *Metro Brownfield Scoping Project and Portland Brownfield Assessment* – Maul, Foster & Alongi, Inc. 2012.

In 2013, the Oregon Legislature approved enabling legislation for two sources of state funding for industrial site readiness (Senate Bill 246 and Senate Bill 253), but did not provide funding for these programs. To support the region's job growth requirements identified in the draft *2014 Urban Growth Report*, state funding for these two new Industrial Site Readiness Programs should be pursued, including due diligence assessments and forgivable loans to address the broad range of industrial site readiness constraints.

To address the limited supply of larger industrial sites and assembly challenges affecting 25% of sites in the inventory, the region should develop new tools to support the acquisition and aggregation of industrial lands needed for "game changer" traded-sector investments (e.g., Coffee Creek in Wilsonville, North Hillsboro industrial lands). The region should also retain a policy focus on identifying sources of infrastructure funding to meet the region's \$21-47 billion³² in infrastructure funding needs.

Completion of Due Diligence Work on Sites

Continued work on industrial site due diligence (such as identifying needed infrastructure improvements, scoping environmental cleanup, understanding the scale of wetlands, and producing preliminary cost estimates for brownfield and wetland mitigation) will help to remove uncertainty surrounding sites. A relatively small investment in due diligence work could catalyze accelerated site preparation and prioritize scarce funding.

Regular Update of the Inventory and Completion of Follow Up Studies

Since the June 2014 inventory was completed, three Tier 1 sites have been absorbed into the market³³. Regular updates to this inventory and due diligence on sites could significantly benefit the region's economic development efforts. Statewide application of this methodology could benefit other regions.

³² *Regional Infrastructure Analysis*, Metro July 2008

³³ **Site 13:** Specht Properties Inc. in Portland; **Site 46:** Development Services of America (Westmark site) in Hillsboro; **Site 114:** Cuyler Industrial Partnership in Portland.



2012

LAND AVAILABILITY | LIMITED OPTIONS

An analysis of industrial land ready for future employers

About this report

This report examines the current and near-term supply of large industrial sites available to accommodate the expansion of existing employers and recruitment of potential new employers to the Portland-metro region.¹ The project was conceived partly in response to Metro's 2009 Urban Growth Report analysis that identified a shortage of large-lot industrial sites in the region and in recognition of the need for a mechanism to replenish large-lot industrial sites as they are developed.

The report was produced by Group Mackenzie in partnership with the Portland Business Alliance, Port of Portland, Business Oregon (an Oregon state agency), NAIOP Oregon Chapter (a commercial real estate development association) and Metro.

1 The Regional Industrial Lands Inventory examined vacant, industrially-zoned or planned lands within the Metro urban growth boundary and selected urban reserves that are suitable for large lot industrial development by new firms moving to the region or to accommodate the growth of existing firms that do not hold land for future expansion. The study identified and documented user-owned sites held for future use but excluded these from the detailed analysis.

Why land availability matters

The Value of Jobs Coalition believes that quality of life begins with a good job and that a thriving economy creates the foundation for quality schools, healthy parks and happy families. According to a study sponsored by the coalition, in the late 1990s, the Portland-metro region's wages and incomes fell below the national average and have stayed there. Other peer regions have passed us by in terms of income level and employment. The coalition is sponsoring a series of studies to take a closer look at our economy to see what our region's economic needs and issues are.

There are a number of factors that help a metro region's economy thrive – an educated workforce, sound infrastructure, a coordinated transportation system and available land to grow and attract employers, to name a few. This analysis examines one ingredient of regional economic health: the readiness of large-lot industrial lands.

A consistent inventory of sites is a key requirement for meeting market demand, either by expanding local employers or attracting new employers to our region. This analysis shows, however, that

we have a supply of industrial land that is not readily available to attract and cultivate the types of catalytic employers that will help our region's ability to grow and thrive.

Our region has a land use history to be proud of, and we take a measured approach to development. Most of the large-lot sites that will become available for industrial development within the foreseeable future are inside the existing Metro urban growth boundary (UGB) or urban reserves. Advancing the readiness of those sites improves our economic competitiveness, maximizes the efficient use of existing infrastructure and reduces outward pressure on the UGB.

We hope the information in this report will start a conversation among public- and private-sector leaders to help move public policy in a direction that enhances our quality of life by creating well paying jobs and laying the foundation for innovative tools that grow employers in, and attract employers to, our region.

A focus on industrial lands

While this analysis could have looked at a variety of employment land types, it focuses specifically on large industrial sites. Metro has identified a shortage of these sites in the regional industrial lands inventory. Many of the region's largest and often highest-paying industrial firms are located on parcels 25 acres or more in size.

Such firms include high-tech manufacturing (Intel Corporation and Genentech), heavy manufacturing (Vigor Industrial, Gunderson, Freightliner), research and development labs (Oregon Health & Sciences University) and firms that support other business such as warehouses and shipping terminals. These employers create products or services that are sold outside of Portland-metro and bring new dollars into the region. These businesses are commonly referred to as “traded-sector” employers. With these employers come good, family-wage jobs and tax revenues that support critical public services such as schools, health care and law enforcement.

The state of Oregon, the Portland-Vancouver region, the city of Portland and most of the region's counties and cities all identify a similar universe of traded-sector business as the centerpiece of their economic development strategies.² A successful strategy includes retention and growth of existing businesses as

² See for example: *Business Oregon's Strategic Plan May 2009*; *Comprehensive Economic Development Strategy for the Portland-Vancouver Metropolitan Region 2010-2011 Update*; *City of Portland Economic Development Strategy, A Five Year Plan for Promoting Job Creation and Economic Growth, 2009*.

“We’re competing globally to retain, expand and recruit traded-sector companies and the quality jobs and wages they bring. The window of opportunity to win major investment is often short and very competitive. Building an inventory of shovel-ready sites is a key ingredient to positioning the Greater Portland region for long-term job creation.”

Sean Robbins, Chief Executive Officer,
Greater Portland Inc.

well as the recruitment of new traded-sector businesses. Although not all traded-sector firms require large parcels, nationally or globally scaled firms that can have a significant impact on regional economic growth – such as Intel, Genentech and Freightliner – do require large parcels.

The experience of state and regional economic development experts indicates that accomplishing our region's industrial retention, expansion and recruitment strategy depends on the immediate availability of an adequate supply of well-located, market-priced and readily developable large-lot industrial lands.

BY THE NUMBERS:

5.

Number of broadly attractive 25-acre or larger sites available for industrial development within 180 days.

1.

Number of 50-acre or larger sites available for immediate development within 180 days.

1.

Number of 100-acre sites available for immediate development within 180 days.

0.

Number of 100-acre sites available for development between seven and 30 months.

35%.

Percentage of the region's total payroll that came from the traded sector in 2007.

\$14,600.

Average additional wage earned by workers in traded-sector jobs vs. non-traded-sector jobs.

65,500.

Number of jobs at firms located on parcels of 25 acres or more.

50%.

Percentage of all industrial land development in the past 20 years that took place during two three-year peaks of development (1996-1999 and (2006-2008).

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Why the focus on traded-sector clusters?

Traded-sector employers export goods and services from the region and import revenue into the region. In the Portland region, many of these traded-sector firms are manufacturers. Economic development strategies focus on these traded-sector employers because they pay higher wages and can increase the wealth of the community.

A 2010 analysis by ECONorthwest for the Value of Jobs Coalition, *2010 Check-Up on the Portland-Region's Economic Health*, found that the average Portland-metro traded-sector wage was \$53,000 in 2007, \$14,600 greater than the average non-traded-sector wage. The analysis also found that traded-sector jobs accounted for 28 percent of the region's total jobs and 35 percent of total payroll. According to a Business Oregon analysis in 2008, the average wage for the High Technology cluster was \$82,000.³

The wealth generated by these traded-sector jobs circulates in the community, ultimately supporting supplier or service companies and neighborhood businesses. Larger traded-sector firms also seed entrepreneurs who spin out to create start-up firms that grow into larger firms. This process is what produces the economic clusters that are vital to the economic success of the region. Traded-sector firms also support public services directly and indirectly with higher wage jobs and taxable incomes, resulting in funding for schools, social services, parks and other critical public services.

³ www.oregon4biz.com/dev/www/BOR/The-Oregon-Advantage/Industry/

This land inventory analysis provides a snapshot of the industrial land supply inside the Metro UGB and selected urban reserves established in mid-2011. The inventory can be used as a reference for monitoring and tracking changes and absorption of industrial land in the region and can also be used by Portland-metro municipalities as the basis for making informed land use and investment decisions around the supply, regulation and market readiness of industrial lands.

The market-based approach

This analysis started with a simple question: **What is the inventory of market ready sites this region needs to be competitive in a global marketplace and successful in attracting large traded-sector firms to locate or expand here?**

Business Oregon has extensive experience recruiting national and international traded-sector businesses into the state and the Portland-metro region. Their experience is that the majority of employers considering whether to locate in the region require sites where they can break ground within 180 days of site selection.

It is also important for the region to offer a number of potential sites for employers to choose from in order to receive serious consideration by site selectors. The fewer the number of sites available for immediate development, the lower the odds are that the region will be able to meet the new employer's requirements.

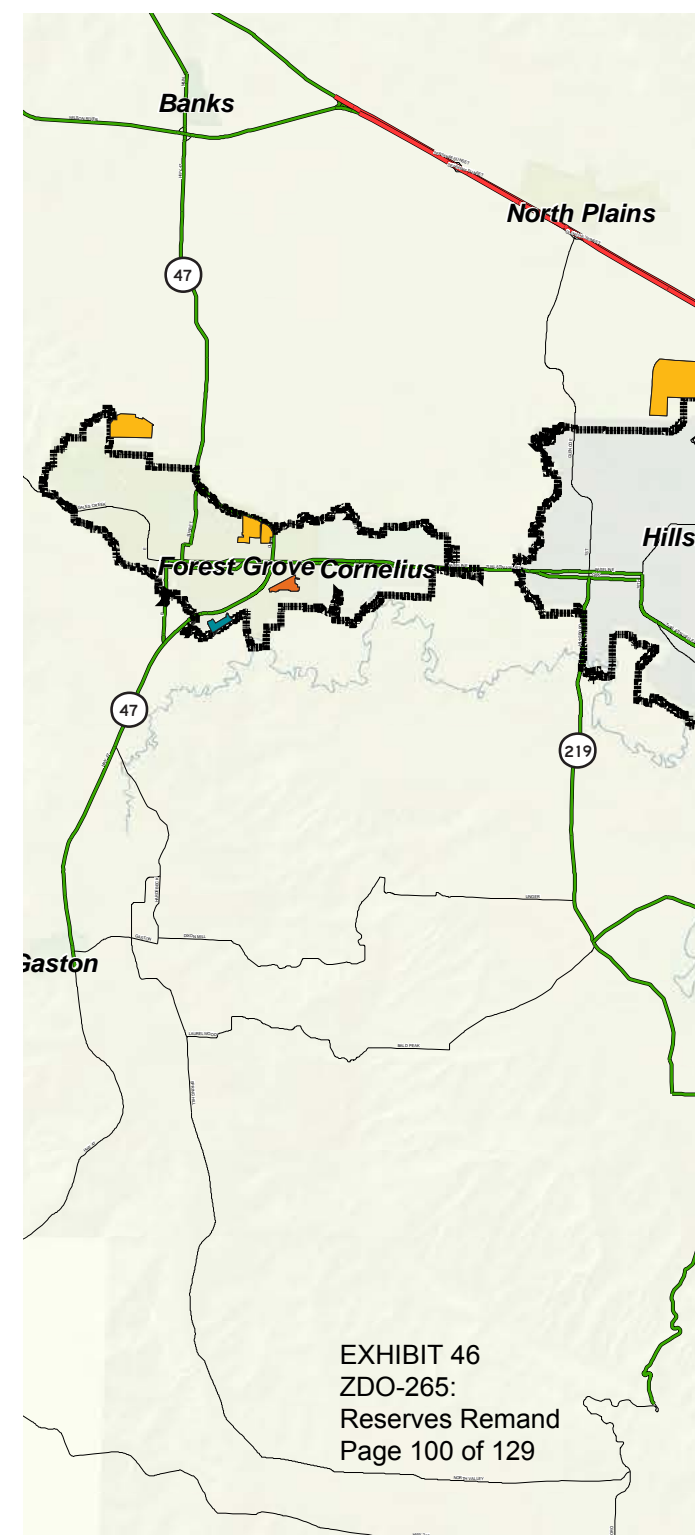
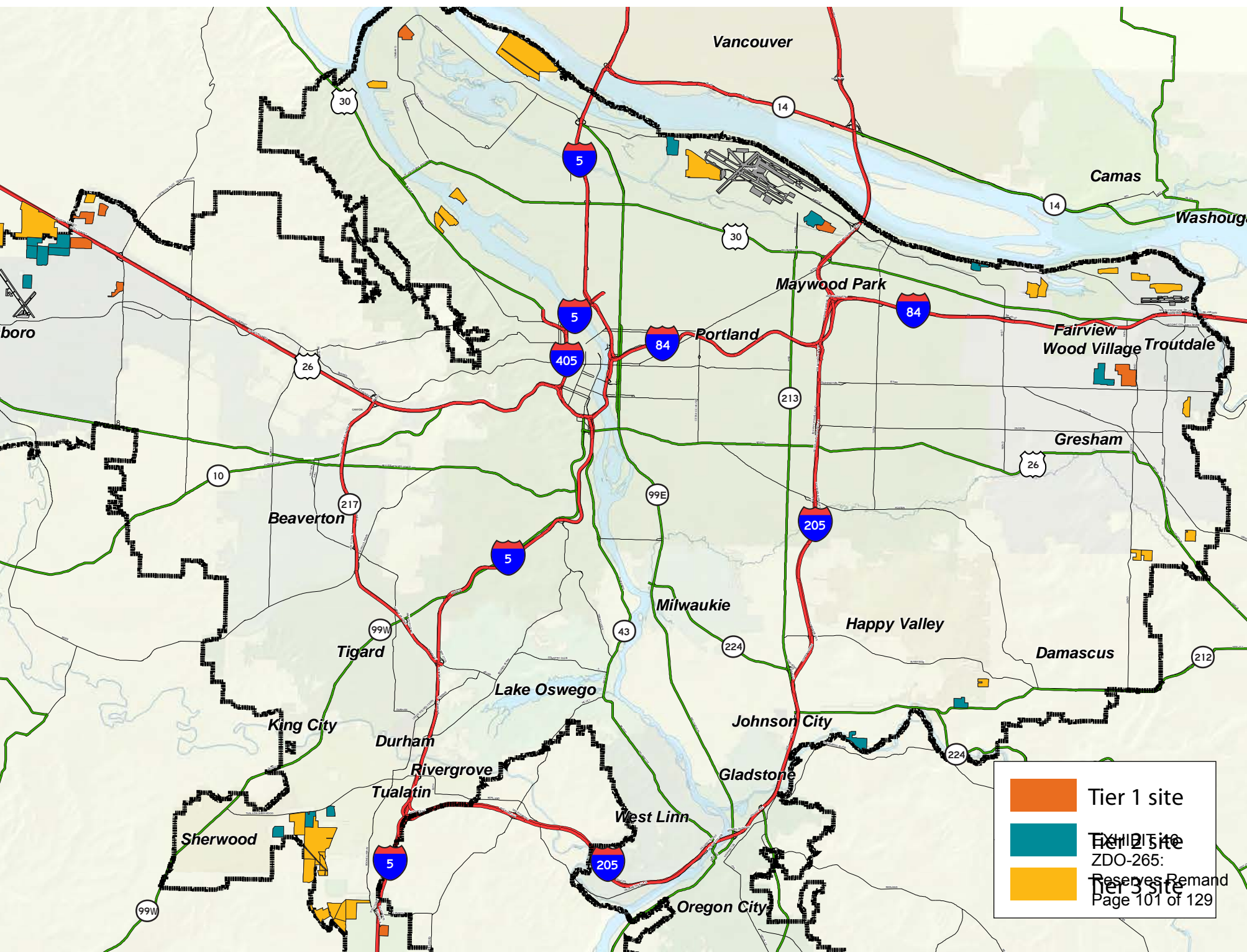


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Tier 1 site

Tier 2 site

Tier 3 site

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What about Clark County?

Could the Portland-metro industrial land readiness issue be addressed by looking north to Clark County? Not according to a report recently issued by the Columbia River Economic Development Council, which found only 13 sites are available and it would take up to 12 to 18 months to get permits in place for construction. The report noted that the shortage of readily available land has already led some businesses to look elsewhere to grow, and could hamper the community's economic recovery, according to local leaders.⁴

What do large-lot industrial developments add to the regional economy?

A 2010 Metro report found that 60 employers located on parcels of 25 acres or more accounted for more than 8 percent of the region's total employment in 2006 or 65,500 jobs.⁵ A Business Oregon analysis of recent recruiting efforts found the economic impact per acre of large-lot developments varies depending on the type of company and ranges from \$200,000 per acre for warehouse and distribution centers to \$1.4 million per acre for clean tech manufacturing.

⁴ "Few places to build jobs," *The Columbian*, Tuesday, January 10, 2012.

⁵ *Metro 2009-2030 Urban Growth Report*, Appendix 4, January 14, 2010

Based on experience, Business Oregon has identified the characteristic minimum parcel size and other site requirements for most cluster recruitment targets. Most of these cluster industry recruitments require net developable sites of at least 25 acres with a number of clusters, such as globally scaled high tech, requiring much larger sites.

This analysis focuses on the net developable acreage, as some sites have a high number of gross acreage but limited area that would be suitable for an employer to build a facility.

To identify the inventory of market-ready sites in the region, the project applied a series of filters from the perspective of potential employers. Starting with Metro's 2009 Buildable Lands Inventory, supplemented with information from local jurisdictions throughout the region, the analysis identified parcels with the following characteristics:

- ▶ Inside the UGB or in selected urban reserves
- ▶ Zoned, planned, or, in the case of urban reserves, suitable for industrial uses
- ▶ Containing at least 25 net buildable, vacant acres after accounting for constraints such as wetlands, flood plains and slope
- ▶ Not set aside by existing firms for future expansion opportunities

Using Business Oregon and industry expertise, the parcels identified through this initial process were further analyzed as to their market readiness using sufficiency of infrastructure and transportation facilities, brownfield or environmental issues, need for land assembly, need for annexation and availability for lease or sale.

This more refined analysis resulted in an inventory of existing or potential industrial sites that were assigned a tier based on market readiness or estimated length of time before they can be developed. Tier 1 sites could be shovel ready within 180 days (six months). With sufficient resources and expeditious jurisdiction approvals, Tier 2 sites could be development ready in seven to 30 months. Sites that will require more than 30 months to be ready for development were designated Tier 3.⁶

⁶ The Value of Jobs Coalition is working with the Regional Industrial Lands Study partners on a second phase of this analysis that will examine the benefits of moving Tier 2 and Tier 3 sites to the Tier 1 level of readiness.

What the numbers show

Tier 1 Sites

The analysis found that there are only nine sites in the UGB that are both 25 net acres or larger and can be developed within 180 days. Washington County has five of these sites, followed by three in Multnomah County and one in Clackamas County.⁷ The number of very large sites is even more limited. There is only one 50-acre and one 100-acre site in Tier 1.

Beyond shovel-ready availability, there are a handful of economic factors that drive the suitability of industrial sites for immediate development. A closer look at the nine Tier 1 sites reveals that the number of sites attractive to a broad range of potential traded-sector cluster companies is even smaller. Of the nine sites, two are for lease only, which is typically less desirable to potential users who, anticipating significant capital investments, want to own rather than lease.

It is also more difficult to secure financing for a land lease versus a fee-simple ownership project.

Another Tier 1 site is of an irregular shape and would require an unusual development footprint, possibly increasing costs and precluding market-accepted building design.

One last factor is, of course, price. One site is currently for sale at a price that is much higher than industrial development could support and it is unclear when, if ever, the current owner will align the asking price with current industrial market pricing.

The net result is only five Tier 1 sites that can meet the business retention, expansion or recruitment criteria for a broad range of potential users.

Figure 1: Distribution of sites by acreage

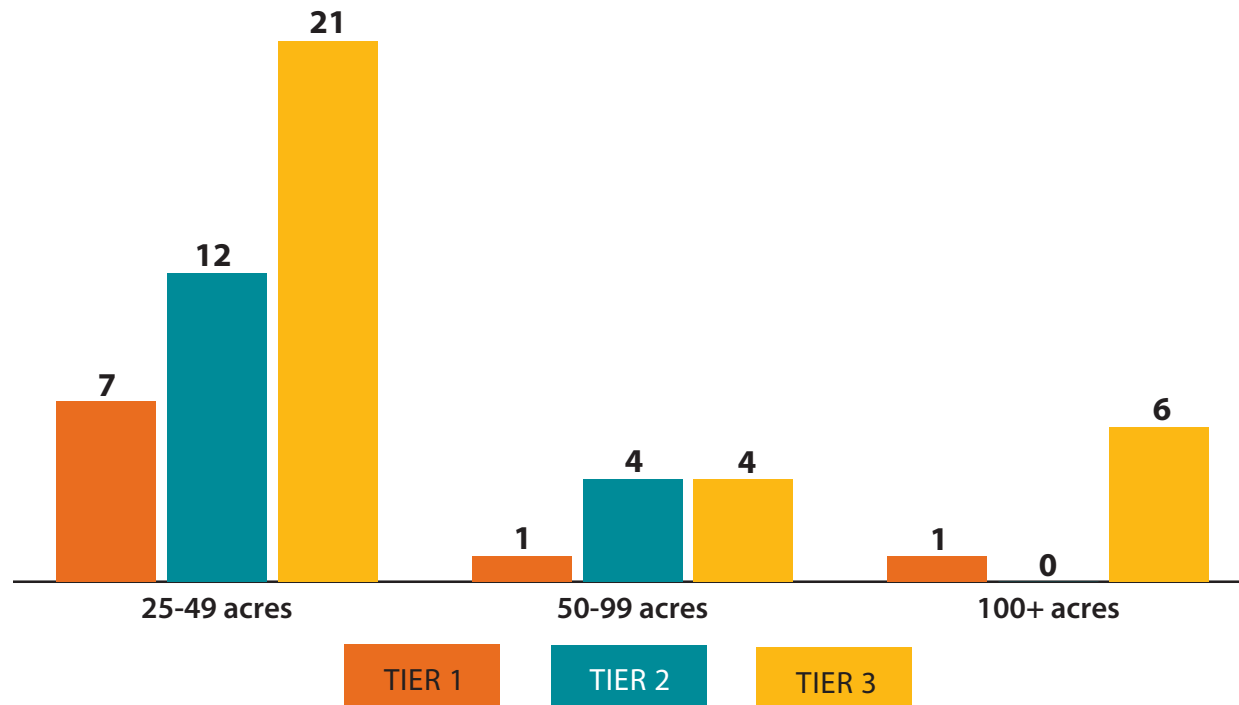


Figure 2: Tier 1 sites that meet development criteria

TIER 1 SITES	9
Lease only	-2
Irregular shape	-1
Above market price	-1
TOTAL SITES	5

⁷ This analysis only included the area within the Metro UGB, or adjacent urban reserves. It did not examine industrial sites outside the Metro boundary.

It is important to recognize that, for site selectors, these requirements are the absolute minimum requirements for a location to even be considered. Meeting these requirements is like reaching first base in a baseball game: all significant, potential employers require much more than simply meeting the minimum threshold. To make it all the way home, many factors must fit for the transaction ultimately to work and result in hiring.

The smaller the inventory of sites that meet even the minimum requirements, the less the region's odds are of successfully making it to first base, let alone hitting a home run and successfully recruiting the employer. Given the region's lagging wages and incomes, it should be our goal to increase our opportunities for success by ensuring that we have a variety of development ready sites.

“No one wants to go to their company president with only one possible site.”

Peter Bragdon, senior vice president of legal and corporate affairs for Columbia Sportswear, in reference to his experience with site selection.

Tier 2 and 3 sites

The analysis found 16 Tier 2 sites (seven to 30 months from shovel ready) and 31 potential Tier 3 sites (more than 30 months to shovel ready) within the UGB and selected urban reserves. The bulk of these sites are in either Washington or Multnomah counties. Here again, the number of larger sites is very constrained. Tier 2 has no 100-plus acre sites, and only four 50-plus acre sites. Tier 3 has only four potential 50-plus acre and six potential 100-plus acre sites.

The few large sites in Tier 2 and 3 face significant challenges to becoming ready, including the need to complete brownfield clean up, build infrastructure such as roads and sewers, remediate wetlands and assemble parcels currently under multiple separate ownerships.

Ten of the potential Tier 3 sites would require aggregation of parcels in separate ownership, and ownership ranges from two owners up to 17 owners, depending on the site. The more owners involved, the more complex and lengthy the development process would be. Twenty of the sites in Tiers 2 and 3 will require some kind of state, regional or local action such as concept planning, annexation or UGB expansion to become development ready.

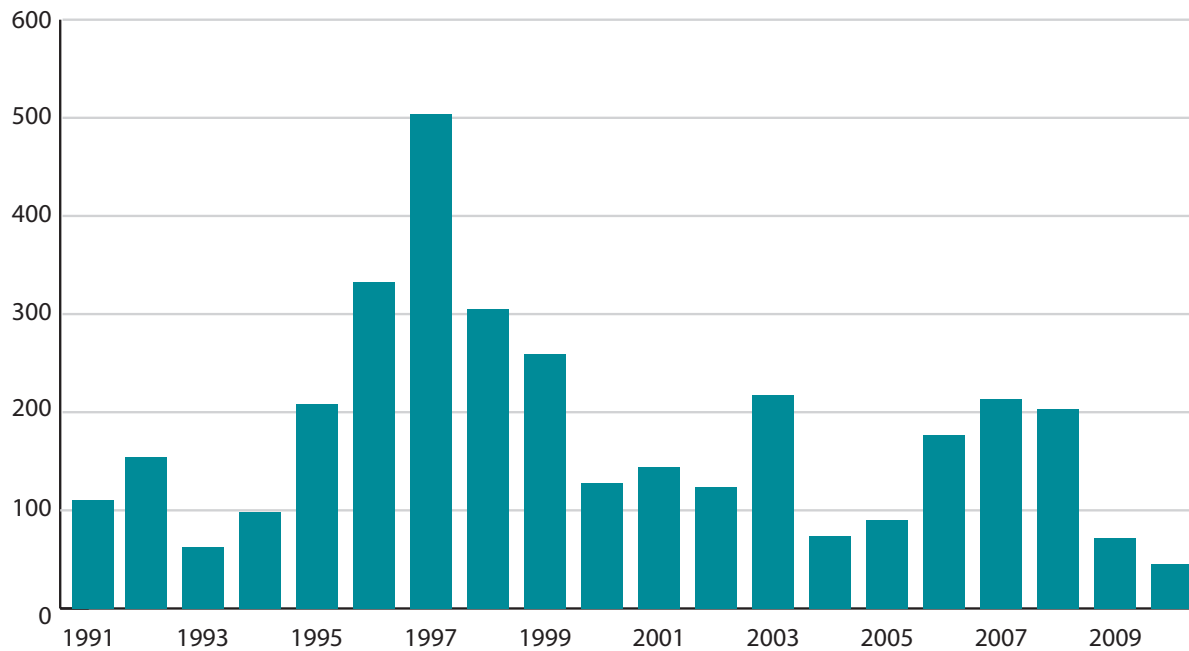
All of these steps can be challenged through the land-use process. Thirty-one of the Tier 2 and 3 sites face multiple challenges. The table to the right shows the variety of challenges faced by sites in the pipeline.

Figure 3: Tier 2 and 3 potential development constraints

	TOTAL
Legislative Actions	20
Infrastructure	19
Transportation	18
Not willing to transact	18
Land Assembly	14
National Resources	13
Brownfield/Cleanup	8

The largest sites face tremendous challenges and limitations. One is West Hayden Island, which has extensive environmental limitations associated with future marine terminal development and will require annexation into the city of Portland. Three sites are outside the current urban growth boundary and one is limited to aviation-oriented, lease-only development. In sum, there are very few of the largest sites currently available and the supply of future large sites is equally or even more constrained.

Figure 4: Estimated industrial land consumption in acres, 1991-2010



Demand for land

Being market ready is critical as industrial land development is very cyclical. According to an analysis by Business Oregon and NAIOP, the majority of the demand for industrial lands comes in short bursts. Fifty percent of all industrial land acres developed in the study area over the past 20 years came during two three-year peak periods of development (1996-1998) and (2006-2008).⁸ If the region does not have developable sites ready to go when the

growth cycle hits, it will miss the opportunity for significant job and income expansion for a decade or more. How our region grows jobs and improves wages and incomes depends on getting these sites ready for employers. The goal of this inventory study is to move conversations forward so our region can better coordinate, recruit and grow the number of traded-sector employers and grow jobs.

⁸ 2011 Industrial Lands Policy Paper: Large Lot Supply & Demand, Business Oregon (Source: Costar, NAIOP). Analysis of industrial construction square footage reported in Costar for all parcel sizes converted to acreage assuming an average 30 percent coverage ratio.

Land-banked parcels

The analysis excluded land-banked parcels (owned and held for future expansion by existing firms) and sites with structures comprising more than 25 percent of the land area for redevelopment. While land-banked parcels may become available for recruitment in the future, there is currently no way to judge if or when this might occur. Redevelopment of occupied parcels may be possible but is generally not broadly attractive to targeted cluster industry companies due to uncertain timing and costs that can greatly exceed market rates for industrial land in other parts of the country or world. Additional analysis of redevelopment costs and opportunities was outside the scope of this analysis.

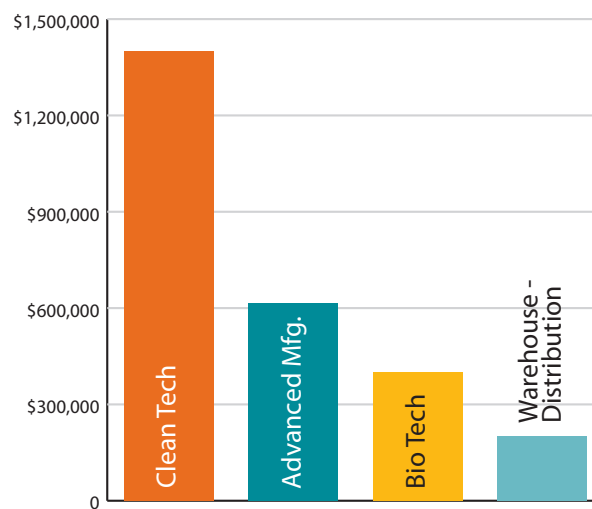
Conclusions

The industrial land inventory analysis confirms that Portland-metro's market-ready supply of large-lot industrial lands for targeted traded-sector employer expansion and recruitment is limited, particularly for potential developments that require 50 acres or more.

The sites that are available are concentrated in the Columbia Corridor of Multnomah County and around Hillsboro in Washington County, limiting the potential to more broadly distribute job opportunities within the Portland-metro area.

While this analysis has identified the available sites and, at a high level, outlined the challenges that exist to bringing Tier 2 or 3 sites to shovel-ready status, the timeframes in the analysis assume that the jurisdictions, property owners, land-use regulatory bodies and potential interveners are all working in support of the potential employer and the site's development.

Figure 5: Economic impact per acre



Source: 2011 Industrial Lands Policy Paper: Large Lot Supply & Demand, Business Oregon

The tier designations assume the “best case” and do not reflect issues that could significantly delay development such as unidentified wetlands or brownfields, opposition from interest groups, or requests from local jurisdictions for additional planning or design reviews. Any one of these factors could dramatically extend the timeframe for these sites to become market ready.

“Our dwindling inventory of available industrial lands is making it difficult to respond to companies interested in expanding their operations into Oregon. We need to find strategies to make potential sites shovel ready so we can compete, not just for recruitment, but for expansion and retention of the great companies we already have.”

Tim McCabe, Director, Business Oregon

Future analysis, known as Phase 2 of this study, will look at the costs and benefits of getting these sites ready and what the potential impact of successful recruitments or expansions could be in terms of jobs, incomes and taxes generated and improving the Portland-metro region's quality of life.

Partners



About the Value of Jobs Coalition

The Value of Jobs Coalition is based on the premise that in order to have a prosperous, healthy Portland region with a good quality of life, we need more private-sector jobs. The coalition began with an economic study in the fall of 2010, which uncovered troubling economic data about the Portland-metro region. A number of other studies have followed that highlight the region's economic opportunities and challenges. Find out more at:

www.valueofjobs.com.



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March 16, 2017

Mr. Tom Hughes
Council President
and Metro Councilors
Metro Regional Center
600 N.E. Grand Avenue
Portland, Oregon 97232-2736

Subject: Testimony of the Cities of West Linn and Tualatin on Ordinance
No. 17-1397 (Amount of Urban Reserves and Balance of Urban and Rural
Reserves)

Dear Council President Hughes and Metro Councilors:

We represent the Cities of Tualatin and West Linn (the "Cities"). Section 2 of draft Ordinance No. 17-1397 makes it clear that this proceeding is a continuation of the proceedings that resulted in the enactment of Ordinance No. 16-1368 and that the record of the proceedings on the latter ordinance are part of the record in this proceeding. Accordingly, the Cities incorporate by reference their testimony and exhibits with regard to Ordinance No. 16-1368 as their response to the two issues before the Metro Council in this proceeding.

For the reasons stated in our prior testimony, the Cities continue to believe that designation of the four Stafford urban reserve areas is not supported by the analysis under the factors, is not necessary to accommodate the 40- to 50-year land need, and will not "best achieve" livable communities, the viability and vitality of resource industries, or protection of important landscape features.

Mr. Tom Hughes
Metro Councilors
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For these reasons, the Cities believe that the Stafford Reserve areas should remain undesignated at this time.

The Cities appreciate the opportunity to submit testimony on these issues.

Very truly yours,

Jeffrey G. Condit, P.C.

**PROPOSED AMENDMENTS TO
HOUSE BILL 4078**

1 On page 1 of the printed corrected bill, line 2, after the semicolon insert
2 “creating new provisions; amending ORS 197.299, 197.626 and 197.651;”.

3 In line 10, after “approved” insert “legislative” and delete “2002” and in-
4 sert “2005”.

5 On page 2, delete lines 28 and 29 and insert:

6 “(17) On June 14, 2012, the commission unanimously approved the expan-
7 sion of the urban growth boundary by Ordinance No. 11-1264B in Approval
8 Order 12-UGB-001826.”.

9 Delete lines 37 through 44 and insert:

10 “(20) The regional and local land use decisions related to Multnomah
11 County and Clackamas County that were approved by the Land Conservation
12 and Development Commission in Approval Order No. 12-UGB-001826 and are
13 validated by sections 3 and 4 of this 2014 Act achieve a balance in the ex-
14 pansion of the area within the urban growth boundary and in the designation
15 of urban reserves and rural reserves that best achieves:

16 “(a) Livability in our communities;

17 “(b) Viability and vitality in our agricultural and forest industries; and

18 “(c) Protection of the important natural landscape features that define the
19 metropolitan region for its residents.

20 **“SECTION 2. (1) Section 3 of this 2014 Act is added to and made a**
21 **part of ORS 195.137 to 195.145.**

22 **“(2) Section 4 of this 2014 Act is added to and made a part of ORS**

1 197.295 to 197.314.

2 **“SECTION 3.** (1) For purposes of land use planning in Oregon, the
3 **Legislative Assembly designates the land in Washington County that**
4 **was designated as rural reserve in Metro Resolution No. 11-4245,**
5 **adopted on March 15, 2011, as the acknowledged rural reserve in**
6 **Washington County, except that the real property in Area 5C on**
7 **Metro’s map denominated as the ‘Urban and Rural Reserves in**
8 **Washington County, Attachment A to Staff Report for Resolution No.**
9 **11-4245 (03/17/11 DRAFT),’ that is more particularly described as tax**
10 **lots 1500 and 1501, section 1 of township 2 south, range 2 west,**
11 **Willamette Meridian, is not designated as a reserve area or included**
12 **within the acknowledged urban growth boundary.**

13 **“(2) For purposes of land use planning in Oregon, the Legislative**
14 **Assembly designates the land in Washington County that was desig-**
15 **nated as urban reserve in Metro Resolution No. 11-4245, adopted on**
16 **March 15, 2011, as the acknowledged urban reserve in Washington**
17 **County, except that:**

18 **“(a) The real property in Area 8A on Metro’s map denominated as**
19 **the ‘Urban and Rural Reserves in Washington County, Attachment A**
20 **to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is**
21 **east of the east boundary of the right of way of Jackson School Road**
22 **and east of the east bank of Storey Creek and the east bank of Waibel**
23 **Creek is included within the acknowledged urban growth boundary.**

24 **“(b) The real property in Area 8A on Metro’s map denominated as**
25 **the ‘Urban and Rural Reserves in Washington County, Attachment A**
26 **to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ that is**
27 **south of the south boundary of the right of way of Highway 26 and**
28 **west of the real property described in paragraph (a) of this subsection**
29 **is designated as acknowledged rural reserve.**

30 **“(c) The real property in Area 8B on Metro’s map denominated as**

1 the 'Urban and Rural Reserves in Washington County, Attachment A
2 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is
3 more particularly described as tax lots 100, 900, 901, 1100, 1200, 1300 and
4 1400 in township 1 north, range 2 west, sections 15 and 16, Willamette
5 Meridian, is not designated as a reserve area.

6 "(d) The real property in Area 8B on Metro's map denominated as
7 the 'Urban and Rural Reserves in Washington County, Attachment A
8 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is
9 not described in paragraph (c) of this subsection is designated as ac-
10 knowledged rural reserve.

11 "(e) The real property in Area 7B on Metro's map denominated as
12 the 'Urban and Rural Reserves in Washington County, Attachment A
13 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is
14 north of the south bank of Council Creek is designated as acknowl-
15 edged rural reserve.

16 "(f) The real property in Area 7B on Metro's map denominated as
17 the 'Urban and Rural Reserves in Washington County, Attachment A
18 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),' that is
19 south of the south bank of Council Creek is included within the ac-
20 knowledged urban growth boundary.

21 "(3) For purposes of land use planning in Oregon, in relation to the
22 following real property in Washington County that is not reserved by
23 designation in Metro Resolution No. 11-4245, adopted on March 15, 2011,
24 the Legislative Assembly designates:

25 "(a) The undesignated real property that is situated south of the
26 City of North Plains on Metro's map denominated as the 'Urban and
27 Rural Reserves in Washington County, Attachment A to Staff Report
28 for Resolution No. 11-4245 (03/17/11 DRAFT),' more particularly de-
29 scribed as tax lots 100, 101, 200 and 201 in section 11 of township 1
30 north, range 3 west, Willamette Meridian, and tax lots 1800 and 2000

1 and that portion of tax lot 3900 that is north of the south line of the
2 Dobbins Donation Land Claim No. 47 in section 12 of township 1 north,
3 range 3 west, Willamette Meridian, is designated as acknowledged ru-
4 ral reserve.

5 “(b) The undesignated real property that is situated north of the
6 City of Cornelius on Metro’s map denominated as the ‘Urban and Ru-
7 ral Reserves in Washington County, Attachment A to Staff Report for
8 Resolution No. 11-4245 (03/17/11 DRAFT),’ and that is north of the
9 south bank of Council Creek, east of the east right of way of
10 Cornelius-Schefflin Road and west of the west bank of Dairy Creek is
11 designated as acknowledged rural reserve.

12 “(c) The undesignated real property that is north of the City of
13 Forest Grove on Metro’s map denominated as the ‘Urban and Rural
14 Reserves in Washington County, Attachment A to Staff Report for
15 Resolution No. 11-4245 (03/17/11 DRAFT),’ more particularly described
16 as east of Area 7B, west of the east right of way of Highway 47 and
17 south of the south right of way of Northwest Purdin Road is desig-
18 nated as acknowledged rural reserve.

19 “(d) As acknowledged urban reserve the following real property that
20 is not reserved by designation and that is part of the original plat of
21 Bendemeer, Washington County, Oregon, more particularly described
22 as:

23 “(A) All of lots 2 through 18, inclusive;

24 “(B) The parts of lots 64, 65 and 66 that are situated between the
25 east boundary of West Union Road and the west boundary of Cornelius
26 Pass Road; and

27 “(c) The undesignated real property that begins at a point of origin
28 that is the south bank of Holcomb Creek and the east boundary of the
29 right of way of Cornelius Pass Road; thence easterly along the south
30 bank of Holcomb Creek, continuing along the south bank of Holcomb

1 Lake to its intersection with the west boundary of Area 8C; thence
2 southerly along the west boundary of Area 8C to its intersection with
3 the north boundary of the right of way of Highway 26; thence westerly
4 along the right of way to its intersection with the east boundary of the
5 right of way of Cornelius Pass Road; thence northerly to the point of
6 origin.

7 “(4) Land in a county in Metro that is planned and zoned for farm,
8 forest or mixed farm and forest use and that is not designated as ur-
9 ban reserve may not be included within the urban growth boundary
10 of Metro before at least 75 percent of the land in the county that was
11 designated urban reserve on or before the effective date of this 2014
12 Act has been included within the urban growth boundary, annexed
13 into a city and planned and zoned for urban uses.

14 “(5) The real property described in subsection (2)(a) of this section:

15 “(a) Is employment land of state significance and does not count in
16 determining the employment capacity of the land within Metro; and

17 “(b) Must be planned and zoned for employment use.

18 “(6) The designation of rural reserve and urban reserve in this sec-
19 tion does not require a metropolitan service district or any county to
20 modify any intergovernmental agreement entered into under ORS
21 195.141 on or before the effective date of this 2014 Act.

22 “SECTION 4. For the purpose of land use planning in Oregon, the
23 Legislative Assembly designates the urban growth boundary desig-
24 nated in Metro Ordinance No. 11-1264B, adopted October 20, 2011, as
25 the acknowledged urban growth boundary of Metro except that:

26 “(1) The real property in Area 7C on Metro’s map denominated as
27 the ‘Urban and Rural Reserves in Washington County, Attachment A
28 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),’ is in-
29 cluded within the acknowledged urban growth boundary.

30 “(2) The real property in Area 7D on Metro’s map denominated as

1 the 'Urban and Rural Reserves in Washington County, Attachment A
2 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),' is in-
3 cluded within the acknowledged urban growth boundary.

4 “(3) The real property in Area 7E on Metro’s map denominated as
5 the 'Urban and Rural Reserves in Washington County, Attachment A
6 to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT),' is in-
7 cluded within the acknowledged urban growth boundary.

8 “SECTION 5. ORS 197.299 is amended to read:

9 “197.299. (1) A metropolitan service district organized under ORS chapter
10 268 shall complete the inventory, determination and analysis required under
11 ORS 197.296 (3) not later than *[five]* **six** years after completion of the previ-
12 ous inventory, determination and analysis.

13 “(2)(a) The metropolitan service district shall take such action as neces-
14 sary under ORS 197.296 (6)(a) to accommodate one-half of a 20-year buildable
15 land supply determined under ORS 197.296 (3) within one year of completing
16 the analysis.

17 “(b) The metropolitan service district shall take all final action under
18 ORS 197.296 (6)(a) necessary to accommodate a 20-year buildable land supply
19 determined under ORS 197.296 (3) within two years of completing the analy-
20 sis.

21 “(c) The metropolitan service district shall take action under ORS 197.296
22 (6)(b), within one year after the analysis required under ORS 197.296 (3)(b)
23 is completed, to provide sufficient buildable land within the urban growth
24 boundary to accommodate the estimated housing needs for 20 years from the
25 time the actions are completed. The metropolitan service district shall con-
26 sider and adopt new measures that the governing body deems appropriate
27 under ORS 197.296 (6)(b).

28 “(3) The Land Conservation and Development Commission may grant an
29 extension to the time limits of subsection (2) of this section if the Director
30 of the Department of Land Conservation and Development determines that

1 the metropolitan service district has provided good cause for failing to meet
2 the time limits.

3 “(4)(a) The metropolitan service district shall establish a process to ex-
4 pand the urban growth boundary to accommodate a need for land for a public
5 school that cannot reasonably be accommodated within the existing urban
6 growth boundary. The metropolitan service district shall design the process
7 to:

8 “(A) Accommodate a need that must be accommodated between periodic
9 analyses of urban growth boundary capacity required by subsection (1) of
10 this section; and

11 “(B) Provide for a final decision on a proposal to expand the urban
12 growth boundary within four months after submission of a complete appli-
13 cation by a large school district as defined in ORS 195.110.

14 “(b) At the request of a large school district, the metropolitan service
15 district shall assist the large school district to identify school sites required
16 by the school facility planning process described in ORS 195.110. A need for
17 a public school is a specific type of identified land need under ORS 197.298
18 (3).

19 **“SECTION 6.** ORS 197.626 is amended to read:

20 “197.626. (1) A local government shall submit for review and the Land
21 Conservation and Development Commission shall review the following final
22 land use decisions in the manner provided for review of a work task under
23 ORS 197.633:

24 “(a) An amendment of an urban growth boundary by a metropolitan ser-
25 vice district that adds more than 100 acres to the area within its urban
26 growth boundary;

27 “(b) An amendment of an urban growth boundary by a city with a popu-
28 lation of 2,500 or more within its urban growth boundary that adds more
29 than 50 acres to the area within the urban growth boundary;

30 “(c) A designation of an area as an urban reserve under ORS 195.137 to

1 195.145 by a metropolitan service district or by a city with a population of
2 2,500 or more within its urban growth boundary;

3 “(d) An amendment of the boundary of an urban reserve by a metropolitan
4 service district;

5 “(e) An amendment of the boundary of an urban reserve to add more than
6 50 acres to the urban reserve by a city with a population of 2,500 or more
7 within its urban growth boundary; and

8 “(f) A designation or an amendment to the designation of a rural reserve
9 under ORS 195.137 to 195.145 by a county, in coordination with a metropol-
10 itan service district, and the amendment of the designation.

11 “(2) **When the commission reviews a final land use decision of a**
12 **metropolitan service district under subsection (1)(a), (c), (d) or (f) of**
13 **this section, the commission shall issue a final order in writing within**
14 **180 days after the commission votes whether to approve the decision.**

15 “[2)] (3) A final order of the commission under this section may be ap-
16 pealed to the Court of Appeals in the manner described in ORS 197.650 and
17 197.651.

18 “**SECTION 7.** ORS 197.651 is amended to read:

19 “197.651. (1) Judicial review *[of a final order of the Land Conservation and*
20 *Development Commission under ORS 197.626 concerning the designation of*
21 *urban reserves under ORS 195.145 (1)(b) or rural reserves under ORS*
22 *195.141]* is **conducted** as provided in subsections (3) to [(12)] (15) of this
23 section[.] **for a final order of the Land Conservation and Development**
24 **Commission concerning a final land use decision:**

25 “(a) **Made by a metropolitan service district and described in ORS**
26 **197.626 (1)(a), (c) or (d).**

27 “(b) **Made by a county and described in ORS 197.626 (1)(f).**

28 “(2) Judicial review *[of any other final order of the commission under ORS*
29 *197.626 or of a final order of the commission under 197.180, 197.251, 197.628*
30 *to 197.651, 197.652 to 197.658, 197.659, 215.780 or 215.788 to 215.794]* is **con-**

1 **ducted** as provided in subsections (3) to (7), (9), (10) and [(12)] **(15)** of this
2 section[.] **for:**

3 **“(a) Any other final order of the commission described in ORS**
4 **197.626.**

5 **“(b) A final order of the commission described in ORS 197.180,**
6 **197.251, 197.628 to 197.651, 197.652 to 197.658, 197.659, 215.780 or 215.788 to**
7 **215.794.**

8 **“(3) A proceeding for judicial review under this section may be instituted**
9 **by filing a petition in the Court of Appeals. The petition must be filed within**
10 **21 days after the date the commission delivered or mailed the order upon**
11 **which the petition is based.**

12 **“(4) The filing of the petition, as set forth in subsection (3) of this section,**
13 **and service of a petition on the persons who submitted oral or written tes-**
14 **timony in the proceeding before the commission are jurisdictional and may**
15 **not be waived or extended.**

16 **“(5) The petition must state the nature of the order the petitioner seeks**
17 **to have reviewed. Copies of the petition must be served by registered or**
18 **certified mail upon the commission and the persons who submitted oral or**
19 **written testimony in the proceeding before the commission.**

20 **“(6) Within [21] 14 days after service of the petition, the commission shall**
21 **transmit to the Court of Appeals the original or a certified copy of the entire**
22 **record of the proceeding under review. However, by stipulation of the parties**
23 **to the review proceeding, the record may be shortened. The Court of Appeals**
24 **may tax a party that unreasonably refuses to stipulate to limit the record for**
25 **the additional costs. The Court of Appeals may require or permit subsequent**
26 **corrections or additions to the record. Except as specifically provided in this**
27 **subsection, the Court of Appeals may not tax the cost of the record to the**
28 **petitioner or an intervening party. However, the Court of Appeals may tax**
29 **the costs to a party that files a frivolous petition for judicial review.**

30 **“(7) Petitions and briefs must be filed within time periods and in a man-**

ner established by the Court of Appeals by rule.

“(8) The Court of Appeals shall:

“(a) Hear oral argument within [49] **56** days [of] **after** the date of transmittal of the record unless the Court of Appeals determines that the ends of justice served by holding oral argument on a later day outweigh the best interests of the public and the parties. However, the Court of Appeals may not hold oral argument more than [49] **56** days after the date of transmittal of the record because of general congestion of the court calendar or lack of diligent preparation or attention to the case by a member of the court or a party.

“(b) Set forth in writing and provide to the parties a determination to hear oral argument more than [49] **56** days from the date the record is transmitted, together with the reasons for the determination. The Court of Appeals shall schedule oral argument as soon as is practicable.

“(c) Consider, in making a determination under paragraph (b) of this subsection:

“(A) Whether the case is so unusual or complex, due to the number of parties or the existence of novel questions of law, that [49] **56** days is an unreasonable amount of time for the parties to brief the case and for the Court of Appeals to prepare for oral argument; and

“(B) Whether the failure to hold oral argument at a later date likely would result in a miscarriage of justice.

“(9) The court:

“(a) Shall limit judicial review of an order reviewed under this section to the record.

“(b) May not substitute its judgment for that of the Land Conservation and Development Commission as to an issue of fact.

“(10) The Court of Appeals may affirm, reverse or remand an order reviewed under this section. The Court of Appeals shall reverse or remand the order only if the court finds the order is:

1 “(a) Unlawful in substance or procedure. However, error in procedure is
2 not cause for reversal or remand unless the Court of Appeals determines that
3 substantial rights of the petitioner were prejudiced.

4 “(b) Unconstitutional.

5 “(c) Not supported by substantial evidence in the whole record as to facts
6 found by the commission.

7 “(11) The Court of Appeals shall issue a final order on the petition for
8 judicial review [*with the greatest possible expediency.*] **within 180 days after**
9 **the court hears oral argument.**

10 “(12) The 180-day period described in subsection (11) of this section
11 **does not include:**

12 “(a) A period of delay that results from a motion properly before
13 the Court of Appeals; or

14 “(b) Except as provided in subsection (13) of this section, a period
15 of delay that results from a continuance granted by the court on the
16 court’s own motion or at the request of one of the parties if the court
17 granted the continuance on the basis of findings that the ends of jus-
18 tice served by granting the continuance outweigh the best interest of
19 the public and the parties in having a decision within 180 days.

20 “(13) A period of delay resulting from a continuance granted by the
21 Court of Appeals under subsection (12)(b) of this section is not ex-
22 cluded from the 180-day period unless the court sets forth in the re-
23 cord, orally or in writing, reasons for finding that the ends of justice
24 served by granting the continuance outweigh the best interests of the
25 public and the parties in having a decision within the 180-day period.
26 The court shall consider the following factors in determining whether
27 to grant a continuance under subsection (12)(b) of this section:

28 “(a) Whether the refusal to grant a continuance in the proceeding
29 is likely to make it impossible to continue with the proceeding or to
30 result in a miscarriage of justice; or

1 **“(b) Whether the case is so unusual or complex, due to the number**
2 **of parties or the existence of novel questions of fact or law, that it is**
3 **not reasonable to expect adequate consideration of the issues within**
4 **the 180-day period.**

5 **“(14) The Court of Appeals may not grant a continuance under**
6 **subsection (12)(b) of this section due to general congestion of the court**
7 **calendar or lack of diligent preparation or attention to the case by a**
8 **party or a member of the court.**

9 **“[(12)] (15) If the order of the commission is remanded by the Court of**
10 **Appeals or the Supreme Court, the commission shall respond to the court’s**
11 **appellate judgment within 30 days.**

12 **“SECTION 8. (1) The amendments to ORS 197.626 by section 6 of this**
13 **2014 Act apply to a final land use decision of a metropolitan service**
14 **district that is submitted to the Land Conservation and Development**
15 **Commission for review on or after the effective date of this 2014 Act.**

16 **“(2) The amendments to ORS 197.651 by section 7 of this 2014 Act**
17 **apply to a petition for judicial review under ORS 197.651 that is filed**
18 **on or after the effective date of this 2014 Act.**

19 **“SECTION 9. The amendments to ORS 197.299 by section 5 of this**
20 **2014 Act become operative January 1, 2015.”.**

21 In line 45, delete “4” and insert “10”.
22

Enrolled House Bill 4078

Sponsored by Representatives DAVIS, CLEM; Representatives BARKER, BENTZ, CAMERON, THATCHER, Senators HASS, JOHNSON, STARR (Presession filed.)

CHAPTER

AN ACT

Relating to post-acknowledgement changes to regional framework plan in Metro; creating new provisions; amending ORS 195.085, 197.299 and 197.626; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. The Legislative Assembly finds and declares that:

(1) Oregon law requires a metropolitan service district to establish an urban growth boundary and to maintain development capacity sufficient for a 20-year period within the boundary based on periodic assessments of the development capacity within the boundary.

(2) Metro, the metropolitan service district for the Portland metropolitan area, has not implemented an approved legislative amendment to the urban growth boundary since 2005.

(3) In 2010, Metro assessed the development capacity within the urban growth boundary and determined that the boundary did not contain sufficient capacity for a 20-year period.

(4) The Metro Council, the governing body of Metro, established policies, including an investment strategy, for using land within the urban growth boundary more efficiently by adopting Ordinance No. 10-1244B on December 16, 2010.

(5) Ordinance No. 10-1244B significantly increased the development capacity of the land within the urban growth boundary, but left unmet needs for housing and employment.

(6) On July 28, 2011, the Metro Council held a public hearing in Hillsboro to allow public review of and to take comments on proposed expansion of the urban growth boundary to fill the unmet needs for housing and employment in the region.

(7) On September 14 and 28, 2011, the Metro Council sought advice on expansion of the urban growth boundary from the Metro Policy Advisory Committee, which is composed primarily of elected and other local government officials in the region. On September 28, 2011, the Metro Council received a recommendation from the committee.

(8) The Metro Council, with the advice and support of the committee, established six desired outcomes as the basis for comparing policy and strategy options to increase the development capacity of the region.

(9) On September 30, 2011, the Metro Council reported likely effects of the proposed expansion of the urban growth boundary to:

(a) The cities and counties in the region; and

(b) Nearly 34,000 households within one mile of land proposed to be included within the urban growth boundary.

(10) The Metro Council developed, in cooperation with the cities and counties responsible for land use planning in areas potentially to be included within the urban growth boundary,

policies and strategies addressing the affordability of housing, the compatibility of residential use with nearby agricultural practices and the protection of industrial lands from conflicting uses.

(11) On October 6 and 20, 2011, the Metro Council held public hearings on the proposed expansion of the urban growth boundary.

(12) On October 20, 2011, the Metro Council unanimously adopted Ordinance No. 11-1264B, expanding the urban growth boundary to fill the unmet needs for increased development capacity for housing and for industries that require large areas of developable land.

(13) The adopted policies and strategies reflect the intention of the Metro Council to develop vibrant, prosperous and sustainable communities with reliable transportation choices that minimize carbon emissions and to distribute the benefits and burdens of development equitably in the Portland metropolitan area.

(14) The Director of the Department of Land Conservation and Development referred the expansion of the urban growth boundary by Ordinance No. 11-1264B to the Land Conservation and Development Commission for review.

(15) On May 10, 2012, the commission held a public hearing, according to rule-based procedures adopted by the commission, to consider the proposed amendment to the urban growth boundary made by Ordinance No. 11-1264B.

(16) The commission continued the public hearing to June 14, 2012, and requested that the Metro Council submit additional information describing how the record demonstrates compliance with the appropriate statewide land use planning goals, administrative rules and instructions.

(17) On June 14, 2012, the commission unanimously approved the expansion of the urban growth boundary by Ordinance No. 11-1264B in Approval Order 12-UGB-001826.

(18) Metro and other local governments have made significant investments in infrastructure to ensure that housing, education and employment needs in the region are met.

(19) Ordinance No. 11-1264B and its findings satisfy Metro's obligations under ORS 197.295 to 197.314 and under statewide land use planning goals relating to citizen involvement, establishment of a coordinated planning process and policy framework and transition from rural to urban land uses.

SECTION 2. (1) Section 3 of this 2014 Act is added to and made a part of ORS 195.137 to 195.145.

(2) Section 4 of this 2014 Act is added to and made a part of ORS 197.295 to 197.314.

SECTION 3. (1) For purposes of land use planning in Oregon, the Legislative Assembly designates the land in Washington County that was designated as rural reserve in Metro Resolution No. 11-4245, adopted on March 15, 2011, as the acknowledged rural reserve in Washington County, except that:

(a) The real property in Area 5C on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is more particularly described as tax lots 1500 and 1501, section 1 of township 2 south, range 2 west, Willamette Meridian, is not designated as a reserve area.

(b) The Legislative Assembly designates as acknowledged urban reserve the real property that is part of the original plat of Bendemeer, Washington County, Oregon, more particularly described as:

(A) All of lots 1 through 18, inclusive;

(B) The parts of lots 64, 65 and 66 that are situated between the east boundary of the right of way of West Union Road and the west boundary of the right of way of Cornelius Pass Road; and

(C) The real property that is more particularly described as: Beginning at a point of origin that is the south bank of Holcomb Creek and the east boundary of the right of way of Cornelius Pass Road; thence easterly along the south bank of Holcomb Creek, continuing

along the south bank of Holcomb Lake to its intersection with the west boundary of Area 8C; thence southerly along the west boundary of Area 8C to its intersection with the north boundary of the right of way of West Union Road; thence westerly along the right of way to its intersection with the east boundary of the right of way of Cornelius Pass Road; thence northerly along the right of way to the point of origin.

(2) For purposes of land use planning in Oregon, the Legislative Assembly designates the land in Washington County that was designated as urban reserve in Metro Resolution No. 11-4245, adopted on March 15, 2011, as the acknowledged urban reserve in Washington County, except that:

(a) The real property in Area 8A on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," east of the east boundary of the right of way of Jackson School Road and east of the east bank of Storey Creek and the east bank of Waibel Creek is included within the acknowledged urban growth boundary.

(b) The real property in Area 8A on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is south of the south boundary of the right of way of Highway 26 and west of the real property described in paragraph (a) of this subsection is designated as acknowledged rural reserve.

(c) The real property in Area 8B on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is more particularly described as tax lots 100, 900, 901, 1100, 1200, 1300 and 1400 in section 15 of township 1 north, range 2 west, Willamette Meridian, is not designated as a reserve area.

(d) The real property in Area 8B on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is not described in paragraph (c) of this subsection is designated as acknowledged rural reserve.

(e) The real property in Area 7B on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is north of the south bank of Council Creek is designated as acknowledged rural reserve.

(f) The real property in Area 7B on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," that is south of the south bank of Council Creek is included within the acknowledged urban growth boundary.

(3) For purposes of land use planning in Oregon, in relation to the following real property in Washington County that is not reserved by designation in Metro Resolution No. 11-4245, adopted on March 15, 2011, the Legislative Assembly designates:

(a) As acknowledged rural reserve the real property that is situated south of the City of North Plains on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," more particularly described as tax lots 100, 101, 200 and 201 in section 11 of township 1 north, range 3 west, Willamette Meridian, and tax lots 1800 and 2000 and that portion of tax lot 3900 that is north of the south line of the Dobbins Donation Land Claim No. 47 in section 12 of township 1 north, range 3 west, Willamette Meridian.

(b) As acknowledged rural reserve the real property that is situated north of the City of Cornelius on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," and that is north of the south bank of Council Creek, east of the east right of way of Cornelius-Schefflin Road and west of the west bank of Dairy Creek.

(c) As acknowledged rural reserve the real property that is north of the City of Forest Grove on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," more particularly described as east of Area 7B, west of the east right of way of Highway 47 and south of the south right of way of Northwest Purdin Road.

(d) As acknowledged rural reserve the real property that is situated west of Area 8B on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)."

(4) Land in a county in Metro that is planned and zoned for farm, forest or mixed farm and forest use and that is not designated as urban reserve may not be included within the urban growth boundary of Metro before at least 75 percent of the land in the county that was designated urban reserve in this section has been included within the urban growth boundary and planned and zoned for urban uses.

(5)(a) The real property described in subsection (2)(a) of this section:

(A) Is employment land of state significance; and

(B) Must be planned and zoned for employment use.

(b) In its first legislative review of the urban growth boundary on or after the effective date of this 2014 Act, Metro shall not count the employment capacity of the real property described in subsection (2)(a) of this section in determining the employment capacity of the land within Metro.

(6) If the real property described in subsection (2)(f) of this section or section 4 (1) to (3) of this 2014 Act is planned and zoned for employment use, in its first legislative review of the urban growth boundary on or after the effective date of this 2014 Act, Metro shall not count the employment capacity of the real property described in subsection (2)(f) of this section or in section 4 (1) to (3) of this 2014 Act in determining the employment capacity of the land within Metro.

SECTION 4. For the purpose of land use planning in Oregon, the Legislative Assembly designates the urban growth boundary designated in Metro Ordinance No. 11-1264B, adopted October 20, 2011, as the acknowledged urban growth boundary of Metro, subject to the conditions of approval in the ordinance, except that:

(1) The real property in Area 7C on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," is included within the acknowledged urban growth boundary.

(2) The real property in Area 7D on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," is included within the acknowledged urban growth boundary.

(3) The real property in Area 7E on Metro's map denominated as the "Urban and Rural Reserves in Washington County, Attachment A to Staff Report for Resolution No. 11-4245 (03/17/11 DRAFT)," is included within the acknowledged urban growth boundary.

SECTION 5. ORS 197.299 is amended to read:

197.299. (1) A metropolitan service district organized under ORS chapter 268 shall complete the inventory, determination and analysis required under ORS 197.296 (3) not later than [five] **six** years after completion of the previous inventory, determination and analysis.

(2)(a) The metropolitan service district shall take such action as necessary under ORS 197.296 (6)(a) to accommodate one-half of a 20-year buildable land supply determined under ORS 197.296 (3) within one year of completing the analysis.

(b) The metropolitan service district shall take all final action under ORS 197.296 (6)(a) necessary to accommodate a 20-year buildable land supply determined under ORS 197.296 (3) within two years of completing the analysis.

(c) The metropolitan service district shall take action under ORS 197.296 (6)(b), within one year after the analysis required under ORS 197.296 (3)(b) is completed, to provide sufficient buildable land within the urban growth boundary to accommodate the estimated housing needs for 20 years from

the time the actions are completed. The metropolitan service district shall consider and adopt new measures that the governing body deems appropriate under ORS 197.296 (6)(b).

(3) The Land Conservation and Development Commission may grant an extension to the time limits of subsection (2) of this section if the Director of the Department of Land Conservation and Development determines that the metropolitan service district has provided good cause for failing to meet the time limits.

(4)(a) The metropolitan service district shall establish a process to expand the urban growth boundary to accommodate a need for land for a public school that cannot reasonably be accommodated within the existing urban growth boundary. The metropolitan service district shall design the process to:

(A) Accommodate a need that must be accommodated between periodic analyses of urban growth boundary capacity required by subsection (1) of this section; and

(B) Provide for a final decision on a proposal to expand the urban growth boundary within four months after submission of a complete application by a large school district as defined in ORS 195.110.

(b) At the request of a large school district, the metropolitan service district shall assist the large school district to identify school sites required by the school facility planning process described in ORS 195.110. A need for a public school is a specific type of identified land need under ORS 197.298 (3).

SECTION 6. ORS 197.626 is amended to read:

197.626. (1) A local government shall submit for review and the Land Conservation and Development Commission shall review the following final land use decisions in the manner provided for review of a work task under ORS 197.633:

(a) An amendment of an urban growth boundary by a metropolitan service district that adds more than 100 acres to the area within its urban growth boundary;

(b) An amendment of an urban growth boundary by a city with a population of 2,500 or more within its urban growth boundary that adds more than 50 acres to the area within the urban growth boundary;

(c) A designation of an area as an urban reserve under ORS 195.137 to 195.145 by a metropolitan service district or by a city with a population of 2,500 or more within its urban growth boundary;

(d) An amendment of the boundary of an urban reserve by a metropolitan service district;

(e) An amendment of the boundary of an urban reserve to add more than 50 acres to the urban reserve by a city with a population of 2,500 or more within its urban growth boundary; and

(f) A designation or an amendment to the designation of a rural reserve under ORS 195.137 to 195.145 by a county, in coordination with a metropolitan service district, and the amendment of the designation.

(2) When the commission reviews a final land use decision of a metropolitan service district under subsection (1)(a), (c), (d) or (f) of this section, the commission shall issue a final order in writing within 180 days after the commission votes whether to approve the decision.

[(2)] (3) A final order of the commission under this section may be appealed to the Court of Appeals in the manner described in ORS 197.650 and 197.651.

SECTION 7. ORS 195.085 is amended to read:

195.085. (1) *[No later than the first periodic review that begins after November 4, 1993,]* Local governments and special districts shall demonstrate compliance with ORS 195.020 and 195.065.

(2) The Land Conservation and Development Commission may adjust the deadline for compliance under this section when cities and counties that are parties to an agreement under ORS 195.020 and 195.065 are scheduled for periodic review at different times.

(3) Local governments and special districts that are parties to an agreement in effect on November 4, 1993, which provides for the future provision of an urban service shall demonstrate compliance with ORS 195.065 no later than the date such agreement expires or the second periodic review that begins after November 4, 1993, whichever comes first.

(4) An urban service agreement in effect on the effective date of this 2014 Act does not apply to real property described as Area 2 on Metro's map denominated "2011 UGB Expansion Areas, Ordinance 11-1264B, Exhibit A, October, 2011."

SECTION 8. (1) For the purpose of ORS 195.065, the City of Hillsboro and Tualatin Valley Fire and Rescue shall enter into an urban service agreement for the unincorporated communities of Reedville, Aloha, Rock Creek and North Bethany in Washington County.

(2) The agreement must generally follow a boundary between the City of Hillsboro and Tualatin Valley Fire and Rescue along the north-south axis of Southwest 209th Avenue in Washington County, between Southwest Farmington Road and the intersection of Northwest Cornelius Pass Road and Northwest Old Cornelius Pass Road, excluding areas that are within the City of Hillsboro on the effective date of this 2014 Act.

(3) The City of Hillsboro and Tualatin Valley Fire and Rescue shall report to the Legislative Assembly in the manner described in ORS 192.245 on or before January 1, 2015, on the agreement required by this section.

SECTION 9. When the Land Conservation and Development Commission acts on remand of the decision of the Oregon Court of Appeals in Case No. A152351, the commission may approve all or part of the local land use decision if the commission identifies evidence in the record that clearly supports all or part of the decision even though the findings of the local government either:

(1) Do not recite adequate facts or conclusions of law; or

(2) Do not adequately identify the legal standards that apply, or the relationship of the legal standards to the facts.

SECTION 10. The amendments to ORS 197.626 by section 6 of this 2014 Act apply to a final land use decision of a metropolitan service district that is submitted to the Land Conservation and Development Commission for review on or after the effective date of this 2014 Act.

SECTION 11. Section 8 of this 2014 Act is repealed December 31, 2015.

SECTION 12. The amendments to ORS 197.299 by section 5 of this 2014 Act become operative January 1, 2015.

SECTION 13. This 2014 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect on its passage.

Passed by House February 28, 2014

.....
Ramona J. Line, Chief Clerk of House

.....
Tina Kotek, Speaker of House

Passed by Senate March 4, 2014

.....
Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2014

Approved:

.....M.,....., 2014

.....
John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2014

.....
Kate Brown, Secretary of State

Fritzie, Martha

From: Carol Reinmiller <carolreinmiller@yahoo.com>
Sent: Wednesday, April 12, 2017 4:43 PM
To: Fritzie, Martha
Subject: File #ZDO265

Dear Ms. Fritzie - We are residents of the Stafford Hamlet and we are writing to express our hope that the Hamlet will remain just as it is now - a place of open spaces where you can still see farm animals grazing, a place where fresh produce is still grown and sold, a place that is relative undeveloped and a small, friendly place where families can live and raise their children that still has some open spaces where they can roam and see nature and wildlife at work. The development of this area will mean more car and truck traffic and pollutants that will spoil this part of the county. If you have ever driven on Stafford Road in the last year, you will be able to see how unsafe it is for those of us who have to pull onto the road from the Shadowood area and more people and car/truck traffic will make it impossible to feel safe here. The traffic on any given work day is backed up from the Rosemont Road roundabout to the Stafford Bridge - we see hundreds of cars creeping across the bridge from our house. The area cannot handle more schools, large housing developments, etc., because the area is not set up for this type of progress. We are urging you to please keep the Hamlet area as it is now - a place we have truly enjoyed living for the last 52 years. Thank you - Bob & Carol Reinmiller - Shadowood Park.

Sent from my iPad

 BEGIN-ANTISPAM-VOTING-LINKS

NOTE: This message was trained as non-spam. If this is wrong, please correct the training as soon as possible.

Teach CanIt if this mail (ID 03T7zGzVM) is spam:

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END-ANTISPAM-VOTING-LINKS

April 11, 2017

RE: File# ZDO-265

Dear Ms. Fritzie,

I am opposed to including the Stafford Hamlet in the Urban Reserve for the Portland Metro area. This area has been home to many generations of farm families and several Century Farms. I have been living in the Stafford Hamlet since 1994 in the Shadow Wood Area. Our Hamlet is home to a wide variety of wild life that accesses the Tualatin and Willamette river systems. We have seen Eagle, Osprey, Hawk, Fox, Coyote and even a Cougar in the area. Urbanization will change the housing density and increased traffic flow will be at the cost of the wildlife as well as the quality of human life. We have managed to hold on to the wildlife and quality of our life with the already extensive development that is encroaching on the Hamlet from Lake Oswego, West Linn and Tualatin. I ask that the Stafford Hamlet be excluded from the Urban Reserve to support the hard work and planning of our citizen lead process that received over 75% agreement from Hamlet residents. Similar to Forest Park Northwest of Portland, Stafford Hamlet provides home and safe passage to wildlife that makes the rural and natural character of the Hamlet. Please do not ignore the exhaustive citizen involvement by placing the Stafford Hamlet in the Urban Reserve.

Respectfully,



Steven DeLugach

1756 SW Greenway Circle

West Linn, Oregon 97068



April 12, 2017

HAND DELIVERED

Mr. Jim Bernard, Chair
and Clackamas County Commissioners
Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

RE: Testimony of the City of Lake Oswego
April 12, 2017 Public Hearing--File ZDO-265
Designation of Urban and Rural Reserves
LCDC Remand Order 14-ACK- 001867

Dear Chair Bernard and Commissioners:

The City of Lake Oswego agrees with and supports the points in the April 12, 2017, letter submitted by Jeffrey Condit on behalf of the cities of West Linn and Tualatin, and concurs that the record does not support designation of the Stafford area (study areas 4A, 4B, 4C, and 4D) as urban reserves for the reasons stated.

Lake Oswego also fully supports continuing the current effort to develop a five-party intergovernmental agreement among the three cities, Metro, and the County. The City is very optimistic that this can resolve the concerns of all the affected jurisdictions.

Sincerely,

David Powell
City Attorney

Jeffrey G. Condit, P.C.
jeff.condit@millernash.com
503.205.2305 direct line

April 12, 2017

Mr. Jim Bernard, Chair
and Clackamas County Commissioners
Public Service Building
2051 Kaen Road
Oregon City, Oregon 97045

Subject: Testimony of the Cities of West Linn and Tualatin on File ZDO-265
(Designation of Urban and Rural Reserves)

Dear Chair Bernard and Commissioners:

We represent the cities of Tualatin and West Linn (the "Cities"). As you know, the Cities have long opposed the designation of Metro study areas 4A, 4B, 4C, and 4D ("Stafford") as urban reserve because the Cities believe that the record does not support designation under the factors set forth in ORS 195.145 and OAR 660-027-0050 (the "Factors"), particularly with regard to efficient use of existing and currently planned future public infrastructure investments and whether urban level public services can be efficiently and cost-effectively provided by appropriate and financially capable service providers. Along with this letter, we are submitting copies of the Cities' prior testimony to Metro¹ on the proposed findings and ordinance that are before the County as part of this proceeding as our testimony to the County. For the reasons stated in these submittals, the Cities continue to submit that Stafford should remain undesignated.

Having said this, the Cities are deeply appreciative of the proposal by the County and Metro of an intergovernmental agreement ("IGA") to govern the planning and urbanization and the recognition in that document of the key role of the Cities (along with the City of Lake Oswego) in that process. We have proposed some revisions

¹ Attached are the Cities' November 19, 2015, January 14, 2016, and January 22, 2016, testimony to the Metro Council.

Mr. Jim Bernard, Chair
and Clackamas County Commissioners
April 12, 2017
Page 2

to that document—most notably that the Cities and the City of Lake Oswego be included as parties—and are very encouraged that the County and Metro are considering them. The Cities hope to continue the dialog on the IGA in the hope of getting to a document that will alleviate the concerns of the Cities and better support the designation of Stafford under the Factors by ensuring an orderly process for the urbanization of Stafford over the fifty-year urban reserve planning period. An IGA acceptable to the five parties would end what has been over twenty years of conflict and litigation with regard to Stafford. The Cities believe that it is worth taking the time and making the effort to achieve this goal.

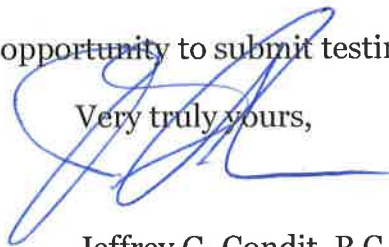
The Cities want to close by briefly responding to a memo dated March 31, 2007, from Herb Koss of the Stafford Land Owners Association to Chair Bernard and Metro Councilor Carlotta Collette. Mr. Koss opposes an IGA that recognizes the primary planning role of the Cities and the City of Lake Oswego in the planning and urbanization of Stafford. He argues that such an IGA will mean that no planning will occur, prime farmland will be converted, and the legislature will step in.

If we can reach agreement on an IGA with Metro and the County, it will be a good faith commitment by the Cities to undertake the coordinated planning process required under the Metro Code and state statute. That process will include significant opportunity for public involvement, including from Stafford Land Owners Association and the Stafford hamlet. If the urban and rural reserve process is completed, no additional farm land can be designated for 50 years, except as provided under the Urban and Rural Reserves Rule. (See OAR 660-027-0070.) Finally, the legislature is far more likely to step in if conflict and appeals continue.

Finally, we request that the Board of Commissioners continue the hearing as planned, to April 19, so that we can submit additional testimony and respond to other submitted testimony.

The Cities appreciate the opportunity to submit testimony on these issues.

Very truly yours,



Jeffrey G. Condit, P.C.

Jeffrey G. Condit, P.C.
jeff.condit@millernash.com
503.205.2305 direct line

November 19, 2015

Mr. Tom Hughes
Council President
and Metro Councilors
Metro Regional Center
600 N.E. Grand Avenue
Portland, Oregon 97232-2736

Subject: Testimony of the Cities of West Linn and Tualatin

Dear Council President Hughes and Metro Councilors:

We represent the Cities of Tualatin and West Linn ("Cities"). Please accept this letter and attached exhibits in the record as the Cities' testimony on the designation of the four Stafford study areas ("Stafford") as urban reserve.

I. INTRODUCTION

It continues to be the Cities' position that the evidence in the record does not support the designation of Urban Reserve Areas 4A (Stafford), 4B (Rosemont), 4C (Borland), and 4D (Norwood) (collectively, "Stafford") under the eight urban reserve factors set forth in ORS 195.145(5)/OAR 660-027-0050¹ (the "Factors"). See Stafford:

¹ The Administrative Rule adds two additional factors to the statutory list. OAR 660-027-0060 provides:

"Factors for Designation of Lands as Urban Reserves

"Urban Reserve Factors: When identifying and selecting lands for designation as urban reserves under this division, Metro shall base its decision on consideration of whether land proposed for designation as urban reserves, alone or in conjunction with land inside the UGB:

"(1) Can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments;

"(2) Includes sufficient development capacity to support a healthy economy;

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A Joint Statement, issued by the cities of Lake Oswego, Tualatin, and West Linn, dated May 26, 2015. Ex. 1. The record demonstrates that Stafford cannot be efficiently or cost effectively served by urban services, particularly transportation. The Cities do not have sufficient funding to address their current capital infrastructure needs even in the absence of Stafford, and there is no identified funding available in the foreseeable future to pay for these infrastructure needs. Finally, the slopes, streams, and existing parcelized development pattern in the Stafford area make it extremely difficult to redevelop into the walkable, mixed-housing type, transit-friendly, urban development envisioned in the Factors. The Cities do not believe that the development potential of Stafford is worth the substantial public investment required.

Given this record, the only path forward that would support designation of Stafford under the Factors is if the designation included some type of enforceable limitation on consideration of Stafford for addition to the Metropolitan Urban Growth until plans are developed and funding is identified to provide the necessary urban services.

II. BACKGROUND

Metro and the counties adopted joint and concurrent decisions designating urban and rural reserves pursuant to ORS 195.137 to ORS 195.145 and OAR 660-027-0050 in 2010 (the "Metro Decision"). The Metro Decision was submitted

"(3) Can be efficiently and cost-effectively served with public schools and other urban-level public facilities and services by appropriate and financially capable service providers;

"(4) Can be designed to be walkable and served with a well-connected system of streets, bikeways, recreation trails and public transit by appropriate service providers;

"(5) Can be designed to preserve and enhance natural ecological systems;

"(6) Includes sufficient land suitable for a range of needed housing types;

"(7) Can be developed in a way that preserves important natural landscape features included in urban reserves; and

"(8) Can be designed to avoid or minimize adverse effects on farm and forest practices, and adverse effects on important natural landscape features, on nearby land including land designated as rural reserves. "

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to LCDC for acknowledgment on June 23, 2010. On October 29, 2010, following the objections and the hearings process, LCDC passed a motion approving the designation of urban and rural reserves in Clackamas and Multnomah Counties, but remanded Washington County's designation.

Metro and Washington County revised their decisions in April 2011, and Metro resubmitted the Metro Decision, as revised, on May 31, 2011. After another round of objections and hearings during the summer of 2011, LCDC moved to approve the Metro Decision at the conclusion of its hearing on August 19, 2011. LCDC issued its final Order almost one year later on August 14, 2012.

The Cities have consistently objected to the designation of Urban Reserve Areas 4A (Stafford), 4B (Rosemont), 4C (Borland), and 4D (Norwood) (collectively, "Stafford") as urban reserves throughout the Clackamas County, Metro, and LCDC proceedings. The Cities were among multiple parties that petitioned the Court of Appeals for review of LCDC's decision.

On February 20, 2014, the Oregon Court of Appeals issued its decision in Barkers Five, LLC v. LCDC, 261 Or App 259, 323 P3d 368 (2014) ("Barkers Five"). The decision upheld much of LCDC's interpretation and application of the legal framework and applicable rules for designation of urban and rural reserves, but concluded that LCDC had misapplied the law in the following four ways:

1. By approving Washington County's misapplication of the rural-reserve factors applicable to agricultural land;
2. By concluding that Multnomah County had adequately considered the rural-reserve factors pertaining to Area 9D (West Hills North);
3. By concluding that LCDC had the authority to approve a local government's inadequate findings if the evidence in the record "clearly supports" the decision; and

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4. By failing to meaningfully explain why—"even in light of weighty countervailing evidence"—Metro and the Counties' designation of Stafford as urban reserve is supported by substantial evidence. Barkers Five, 261 Or App at 265. The Court found that Metro and Clackamas County's reasoning with regard to Stafford—that development conditions would improve over the 50-year planning period—was "impermissibly speculative." Barkers Five, 261 Or App at 362.

In March 2014, the 2014 legislature enacted House Bill ("HB") 4078, the so-called "grand bargain" bill. HB 4078 substantially modified the urban and rural reserves designated by Metro in Metro Resolution 11-4245 in Washington County and legislatively designated them as modified. HB 4078 § 3. HB 4078 also legislatively validated Metro's subsequent urban growth boundary decision pursuant to Metro Ordinance 11-1264B, with three modifications. HB 4078 § 4. These enactments essentially mooted the Barkers Five decision regarding the Washington County urban and rural reserves.

HB 4078 did not resolve the remand issues with regard to Clackamas or Multnomah Counties. LCDC considered the remand during hearings in the fall of 2014 and winter 2014, and on March 16, 2015, remanded the decision back Metro and the counties.²

² The Cities and many of the other parties to the case petitioned LCDC for review of the LCDC director's initial remand order issued January 15, 2015, on the grounds that it appeared to limit Metro's scope of review on remand in manner contrary to the Court of Appeals decision. LCDC heard oral argument on the petitions on March 12, 2015, and the director issued the revised order on March 16, which basically incorporated the direction verbatim from the Court of Appeals decision. As the Cities noted before LCDC, Metro's and the Counties' designation of urban and rural reserves was a legislative decision. The "law of the case" doctrine does not apply to legislative decisions. Hatley v. Umatilla County, 256 Or App 91, 106-112, 301 P2d 920 (2013). The Cities (and any other interested person) are free to raise any relevant issues on remand.

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III. APPROPRIATE CONSTRUCTION OF THE FACTORS

OAR 660-027-0050 requires Metro to base its decision identifying and selecting lands for designation as urban reserves on the Factors. As Metro's September 30, 2015, Staff Report ("Staff Report") correctly notes, the Barkers Five court agreed with LCDC that the Factors were not individual approval criteria. But neither are they "discretionary" considerations as stated in the Staff Report. The court held that the Factors were intended to apply in the same manner as the boundary location factors of Statewide Land Use Planning Goal 14. Barkers Five, 261 Or App at 295-301.

""[C]onsideration' of the factors requires that the local government (a) apply and evaluate each factor, (b) weigh and balance the factors as a whole, and (c) meaningfully explain why a designation as urban or rural reserves is appropriate. As we succinctly explained in Ryland Homes,³ 'consideration' means that a local government 'has an obligation to consider each of the [applicable] factors and to articulate its thinking regarding the factor and the role that each factor played in balancing all of the factors.' 174 Or App at 416." Barkers Five, 261 Or App at 300.

This then is Metro's task with regard to Stafford on remand.⁴

The Cities also believe that Metro previously misapplied the balancing of the Factors. Both Metro's and LCDC's prior orders acknowledged the high cost of service and significant development constraints with regard to the urbanization of Stafford under the individual Factors, but conclude that the Factors "as a whole" or "on balance" support the designation of Stafford as urban reserve. The only articulated basis for this conclusion was the following finding:

"Designation of this 4,700 acre area as an Urban Reserve avoids designation of other areas containing Foundation or Important

³ 1000 Friends of Oregon v. Metro, 174 Or App 406, 26 P3d 151 (2001) ("Ryland Homes").

⁴ Because the Barkers court concluded that remand was required on the transportation issue, it did not address the Cities' other subassignments in their second assignment of error. Barkers Five, 261 Or App at 362-63. The Cities' other subassignments made similar arguments that the Metro/LCDC order failed to address conflicting evidence submitted by the Cities, was speculative and conclusory, failed to consider and balance the factors as a whole, and failed to meaningfully explain why a designation of Stafford as urban reserves is appropriate. It is the Cities' position that Metro must address all of these issues on remand.

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Agricultural Land. It would be difficult to justify designation of Foundation Farm Land in the region, if this area, which is comprised entirely of Conflicted Agricultural Land, were not designated as Urban Reserve (see OAR 660-027-0040(11))."

At the threshold, HB 4078 legislatively designates urban and rural reserves in Washington County, which contain the majority of Foundation Agricultural Land in the Metro region. Failure to designate Stafford will therefore have no effect on the designation of Foundation Agricultural Land, at least in Washington County. On remand, Metro must address this change in circumstance.

In addition, and more importantly, the 2007 legislative history behind ORS 195.137 to ORS 195.145 set forth in Barkers Five indicates that one of the primary purposes for enactment of this alternative urban/rural reserve process in 2007 was to get away from the strict hierarchy for inclusion of lands in ORS 197.298 so that the designation of urban reserves would be "based principally on the suitability of land for eventual urban development," rather than on whether it was less suitable for farming than other candidate lands. Barkers Five, 261 Or App at 271 n.5; see also, 261 Or App at 266, 272 n.8 (quoting testimony by Metro). The trade-off under the statute for this greater flexibility was the designation of rural reserves to protect significant farmland from urbanization for the 50-year planning period.⁵ See ORS 195.143(3); Barkers Five, 261 Or App at 276 n.10.

⁵ Rep. Jackie Dingfelder served as Chair of the House Committee of Environment and Natural Resources that considered the bill in the House. App-94. She made the following explanation of the bill (2007 SB 1011) prior to the vote in the House of Representatives:

"In Section 6, [SB 1011] creates a new process for designating urban reserves or areas that are expected to accommodate growth over the long term. These areas are the first in line when land needs to be brought into the UGB, and under this new process, selection of urban reserves will be based on a set of factors that consider how well land can be woven into the urban fabric of the region, rather than the current approach of selecting urban reserves based on factors that are related to their quality as farmland. In effect, this will make it easier to urbanize land that may have good soil, but is not necessarily critical to the agricultural economy." Oregon House Chamber June 11, 2007, 1:59 p.m., 1:48:56.⁵

Rep. Dingfelder: "Meanwhile, in Section 3, the bill authorizes the creation of a new category of land called rural reserves, and this is off limits to urban expansion. These are the lands that are critical to the functioning and long-term viability of the agricultural

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That other farmland might have to be designated as urban reserve⁶ is therefore not legally relevant to the question of whether Stafford is suitable for designation as urban reserve based on consideration of the Factors.

The Staff Report appears to fall back into error on this issue by stressing that Stafford was determined by the Department of Agriculture to be "conflicted" agricultural land and not "foundation" agricultural land. The relevant question under the Factors is whether Stafford is suitable for urban development.⁷

Finally, it is the Cities' position that the Factors have to be construed in their statutory context. See PGE v. Bureau of Labor and Industries, 317 Or 606, 610-12, 859 P2d 1143 (1993) and State v. Gaines, 346 Or 160, 171-73, 206 P3d 1042 (2009) (the courts construe a statute by first looking at the text, context, and legislative history of the provision). Lane County v. LCD, 325 Or 569, 578, 942 P2d 278 (1997) ("[W]e do not look at one subsection of a statute in a vacuum; rather, we construe each part together with the other parts in an attempt to produce a harmonious whole."); Morsman v. City of Madras, 203 Or App 546, 561, 126 P3d 6, rev denied, 340 Or 483 (2006) (relevant "context" includes provisions in the same chapter or statutory scheme).

industry * * *." Oregon House Chamber June 11, 2007, 1:59 p.m., 1:49:44. (See also App-36, 101-02, 146.)

⁶ The Cities further note that Metro's decision did not identify what foundation farm lands would be at risk if Stafford were to remain undesignated or explain why the justification required by OAR 660-027-0040(11) would not be satisfied by a conclusion that Stafford is unsuitable for designation under the Factors. The Stafford acreage could easily be made up from exception and nonfoundation farmland that was left undesignated. (This is particularly given that actual developable acreage in Stafford is much smaller than the 4,700 acres noted by Metro. See discussion below.) In addition, now that the legislature has effectively decoupled Washington County from the region, nothing would prevent Metro and Clackamas County from selecting the shorter 40-year planning horizon allowable under ORS 195.145(4) and reducing the target land need to the lower end of the urban reserve range and thereby leaving Stafford undesignated. (Metro does not have to consider designation on regional basis; ORS 195.141 allows Metro and "a county" to agree to designate urban and rural reserves.) A 40-year planning period is not only a feasible alternative, this approach was "strongly" recommended in the October 14, 2009, Joint State Agency Comments. The Department of Land Conservation and Development was a party to this letter. Metro-1370 to -1390; time frame recommendation at 1373.

⁷ We note, however, that most of the Stafford and Rosemont areas is zoned for exclusive farm use and do contain many active farming operations, including wineries, nurseries, and Christmas Tree farms.

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The most relevant statute in the context of urban reserves is ORS 197.298, the so-called "Priorities Statute." Under ORS 197.298(1), urban reserve lands designated under ORS 195.145 become first priority for inclusion in the Metropolitan Urban Growth Boundary ("UGB") at such time as Metro determines that there is a need to expand the boundary. Under ORS 197.299, Metro must conduct a review of the buildable land supply every five years, and must expand the UGB to maintain a 20-year supply of buildable land. Under the Metro's recent decision not to expand the UGB, this will next happen less than three years from now, in 2018.

The question that the Metro Council needs to consider when reviewing the suitability of Stafford for designation under the Factors is whether Stafford will be ready to be first priority for inclusion in the UGB in three years (or eight) (or thirteen).

IV. SUBSTANTIAL EVIDENCE

Staff suggested at the October 8, 2015, hearing that the substantial evidence standard is a low bar. In point of fact, it requires a careful consideration of the evidence presented in the record, including the conflicting evidence, and an explanation of why the decision-maker found certain evidence more probative than the conflicting evidence. "Substantial" evidence is evidence a reasonable person would rely on in reaching a decision considering the evidence in the whole record. City of Portland v. Bureau of Labor and Ind., 298 Or 104, 119, 690 P2d 475 (1984). In order to determine whether evidence is "substantial" it must be considered in the context of conflicting evidence in the whole record. Younger v. City of Portland, 305 Or 346, 360, 752 P2d 262 (1988). When conflicting evidence is submitted into the record, the failure of the decision maker to address that conflicting evidence and explain why it found the evidence relied upon more persuasive is a failure to demonstrate that substantial evidence supports its decision. Younger, id.; Gould v. Deschutes County, 59 Or LUBA 435, 457-58 (2009).

Metro's prior decision completely failed to address the conflicting evidence submitted by the Cities; and, indeed, essentially conceded that that the Cities were correct. LCDC's adoption of Metro's inadequate findings and order is what caused the Court of Appeals to conclude that LCDC had misapplied the substantial evidence test as a matter of law. 261 Or App at 362-63. Had LCDC correctly applied the test, it would have found that Metro's speculative findings were not supported by substantial evidence.

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As the discussion below indicates, there is no credible evidence in the record to suggest that Stafford will be suitable for urbanization in the foreseeable future and lots of weighty evidence to the contrary. Any speculation that Stafford *could* become suitable during the 50-year planning period is just that—and is not substantial evidence according to the Court of Appeals.

V. CONSIDERATION OF THE FACTORS IN LIGHT OF THE EVIDENCE

A. Factors 1 and 3.

When designating lands as urban reserve, OAR 660-027-0050 requires Metro to consider whether such land “[c]an be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments” (Factor 1), and “can be efficiently and cost-effectively served with public schools and other urban-level public facilities and services by appropriate and financially capable service providers” (Factor 3).

1. Transportation. The Court of Appeals remanded the prior decision because Metro and the County failed to adequately address the Cities' arguments and evidence under these Factors with regard to the Metro Regional Transportation Plan (“RTP”):

“In other words—and significantly—Metro and the county do not take issue with the correctness of the evidence to which West Linn⁸ points—viz., that the RTP indicates that, by 2035, almost all of the transportation facilities serving Stafford will be failing. Instead, they reason that the evidence is immaterial because (1) the RTP is only a prediction of traffic flows for a 25-year period; (2) the urban reserves planning period extends to 2060, which is 25 years beyond the time frame addressed in the 2035 RTP; and (3) the transportation system will necessarily change (e.g., a new light-rail line in the vicinity of I-205 has been identified as a ‘next phase’ of regional priority). Stated simply, Metro and the county’s reasoning reduces to nothing more than the proposition that the transportation system will change—and presumably improve—by 2060. However, Metro and the county do not explain, by reference to the

⁸ The Court referred to both Cities as “West Linn” for convenience.

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evidence in the record, why that is so. Bluntly: Metro and the county's reasoning—which LCDC essentially adopted in resolving the substantial evidence challenge—is impermissibly speculative.

"Although the designation of land as urban reserve must be based on consideration of the factors, which requires, among other things, that the factors are weighed and balanced as a whole—and although Metro and the counties need not demonstrate 'compliance' with any factor—the provision of adequate transportation facilities is critical to the development of urban areas. Evidence demonstrating that 'the RTP indicates that almost all of the transportation system that would provide access to the Stafford Area will be functioning at service level F (for "failing") by 2035,' is weighty, countervailing evidence that is squarely at odds with LCDC's determination that the designation of Stafford as urban reserve is supported by substantial evidence. In its order, LCDC acknowledged the evidence to which West Linn points, but, in response, did nothing more than adopt Metro and the county's speculative reasoning that the transportation system will presumably improve by 2060.

"In sum, West Linn has pointed to weighty, countervailing evidence that is squarely at odds with LCDC's determination that the designation of Stafford as urban reserve is supported by substantial evidence, and LCDC has failed to meaningfully explain why—even in light of that conflicting evidence—Metro and the counties' designation of Stafford as urban reserve is supported by substantial evidence. See Younger, 305 Or App at 360; Barkers Five, 261 Or App at 361-63."

The Staff Report argues that the 2010 RTP⁹ is not relevant evidence under the Factors. It is manifestly relevant. Factor 1 asks Metro to consider whether urban development can be efficiently served by existing and future infrastructure investments. Factor 3 asks whether such lands can be served by appropriate and financially capable service providers. These are precisely the questions that the RTP is designed to address.

⁹ The RTP adopted in 2010 is actually entitled the 2035 RTP. We refer to it as the 2010 RTP to avoid confusion with the 2014 RTP (which goes to 2040).

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The Metro RTP serves as both the required federal transportation policy document and as Metro's Transportation System Plan under Goal 12. See Metro Code ("MC") 3.08.010; OAR 660, Division 12. It is based upon projected transportation needs over the planning period and its project list is based upon projected available funding, as required by federal law. MC 3.08.210 to 3.08.310. Cities and counties are required to comply with the plan in adopting their own TSPs under Goal 12. MC 3.08.510; OAR 660-012-0016.

Metro's RTP webpage describes the RTP as follows:

"Every four years, Metro is required to update the Regional Transportation Plan, a guide for future investments in the region's transportation system.

"The plan establishes policies and priorities for:

- "• travel by motor vehicle, transit, foot and bicycle
- "• movement of goods and services
- "• street design and the efficient management of the overall system

"Each update is shaped by growth forecasts in population, jobs and travel. The plan also evaluates federal, state and local funding for transportation improvements, estimates project costs and proposes funding strategies."

The Staff Report claims that the RTP is not relevant because the RTP must be updated every four years and thus it is "only a snapshot in time." That is true of *all* planning documents; they all do and should evolve over time. The Metro Council just based its UGB decision on population and land need projections that have to be updated every five years. The only certainty with regard to any of these planning projections is that they will change. But a governing body has to base each decision on the relevant evidence that exists at the time of the decision, whether that be the current regional buildable lands inventory or the RTP.

The Staff Report also argues that if Stafford is designated as urban reserve, that will require concept planning, which will result in amendments to the RTP for new

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projects, which will solve the transportation problems in Stafford.¹⁰ This is the same kind of purely speculative wishful thinking that earned Metro a remand the first time around. In point of fact, the 2014 RTP concludes that projected funding is not sufficient to meet the performance targets in the current plan across the region and suggests implementation of some very aggressive (and highly problematic) new revenue sources to better meet projected needs under the RTP's "Investment Strategy."¹¹ 2014 RTP page 3-19, attached as Ex. 2. If Stafford is designated, it will add expensive new projects to the mix that will compete with projects region-wide for this funding, which may never materialize. In light of this evidence and considering Factors 1 and 3, why would Metro designate Stafford as urban reserve and thereby add its attendant huge transportation costs to an already underfunded list of existing needs?

For these reasons, the RTP is not only relevant to the considerations required by Factors 1 and 3, it is some of the best evidence in the region regarding the capacity of existing and planned transportation facilities and the region's financial capacity to build them.

The Staff Report next argues that even if the 2010 RTP is relevant, the Cities' arguments are "refuted" by the 2014 RTP. The Cities disagree. If one compares the 2010 Mobility Maps with their 2014 analogs, they are actually substantially similar. (2010 Mobility Maps attached as Ex. 3; 2014 Mobility Maps attached at Ex.4.) Most of the same stretches of Stafford and Borland Roads and Highway 43 are shown as not

¹⁰ In making this argument, the Staff report states that the 2010 RTP did not consider Stafford because it was an undesignated rural residential area outside of the UGB at the time the RTP was adopted. This is not entirely the case. Metro and Clackamas County adopted ordinances designating urban and rural reserves, including Stafford, in April of 2010. The 2010 RTP was enacted on June 10, and did take into account the urban reserve designations. See the Cities July 14, 2010, testimony to LCDC in the record. Also, as noted above, much of Stafford is zoned for exclusive farm use.

¹¹ These include: a \$2 per year increase in the state vehicle registration fee through 2035; a local regional vehicle registration fee equivalent to \$1 per for the same period; increasing local system development charges across the region to the regional average (which would violate the current SDC statute, which requires SDCs to be based on local capital improvement plans), a .02 increase in TriMet's payroll tax, and local street utility fees to fund operation, maintenance, and preservation. The Investment Strategy also relies on \$800 million of new state RTP revenue. These are all very heavy lifts, as evidenced by Congress's continuing inability to reauthorize the Highway Fund, the State's inability to pass a transportation funding package, and the City of Portland's failure to pass a street utility fee. And if, as the RTP implies, all local maintenance funding would shift to a street fee to free up other transportation dollars for capital projects, that would require dramatic increases in the adopted street fees throughout the region, most of which were designed to supplement static gas tax revenues.

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meeting the mobility policy under the "no build" and the "Federal Priorities" alternatives on both the 2010 and 2014 maps. The only map that shows some improvement is the 2040 "Investment Strategy," but that still shows that large stretches of Stafford and Rosemont Roads and Highway 43 will not meet the mobility policy. As noted above, the Investment Strategy is not based upon projected available funding, but is what the region will do if it can find the extra money from all of the problematic sources discussed above.

Attached as Ex. 5 is a list of the failing sections of road and projected 2014 RTP projects under the three scenarios. Under the Federal Constraints scenario, which is based on the likely available funding, there are five listed projects that would serve Stafford totaling approximately \$50 to \$110 million. Even with that investment, large sections of I-205, Stafford Road, Rosemont Road, Highway 43, and the Stafford overpass are all failing. Further, two of the five projects are not scheduled until 2033 to 2040. Under the Investment Strategy, which is based upon tapping into all of the problematic revenue sources noted above, there are six additional projects totaling approximately \$475 million to over \$1 billion. Even under this "win-the-lottery" funding scenario, large sections of Stafford, Rosemont, Highway 43, and the Stafford overpass continue to be failing. Reflecting the uncertain funding for these projects, most of these projects are unscheduled and the one that is scheduled is at the end of the planning period (2033 to 2040). Finally, even if the Investment Strategy is fully implemented, it demonstrates that traffic congestion will still be significantly worse as compared with the 2010 base-year map (See Ex. 3).

For these reasons, the 2010 and 2014 RTPs are both relevant and probative to the question of whether Stafford "can be developed at urban densities in a way that makes efficient use of existing and future public infrastructure investments" (Reserve Factor 1) or "can be served by . . . urban-level public facilities and services efficiently and cost effectively by appropriate and financially capable service providers" (Reserve Factor 3). The 2014 RTP may not be quite as damning as the 2010 RTP, but it still demonstrates that the region does not have current or projected infrastructure or the financial capacity to absorb the transportation impacts from the urbanization of Stafford for at least the next 25 years.

The Court of Appeals stopped with the analysis of the City's RTP argument, but the Cities also cited corroborating evidence in support of their argument that the transportation costs of urbanizing Stafford are simply too great. ODOT's Highway Analysis submitted to the Core Four concluded that the stretch of I-205 from

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I-5 to Or 212/224 had very low capacity to accommodate additional growth as a result of urbanization, and that relative cost of improvements is "huge," one of only 3 out of the listed 21 regional facilities to earn this dubious distinction. Ex. 6.

In addition, the Cities cited to the Stafford Basin Concept Planning Level Cost Estimates dated July 13, 2009, prepared by CH2M Hill (discussed in more detail below) (Ex. 7). This document, which only addressed the Borland and Norwood areas and Area 4E, concluded that the cost of City transportation improvements would be \$163 million. This analysis did not include any improvements to I-205 or the impacts to Stafford or Rosemont Roads or Highway 43.

The City also attaches a section of the 2014 RTP relating to Mobility Corridor 10 (Oregon City to Tualatin). It notes that there are over \$300 million in unfunded projects needed for the corridor. Ex. 8

According to Metro's 2040 Transportation Analysis Zone (TAZ) Forecast Allocations, households and employment in Stafford are projected to almost triple by 2040.¹² Ex. 9. According to Metro's planning documents, significant development will occur in Stafford during the first 25 years of the 50-year reserves planning period and there will not be a transportation system in place that can handle that level of development.¹³

We finally note that in the interval between Metro's prior decision and its current consideration, Clackamas County and City of Tualatin voters have enacted ballot measures requiring a public vote before either jurisdiction can expend any funds to plan for, design, or construct rail projects. This makes light rail a much more unlikely solution to alleviate transportation impacts caused by the urbanization of Stafford.¹⁴

For these reasons, Stafford is not suitable for designation as urban reserve under Factors 1 and 3 with regard to transportation. As the Court of Appeals noted, adequate transportation facilities are critical to urbanization.

¹² Presumably this is not full build-out.

¹³ This Metro estimate also undermines its prior argument that the 50-year planning period for urban reserves means that things will change before Stafford is urbanized.

¹⁴ We note that the Lake Oswego and West Linn charters also require a public vote on annexation. It is going to be very difficult to obtain a "yes" for any annexation that is likely to increase transportation or utility costs, or create more congestion.

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2. Other Public Facilities. As noted in the Staff Report, a February 9, 2009, analysis prepared by Core 4¹⁵ technical team (the "Core 4 Analysis")¹⁶ indicated that sewer and water service could be suitably provided to Stafford. The City of Tualatin hired the engineering firm CH2M Hill to conduct a more detailed analysis of costs and feasibility of extending all urban services to Stafford Basin and Norwood. On October 13, 2009, the City submitted testimony to the Reserve Steering Committee, including the CH2M Hill studies. See Ex. 7. Based on this evidence and testimony, the Cities argued that the evidence in the record did not support a conclusion that Stafford can be efficiently or cost effectively served by a financially capable water and sewer service provider as set forth in in Factors 1 and 3.

The Staff Report relies on the Core 4 Analysis and the Clackamas County Analysis and concludes that the CH2M Hill Study is not relevant because it does not consider sewer or water service to the Stafford and Rosemont study areas.

First, the Core 4 team memos specifically state that their analyses were "preliminary" and were based on "a broad landscape-scale lens."¹⁷ The same is true of the Clackamas County analysis.¹⁸ Further, both were completed before the CH2M Hill study and thus do not address it.

The CH2M Hill study is much more detailed than either the Core 4 or County studies. It defines the projects necessary to provide sewer and water (and transportation services) to Borland/Norwood, and estimates the specific costs of those projects (Wastewater: \$148 million; Water: \$61 million; Transportation: \$163 million). Based upon these analyses, the City submitted testimony, including a point by point critique of the Clackamas County study, explaining the basis for its conclusion that

¹⁵ Metro and the three counties were referred to as "Core 4" during the original urban/rural reserve designation process.

¹⁶ Metro-1163 to -1188. This is reference to the Metro Record which is included in the record submitted by LCDC to the Court of Appeals, and is based upon the pagination of the Court of Appeals record. The Clackamas County record is also contained in the Court of Appeals Record. We reference citations to these records as Clack-. We submit the Court of Appeals Record and the Barkers petitioners Joint Excerpt of the Record as Ex. 10 and Ex. 11. Citations to the Joint Excerpt are references as JER-. Citations to the LCDC section of the Court of Appeals Record is cited as R-.

¹⁷ Metro-1163, 1168, 1181

¹⁸ Clack-704, 795 to 796.

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Stafford in general and Borland/Norwood in particular did not qualify for urban reserve designation because of the expense and difficulty of providing these urban services.
Ex. 12.

As noted above, "substantial evidence" is evidence a reasonable person would believe after review of conflicting evidence. The much more detailed CH2M Hill study is far more compelling and weighty than the Core 4 or County studies. At least for Borland and Norwood, a reasonable person would not rely on Core 4 or County study when a subsequent much more detailed engineering study shows how the earlier more cursory analyses were flawed. Although the CH2M Hill study does not directly address Stafford or Rosemont, it does reveal the flaws with the more broad-brush Core Four and County studies and thereby undermines those findings overall.

In further support of this argument, we have attached letters from the City of Tualatin and West Linn discussing their current capital improvement plans. Ex. 13 and Ex. 14. As noted, neither plan (with one limited exception) contemplates service to Stafford, but both plans outline substantial unfunded projects inside the current city limits: \$56 million for West Line and \$850 million for Tualatin. The West Linn letter notes that the City is near build out and the service to Stafford would require capacity enhancements that would burden current residents.

We understand that the City of Lake Oswego will submit its own analysis under separate cover that will state that the total estimate for all projects in Lake Oswego's 2015-16 six year CIP is \$463,453,000. Only \$107,280,000 is funded or projected to be funded, and of that, \$45,452,000 is for the LO-Tigard water project. The total for unfunded projects is \$356,173,000, or 77 percent of the total CIP. The CIP contains no projects except perhaps some incidental park improvements that contemplate serving residents of the Stafford Basin.

The Cities and Lake Oswego do not have the financial capacity to construct needed sewer or water improvements to serve their existing urban areas.¹⁹ For these

¹⁹ In testimony from Herb Koss read into the record at the October 8, 2015, hearing, he suggested that the necessary public facilities could be financed using revenue bonds backed by system development charges ("SDCs"). While this would be theoretically possible, the problem with SDC revenue is that it is not stable or guaranteed but is based upon how development occurs over a given period of time, which in turn is dependent on the real estate market and actions of developers. For example, if a city had issued SDC revenue bonds in 2007, it would almost certainly have defaulted on those bonds in 2008. Nor is there is a revenue track record where a municipality is financing public services to large undeveloped areas. This is

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reasons, Stafford cannot "be developed at urban densities in a way that makes efficient use of existing and future public infrastructure investments" (Reserve Factor 1) or cannot be served by . . . urban-level public facilities and services efficiently and cost effectively by appropriate and financially capable service providers" with regard to water or sewer service.

B. Factors 2, 4, and 6.

OAR 660-027-0050 requires Metro to base its decision on whether a proposed urban reserve area includes sufficient development capacity to support a healthy economy (Factor 2), can be designed to be walkable and served with a well-connected system of streets, bikeways, recreation trails, and public transit by appropriate service providers (Factor 4), and includes sufficient land suitable for a range of needed housing types (Factor 6).

The Cities have submitted evidence and testimony into the existing record that demonstrate that environmental constraints and existing parcelization patterns will make it very difficult to achieve the kind of walkable, connected land for a variety of housing types envisioned by the Factors quoted above.²⁰ As the Cities have previously noted, 33 percent of Stafford and Rosemont consists of parcels of five acres or less and 22 percent consists of parcels from five to ten acres. Only 41 percent of land is in parcels greater than ten acres, and many of these larger parcels are in public, private, or quasi-public ownership. These figures do not include Borland or Norwood, but the map attached as Ex. 15 ("Hamlet Map") shows a similar parcelization pattern.²¹ The Hamlet Map indicates that two of the largest parcels in Borland are occupied by the Athey Creek Middle School and the Rolling Hills Community Church, two uses that are unlikely to redevelop during the 50-year Planning Period. The CH2M Hill analysis concludes that of the 640 gross developable acres in Borland, there are only 180 net developable acres.²² The Stafford Hamlet Values Statement indicates that of the 3930 acres in the

as opposed to revenue bonds backed by sewer or water rates, which are stable, have a track record, and over which a city has control. Given the uncertainty around SDC revenue, SDC bonds in any significant amount would very difficult to underwrite or sell.

²⁰ R-21(RR)-920 to 922, parcelization maps at 1012-13.

²¹ This map was prepared by the Stafford Hamlet ("Hamlet Map") and shows parcelization, environmental constraints, and the larger public/private ownerships unlikely to redevelop.

²² R-21(RR)-920 to 922.

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Stafford and Rosemont areas, only 1,327 are unrestricted.²³ Norwood is heavily parcelized and environmentally constrained in the same manner. See Hamlet Map.

The Map attached as Ex. 16 shows the natural features in Stafford and Rosemont and shows slopes and habit areas based upon the Metro habit maps and current Metro and West Linn Code requirements. It concludes that 52 percent of the lands in these areas are environmentally constrained. The Hamlet map does not break down the numbers, but shows similar constraints in Borland and Norwood.

In light of these constraints, it is going to be very difficult and expensive—if not impossible—to develop Stafford in the way envisioned by the Factors 2, 4, and 6. Further, the development yield is going to be so low that the high cost of providing the necessary public services looks even less worth the investment.

The evidence that Metro cited in its original decision does not support a conclusion that Stafford can reasonably be developed as envisioned by Factors 2, 4 and 6. Clack-3312 to -3316 is the Stafford Hamlet Values Statement that expresses the desire of Stafford residents for low-density development that preserves the existing Stafford character, not the kind of development called for in Factors 2, 4, and 6. The document at Clack-371 to 388 is a PowerPoint presentation by Cogan Owens Cogan regarding the factors that make great communities. Contrary to Metro's finding, it does not address development in Borland at all. The document at 3357 to 3361 is April 16, 2009, testimony submitted by Borland property owners indicating that they are interested in exploring urbanization. This is opinion not facts. Clack-3123 to -3148 is an analysis by the owner of a 55-acre parcel directly adjacent to the current Lake Oswego city limits detailing how it could be urbanized. Metro did not explain how the developability of a single 55-acre parcel constitutes any evidence, let alone substantial evidence, that the entire 4,700-acre Stafford can be so developed.

The Staff Report repeats Metro's prior conclusory finding that because similarly constrained lands adjacent to Stafford within the cities of Lake Oswego and West Linn have developed, that proves Stafford is developable as well. As the City pointed out during the first round of these proceedings,²⁴ although sloping land in Lake Oswego and West Linn adjacent to Stafford has been developed for residential use, the maps show that similarly sloped areas within the cities are predominantly zoned for

²³ Clack-3316.

²⁴ R-21(RR)-925.

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low-density R-10 and R-15 residential development at the end of windy roads with lots of cul-de-sacs.²⁵ This is high-end, large-lot, car-dependent development, not the pedestrian- and transit-friendly mixed-use, mixed-housing type of development called for by Factors 2, 4, and 6. The adjacent development in Lake Oswego and West Linn actually supports the Cities' argument that Stafford won't produce the type of development envisioned by these Factors.

In addition, as the topographical maps in the record indicate, the existing development within Lake Oswego and West Linn essentially ends at the ridge where sewer can flow by gravity into the Cities' wastewater systems. One of the Cities' long-standing concerns regarding provision of sewer surface to Stafford is need for multiple pump stations in order to get sewer up the hills and down into the Cities' systems. Pump stations are very expensive to build and even more expensive to operate and maintain. There is a reason why development stops where it does in the two cities.

C. Factors 5, 7, and 8.

OAR 660-027-0050 requires Metro to base its decision on whether a proposed urban reserve area can be designed to preserve and enhance natural and ecological systems (Factor 5), can be developed in such a way to preserve important landscape features (Factor 7), and can be designed to avoid or minimize adverse impacts on farm and forest practices and important natural landscape features (Factor 8).

The Cities argued below and here that the large amount of environmentally constrained land would make it difficult to comply with Factors 5 and 7 while at the same time producing the dense, pedestrian- and transit-friendly mixed-use, mixed-housing type of development envisioned in Factors 2, 4, and 6.²⁶

Metro's prior Finding of compliance with Factors 5 and 7 recognizes this dichotomy but fails to address it:

"The significance of the Tualatin River and Wilson Creek systems has been recognized. The Principles specifically identify the need to plan for these features, and recognize that housing and employment capacity

²⁵ The zoning designations are shown on the Parcel Map at R-21(RR)-1012. The Hamlet Map also graphically illustrates this truth.

²⁶ R-21(RR)-926 to 927.

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expectations will need to be reduced to protect important natural features. Urbanization will occur in a city, which is obligated by state and regional rules to protect upland habitat, floodplains, steep slopes and riparian areas.”

The significant natural and ecological features in Stafford can be preserved and enhanced, but, as the maps indicate, doing so will significantly reduce the amount of developable land in Stafford, and make connectivity, walkability, and dense development of the remaining lands much more difficult and expensive. The Cities submit that the yield is not worth the expense.

D. Balancing the Factors

The evidence and testimony submitted by the Cities indicates that the Stafford Area:

- Will not and cannot be efficiently or cost-effectively served by transportation infrastructure.
- Cannot be efficiently or economically provided with other significant urban services, including sewer and water.
- Is so constrained by environmental and geographical features and existing parcelization that much of the Stafford Area will be undevelopable and the remainder will be too constrained to provide the kind of high-density development envisioned by the factors.

The Stafford Area is unsuitable for urbanization under virtually all of the factors. It should be left undesignated.

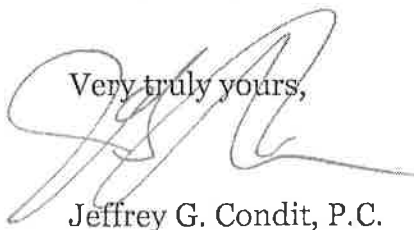
VI. CONCLUSION

Substantial evidence in the record demonstrates that Stafford is not suitable for designation as urban reserve after consideration and balancing of the Factors. That could change over the 50-year planning period, but such change is purely speculative given the evidence in the record today. For these reasons, the Cities believe that Stafford should remain undesignated.

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Before Stafford is suitable to be first priority for inclusion in the Metro UGB, there must be some demonstration or contingency that Stafford can be provided with cost-effective public services that can support urbanization at a level sustainable in Stafford. Otherwise, the designation will simply result in more years of litigation and political turmoil between the regional and sub-regional governments and will not achieve the region's needs.

Very truly yours,



Jeffrey G. Condit, P.C.

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January 14, 2016

Mr. Tom Hughes
Council President
and Metro Councilors
Metro Regional Center
600 N.E. Grand Avenue
Portland, Oregon 97232-2736

Subject: Testimony of the Cities of West Linn and Tualatin on Ordinance
No. 16-1368 (Stafford Urban Reserve Designation)

Dear Council President Hughes and Metro Councilors:

We represent the Cities of Tualatin and West Linn ("Cities"). Please accept this letter and the attached exhibits into the record as the Cities' testimony on the designation of the four Stafford study areas as urban reserve.

I. ADDITIONAL EVIDENCE

It is the Cities' position that the evidence in the record does not support the designation of Urban Reserve Areas 4A (Stafford), 4B (Rosemont), 4C (Borland), and 4D (Norwood) (collectively, "Stafford") under the eight urban reserve factors set forth in ORS 195.145(5)/OAR 660-027-0050 (the "Factors"). We extensively explained the basis for this position in our November 19, 2015, testimony in which the City of Lake Oswego also joined. We submit additional evidence in support of that determination.

A. Exhibit A. The attached Exhibit A is a map showing the parcelization and ownerships in Areas 4A to 4C.¹ Exhibit A supports the Cities' argument that the existing parcelization and ownerships will make it very difficult and expensive to redevelop Stafford into the kind of walkable, connected, and diverse urban landscape envisioned by Factors 1, 2, 3, 4, and 6. More than a third of the 4,700 acres in

¹ Although 4D (Norwood) is not addressed in the legend, it is shown on Exhibit A in the southeast corner showing similar parcelization.

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these areas are subdivided into lots of five acres or less, and almost two-thirds of the areas are subdivided into lots of ten acres or less.

Many of the larger lots are developed or constrained. The City of Lake Oswego and Metro own substantial properties in Area 4A that are designated for parks and/or open space preservation. The large amount of vacant land surrounding the Ashdown Wood development in south Area 4A is owned by the Homeowners Association and is prohibited from development by covenants. Many of the larger parcels in Area 4C (Borland) are occupied by large institutional uses. West Linn - Wilsonville School District operates Arbor School of Arts & Sciences, Athey Creek Middle School, Stafford Primary School, and the District Operations Center on parcels along Borland Road. Rolling Hills Community Church occupies a large property south of Borland Road. Athey Creek Christian Fellowship and the Foursquare Church occupy large properties south of I-205. And the Willamette Christian Church of West Linn occupies a large property in Area 4A that is directly adjacent to Area 4B. These institutional uses are unlikely to redevelop over the 50-year planning period.

B. Exhibit B. Exhibit B is an updated map showing Stafford area natural features and constraints, including steep slopes, streams and rivers, and upland habitat areas based upon Metro Code definitions and designations. Of the 4,690 acres in Areas 4A, 4B, and 4C, 2,370 acres are constrained. The Cities submit this evidence in support of their argument that preservation and enhancement of natural ecological systems under Factor 5 will result in insufficient development capacity for the intended purposes under Factors 2 and 6, prohibit efficient and cost-effective public services under Factor 3, and make it very difficult to install walkable and well-connected systems of transportation under Factor 4. The draft findings mischaracterize the Cities' argument on this point.

C. Exhibits C and D. Exhibit C is a topographical map showing contours and steep slopes. Specifically, it shows how the Cities of Lake Oswego and West Linn slope up 600 to 700 feet above sea level to their current boundaries and that most of Stafford slopes down from these elevations to the Tualatin River. This evidence is submitted to refute Metro's argument in its staff report and the conclusion in its draft findings that because steeply-sloped lands within the current Lake Oswego and West Linn boundaries have been developed, that means similar lands in Stafford are capable of development. The problem is that Stafford is not steeply sloped in the same direction as areas within the City.

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Exhibit D is a letter from Erica Rooney, P.E., City Engineer of the City of Lake Oswego, describing the City's updated 2012 Wastewater Master Plan. The plan determined that only 267 acres of the Stafford Urban Reserve area adjacent to Lake Oswego could be served by gravity service. Ms. Rooney notes that the improvements for gravity service just to this area would be very costly and that such improvement could create capacity problems for both the Lake Oswego Interceptor System and the Tryon Creek Wastewater Treatment plant. She concludes by noting that service to the rest of Stafford would require significantly more expensive pump stations, as well as millions of dollars of upgrades to expand the treatment plant capacity.

Comparing development on sloped lands in the current City boundaries with sloped lands in Stafford is comparing apples to oranges.² As Ms. Rooney's letter indicates, constructing pump stations in the capacity required to serve Stafford would be prohibitively expensive, negatively impacting Factors 1 and 3.

II. RESPONSE TO OTAK REPORT

At the Metro Council's November 19, 2015, hearing, OTAK, on behalf of the Stafford Property Owners Association, submitted a document entitled "Clackamas County's Next Great Neighborhood," that purports to show how Stafford could be developed. It does not contain a shred of substantial evidence that a reasonable person would believe. It consists entirely of colored maps and proposed site plans that bear no relationship to the topography, environmental constraints, or existing parcelization or development (for example, it designates the Rolling Hills Community Church property as employment land). It describes the Stafford Hamlet, but contains no explanation of how the Hamlet concepts would be implemented or how the Hamlet would be consistent to the proposed plan (or the Factors). It sets forth purported benefits of urbanization with no explanation of how those numbers were derived. Finally, and most importantly, there is no analysis of the types and costs of the infrastructure necessary to serve the Stafford development envisioned in the document: The sole mention of infrastructure development is to a grant received by Clackamas County to study the transportation system. There is nothing in this document that is responsive to

² In addition, as the Cities have testified previously, lands "similarly situated" to lands in Stafford in terms of slopes and natural features are developed at densities of three to four units per acre, not the ten units per acre that Metro and Goal 10 consider to be an "urban" density. This comparison provides support for the Cities' position that Stafford does not contain land suitable for a range of needed housing types per Factor 6 or suitable for walkable and well-connected transportation systems per Factor 4.

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Page 4

the analysis required under the Factors. Given the complete lack of substance in that report, the heavy reliance in the draft findings on the OTAK report is not justified under the substantial evidence test.

III. CONCLUSION

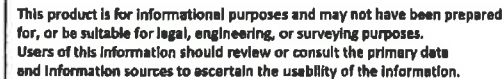
The gravamen of the proposed findings is that Stafford, based upon its size and location, is suitable for designation as urban reserve under the Factors, regardless of the physical constraints, existing and projected inadequate infrastructure, and the high cost of urban services. The proposed findings conclude that these issues and evidence are not relevant given fifty-year planning horizon and because the region will be required to plan for urbanization and service if Stafford is designated. But that is not what the Factors ask: They ask whether the evidence in the record demonstrates that Stafford should become first priority for urbanization the next time an adjustment to the urban growth boundary is considered—which will happen again in less than two years—and then every five years thereafter. The answer to that question continues to be "No."

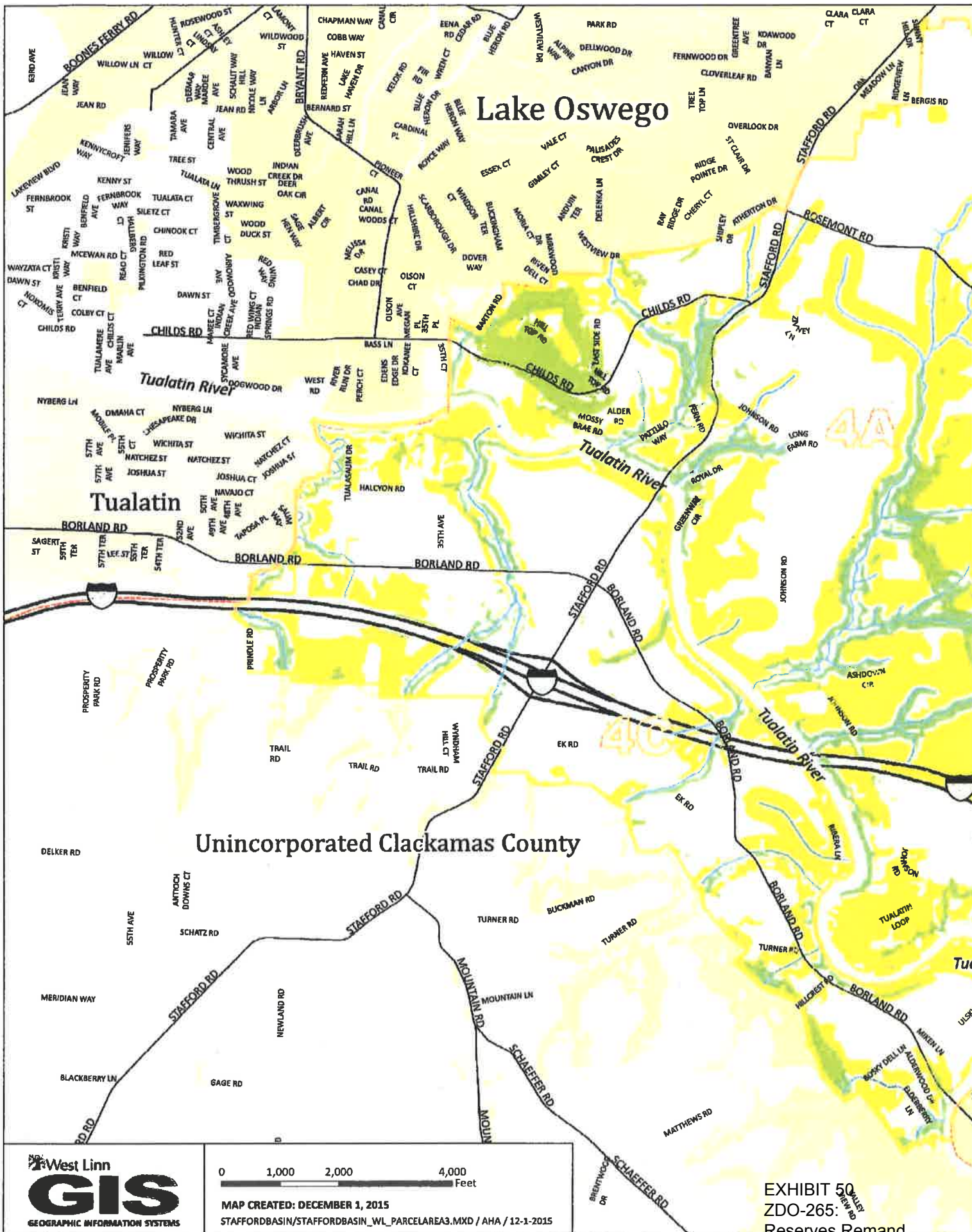
Very truly yours,



Jeffrey G. Condit, P.C.

Enclosures





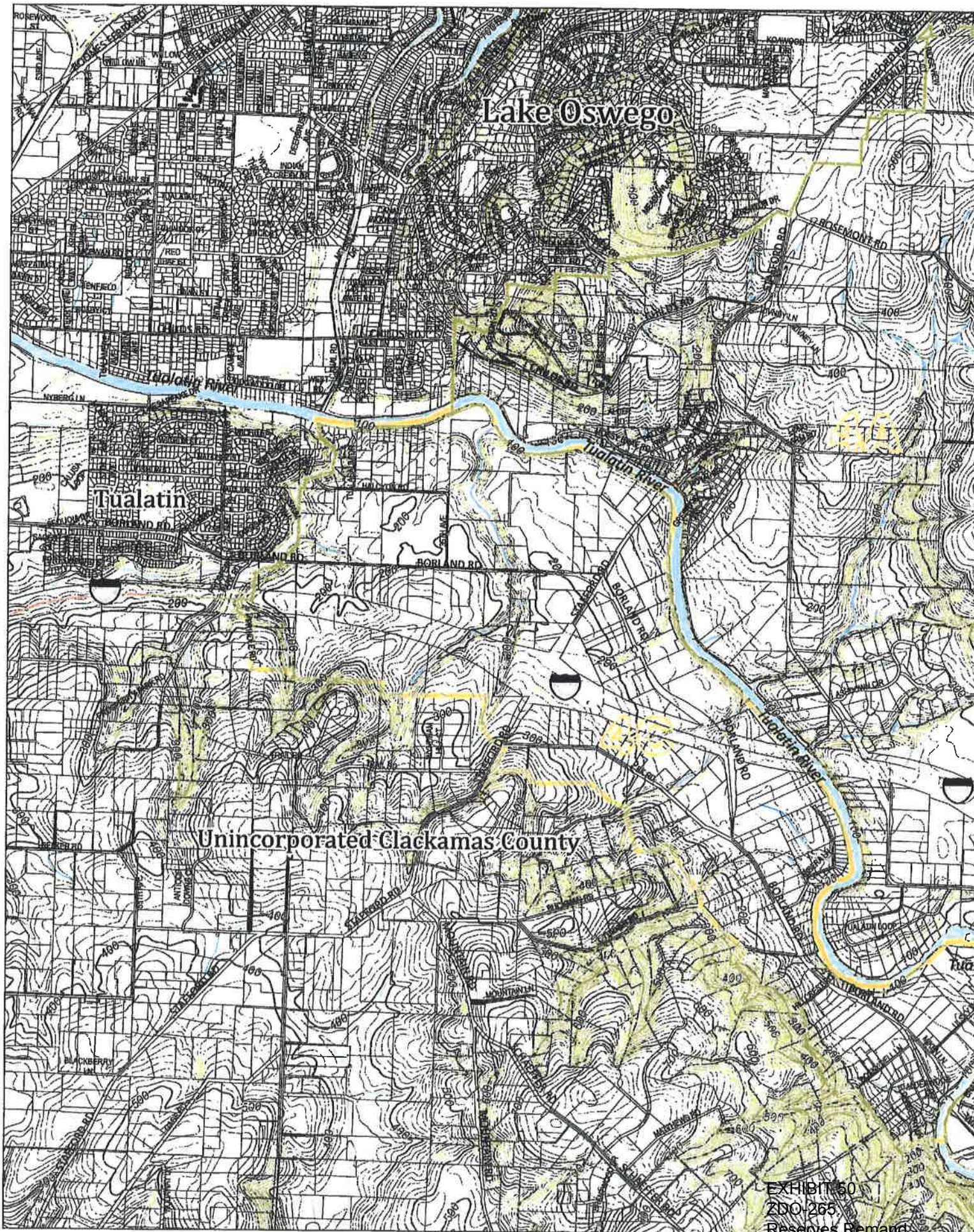




EXHIBIT D

ENGINEERING DEPARTMENT

January 13, 2016

METRO
600 NE Grand Avenue
Portland, OR 97232

RE: Testimony –Stafford Urban Reserves Remand Hearing
LCDC Remand Order 14-ACK-001867

Dear President Hughes and Metro Councilors:

The City of Lake Oswego completed an updated Wastewater Master Plan in November 2012. The plan focused on wastewater services within the existing Urbans Services Boundary; however, some analysis was conducted for parts of the Stafford Urban Reserve. It did not analyze the potential for serving the entire Stafford Reserve area.

Gravity-Only Service Area Impact

To determine what parts of the Stafford Reserve had potential for gravity service to Lake Oswego, a few basic assumptions were used to conduct the analysis:

- A. City staff identified areas of the reserve that could possibly flow by gravity to the existing Lake Oswego wastewater collection system. This was based on topographic analysis of the area. The Master Plan called this gravity-flow-only area the "Stafford Wastewater Contributing Areas" for analysis purposes.
- B. The Stafford Wastewater Contributing Areas comprised 267 acres, which is approximately 22 percent of the total Stafford reserve area (no other areas of the reserve were analyzed).
- C. The City used the *Stafford Triangle Development Cost Estimate* prepared for the Clackamas County Business Alliance in January 2010 to determine estimated wastewater flows from the anticipated development.

The master planning effort focused on the potential impacts of adding the area identified above, and then analyzed potential effects to the existing Lake Oswego conveyance and treatment systems. The results were as follows:

- Canal Trunk – 3300 feet of existing pipe would need to be increased from 18 to 20 inch diameter.
- South Shore Trunk – 2700 feet of existing pipe would need to be increased from 8 to 12 inch diameter.

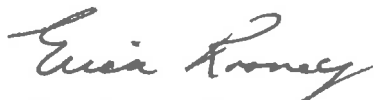
- Bryant Road Pump Station (recently completed in 2013) would have to be modified from current capacity of 2400 gpm to 2600 gpm, and 8% increase.
- The addition of upper Stafford basin to the system may create capacity problems for the LOSI but it is dependent on the timing of when the system is expanded and how much inflow and infiltration is reduced.
- Further analysis of the impacts to the Tryon Creek Waste Water Treatment Plant will be necessary to adequately determine the potential flow and affect to the plant, and whether or not sufficient capacity will be available short and long term.

Cost analysis of these upgrades are not conducted for these potential upgrades; however, they are significant projects and would be considered very costly to pursue. As stated in the adopted City of Lake Oswego Wastewater Master Plan, the potential impacts and system upgrades from the analysis of the Stafford Wastewater Contributing Areas are not included in the capital improvement plans for the City.

Areas Beyond Gravity Service to Lake Oswego

The City of Lake Oswego did not conduct any further analysis on the remaining 78% of the Stafford Reserve area, because extensive alternatives analysis would need to be conducted to determine pumping options, conveyance direction, and treatment plant impacts. As a general rule and based on experience, serving areas via pump stations is significantly more expensive than serving via gravity conveyance systems. Also, treatment plant upgrades for capacity will cost millions of dollars for design, land, and construction. A master planning effort would need to be conducted in the area to determine planning level costs for exploring different service alternatives.

Sincerely,



Erica Rooney, PE
City Engineer

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Page 7

opportunity and Metro will be required to consider it. The Cities will be forced to oppose, resulting in needless conflict, costs, and waste of staff time and resources. Although the cities would likely prevail, the conflict will continue tensions, could politically destabilize the subregion, and could undermine support for a regional approach. The Metro Council only has to look back to Damascus to see the future in Stafford.

If Metro is really serious about its conclusion that the region can solve the urbanization problems in Stafford given the 50-year planning horizon, impose a condition in the proposed ordinance that Stafford cannot be considered as an addition to the UGB until 2030 unless the consideration is requested by the city that would provide urban services to the territory proposed for addition to the UGB.

Thank you for your consideration.

Very truly yours,

Jeffrey G. Condit, P.C.

Jeffrey G. Condit, P.C.
jeff.condit@millernash.com
503.205.2305 direct line

January 22, 2016

Mr. Tom Hughes
Council President
and Metro Councilors
Metro Regional Center
600 N.E. Grand Avenue
Portland, Oregon 97232-2736

Subject: Testimony of the Cities of West Linn and Tualatin on Ordinance
No. 16-1368 (Stafford Urban Reserve Designation)

Dear Council President Hughes and Metro Councilors:

We represent the Cities of Tualatin and West Linn ("Cities"). Please accept this letter into the record as the Cities' final testimony on the designation of the four Stafford study areas as urban reserve.

I. RESPONSE TO ADDITIONAL EVIDENCE

A. January 12, 2016, letter from Herb Koss, Chair of the Stafford Landowners Association. Mr. Koss posits several methods for financing infrastructure in Stafford, which he argues demonstrates that Stafford can cost-effectively be served.

The threshold problem is that his analysis does not apply to all of Stafford. He notes on page 2 of his letter that under his proposal and analysis, only five neighborhoods would be developed, "and the other neighborhoods left as is because of the lack of development interest or challenging topography." He suggests that only 1,050 acres in Stafford and Borland be designated. Mr. Koss's analysis is therefore not relevant to the decision before Metro, which designates all four Stafford URAs.

We addressed Mr. Koss's arguments about the viability of SDC Revenue Bonds to finance Stafford infrastructure in prior testimony. Mr. Koss's January 12 letter exhibits a misunderstanding about how revenue bonds work. He talks about

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Page 2

developers purchasing revenue bonds to provide the funds to construct public improvements. This is not how revenue bonds work. Revenue bonds are issued by the local government and are backed by a specific revenue stream, in this case SDCs. See ORS 279A.150. The fundamental problem with SDC revenue bonds is that SDC revenue is variable, and therefore local governments can't absolutely commit (as they can with utility revenue bonds) that funds will be available to pay off the bonds. Because of this volatility, such bonds would be very difficult to underwrite. I have not been able to find a single instance in which they have been issued in Oregon.

What he seems to be actually talking about is providing developers with SDC credits for building needed infrastructure identified in the SDC capital improvement plan. This would work for upsizing infrastructure required to serve a development, e.g., a wider pipe or additional right-of-way. But it is not a viable method for the extensive system-wide improvements necessary to service Stafford at build-out.

This testimony does not demonstrate that Stafford can be "cost effectively served by appropriate and financially capable service providers" under Factor 3.

B. January 12, 2016, letter from Glen Bolan of Otak on behalf of the Stafford Property Owners Association. Mr. Bolan lists a number of methods for financing infrastructure in Stafford and claims that these would produce sufficient revenue over time to fund development. He cites to three developments in Washington County where they have been used successfully.

The Cities possess all of these tools except for the Washington County Transportation Development Tax. The problem is that these tools (SDCs, local improvement districts, reimbursement districts, and differential taxing districts) will not provide sufficient revenue to make the fundamental system improvements necessary to serve urbanization in Stafford (especially with regard to transportation) without being so unduly burdensome that they will stymie the very development that they are designed to support. The City of Springfield attempted to use local improvement districts to fund substantial urban expansion in the 1970s, only to face massive defaults and foreclosures when the economic downturn in the early 80s caused the tax and LID liens to exceed the value of the lots.

In order to implement a transportation development tax, Clackamas County would have to refer such a tax to its voters. ORS 203.055. The likelihood of such a tax passing in much more rural Clackamas County, where voters refused to pay

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for the Sellwood Bridge project and adopted a measure to require a public vote on light rail construction by large margins, is slim to none.

The three projects in the letter are all located in Washington County, involve a much smaller amount of territory than Stafford, and don't present infrastructure challenges, particularly with regard to transportation. This testimony does not constitute evidence that Stafford can be efficiently and cost-effectively developed as envisioned under Factors 1 and 3.

C. January 12, 2016, letter from Don Hansen of Otak on behalf of the Stafford Property Owners Association. Mr. Hansen cites the Forest Heights development in the northwest hills of Portland as an example that demonstrates that a mixed-use development can be sited on steep slopes.

If Metro was only considering a 300-acre designation directly adjacent to West Linn or Lake Oswego that could be served by gravity sewer, this example might well be relevant. In Stafford, however, the Council must consider the impacts of urbanization of 6,000 acres. The difficulties of service to Stafford are not just steep slopes, but substantial parcelization, significant environmental features, and the basic inadequacy of existing infrastructure (particularly with regard to transportation) to serve even the current levels of development. This combination of factors is what make Stafford so impracticable to urbanize.

The Metro Council is required by Goal 2 to coordinate with other governmental entities that will be affected by its land use decisions. The three cities that are the only viable service providers to Stafford—Tualatin, West Linn, and Lake Oswego—are all opposed to its designation as urban reserve because their analyses indicate that they cannot cost-effectively provide service to Stafford now or in the foreseeable future. This testimony should be accorded greater weight by the Metro Council than testimony by property owners (and their consultants) who will experience an immediate value bump upon designation and do not have to worry about the long-term costs of service and negative impacts on liveability.

The Cities' and Lake Oswego's objection to the designation of Stafford is in stark contest to municipalities in Washington County, including the Cities of Hillsboro, Forest Grove, and Cornelius. These cities were staunch supporters of designation of adjacent urban reserve areas because such areas were reasonably serviceable and because urbanization would provide a net economic benefit to those cities. There is no

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reason for the Cities and Lake Oswego to oppose the designation of Stafford if urbanization were as easy and cost-effective as the proponents claim. The Metro Council should defer to the expertise of the cities who will be required to serve the areas.

D. November 2000 Urban Reserve Area 34 Fiscal Impact Analysis Prepared by EcoNorthwest and Otak. Although not clear from the Staff Report, this analysis appears to have been submitted into the record by Otak in support of its testimony.

This analysis, conducted by the City of Tualatin sixteen years ago, is of limited relevance to the current designation before the Metro Council. First, it only addresses urbanization of former URA 34, which consists of the 567-acre portion of current URA 4C north of I-205.¹ Second, it is primarily concerned with the impact of urbanization on the City's general fund revenue, and only cursorily addresses cost of utility and transportation infrastructure.²

URA 4C consists of 1,360 acres. In addition, under the designation currently before the Metro Council, the City of Tualatin's service obligation would extend to Area 4D (Norwood) as well. The 2000 analysis is therefore not relevant to the costs of urbanization of the areas being considered as part of this proceeding.

It is important to place analyses in their historical context. The City of Tualatin did not participate in the appeal of the designation of Area 34 in 2000. It did not initially oppose the designation of Areas 4C (Borland) and 4D (Norwood) during proceedings that led up to the current designation, relying on the Core 4/Clackamas County Analysis.³ The City's opposition began after it received the July 13, 2009, CH2M Hill Study (attached as Ex. 7 to our November 19, 2015, testimony), which demonstrated that the Core 4/Clackamas County study was flawed and unreliable.

The draft findings conclude that the CH2M Hill study is irrelevant and not substantial evidence because it does not address all of Stafford. The problem is that

¹ Area 34 was designated as urban reserve by Metro under the LCDC urban reserve rule that predated the current statute. This designation was overturned in the case of D.S. Parklane Development, Inc. v. Metro, 165 Or App 1, 994 P2d 1205 (2000).

² For example, it doesn't address any improvements to I-205, Stafford Road, or Highway 43.

³ The Metropolitan Policy Advisory Committee recommended designation of Borland and Norwood, but recommended that Areas 4A (Stafford) and 4B (Rosemont) be left undesignated.

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Stafford consists of four different urban reserve areas. The CH2M Hill study addressed Areas 4C (Borland) and 4D (Norwood) and Area 4E.⁴ These are the urban reserve areas that City of Tualatin will be required to serve, and so the CH2M Hill analysis is manifestly relevant to whether areas 4C and 4D qualify for designation under the Factors relating to efficient and cost-effective provisions of urban services.⁵ It is the best evidence in the record and is the only evidence upon which a reasonable person would rely.

E. "Scenario Concepts and Evaluation of Stafford Basin Urban Reserve Area" (October 2015), "Borland: Clackamas County's 21st Century Mixed Use Urban Center" (April 19, 2011), "Stafford Complete Communities, Employment District" (October 27, 2003), "Rosemont Village Concept Plan" (July 21, 1998). All of these documents were prepared by or for Mr. Koss or the Stafford Property Owners Association. All suffer from the same defect as Otak's "Clackamas County's Next Great Neighborhood:" They show a lot of pretty pictures on a map with no substantive analysis whatsoever of existing infrastructure or the types and costs of new infrastructure necessary to make these visions a reality.

The 2011 and 2015 documents are based upon Mr. Koss's plan for Stafford which leaves a large portion of Stafford undesignated. This is inconsistent with the decision before the Metro Council and is inconsistent with Metro's 2040 TAZ forecast allocations for households and employment in Stafford. See Ex. 9 to the Cities' November 19, 2015, testimony. These documents do not constitute evidence in support of designation of the four Stafford study areas under the Factors.

II. ADDITIONAL ARGUMENT

As the staff report indicates, the revised Findings are basically the prior findings with Washington County excised, with the addition of supplemental findings related to Stafford. The problem is that the changes to the Metro Decision made by HB 4078 require Metro to readdress the "best achieves" standard.

OAR 660-027-0005(2) (the "best achieves" standard) states the objective of the urban/rural reserves process is "a balance in the designation of urban and rural

⁴ The Cities did not oppose the designation of Area 4E as urban reserve.

⁵ As the Cities have argued previously, the CH2M Hill study is also relevant to Areas 4A and 4B because it demonstrates that the flaws in the much less detailed and specific Core 4/Clackamas County analysis.

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reserves that, in its entirety, best achieves livable communities, the viability and vitality of agricultural and forest industries and protection of the important natural landscape features that define the region for its residents."

The proper application of this standard was one of the hotly-contested issues before the Court of Appeals. The Barkers Five court essentially affirmed what it understood LCDC's interpretation to be. 216 Or App 311 to 318. Material to LCDC's consideration on remand, the court concluded that the "best achieves" standard requires a qualitative balancing of the three competing objectives that underscore the designation of urban and rural reserves listed in OAR 660-027-0005(2) with regard to the designation of urban and rural reserves "in its entirety." Barkers Five, 261 Or App at 312 to 316.

The problem with relying on the "best achieves" determination in the prior findings is that HB 4078 changed the designation in two material ways. First, and most obviously, HB 4078 significantly changed the urban and rural reserve designations in Washington County. See HB 4078 § 3. Second, HB 4078 commands LCDC to ignore the employment capacity of certain lands subject to the changes made by HB 4078 at the time of first legislative review of the UGB following passage of HB 4078. HB 4078 § 3(5), (6). This could cause Metro to add more land than is actually needed for employment use under Goals 9 and 14 and change the urban reserve needs.

HB 4078 does not address the question of whether the amended designations "best achieves" the balance of the factors in HB 660-027-0005(2). Metro must therefore review the designation as modified by HB 4078 "in its entirety" to determine if the modified decision continues to "best achieve" the qualitative balance required by the rule.

III. CONCLUSION

One of the most disappointing aspects of the proposed decision is that it does not even try to give the Cities a reason not to appeal. Metro's analysis continues to be that the issues and evidence presented by the Cities are not relevant given a fifty-year planning horizon and because the region will be required to plan for urbanization and service if Stafford is designated. As we have noted many times, the problem with this analysis is that, once designated as urban reserve, Stafford will become first priority for urbanization each time an adjustment to the urban growth boundary is considered. As the record demonstrates, property owners will be pushing for urbanization at each

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January 22, 2016
Page 7

opportunity and Metro will be required to consider it. The Cities will be forced to oppose, resulting in needless conflict, costs, and waste of staff time and resources. Although the cities would likely prevail, the conflict will continue tensions, could politically destabilize the subregion, and could undermine support for a regional approach. The Metro Council only has to look back to Damascus to see the future in Stafford.

If Metro is really serious about its conclusion that the region can solve the urbanization problems in Stafford given the 50-year planning horizon, impose a condition in the proposed ordinance that Stafford cannot be considered as an addition to the UGB until 2030 unless the consideration is requested by the city that would provide urban services to the territory proposed for addition to the UGB.

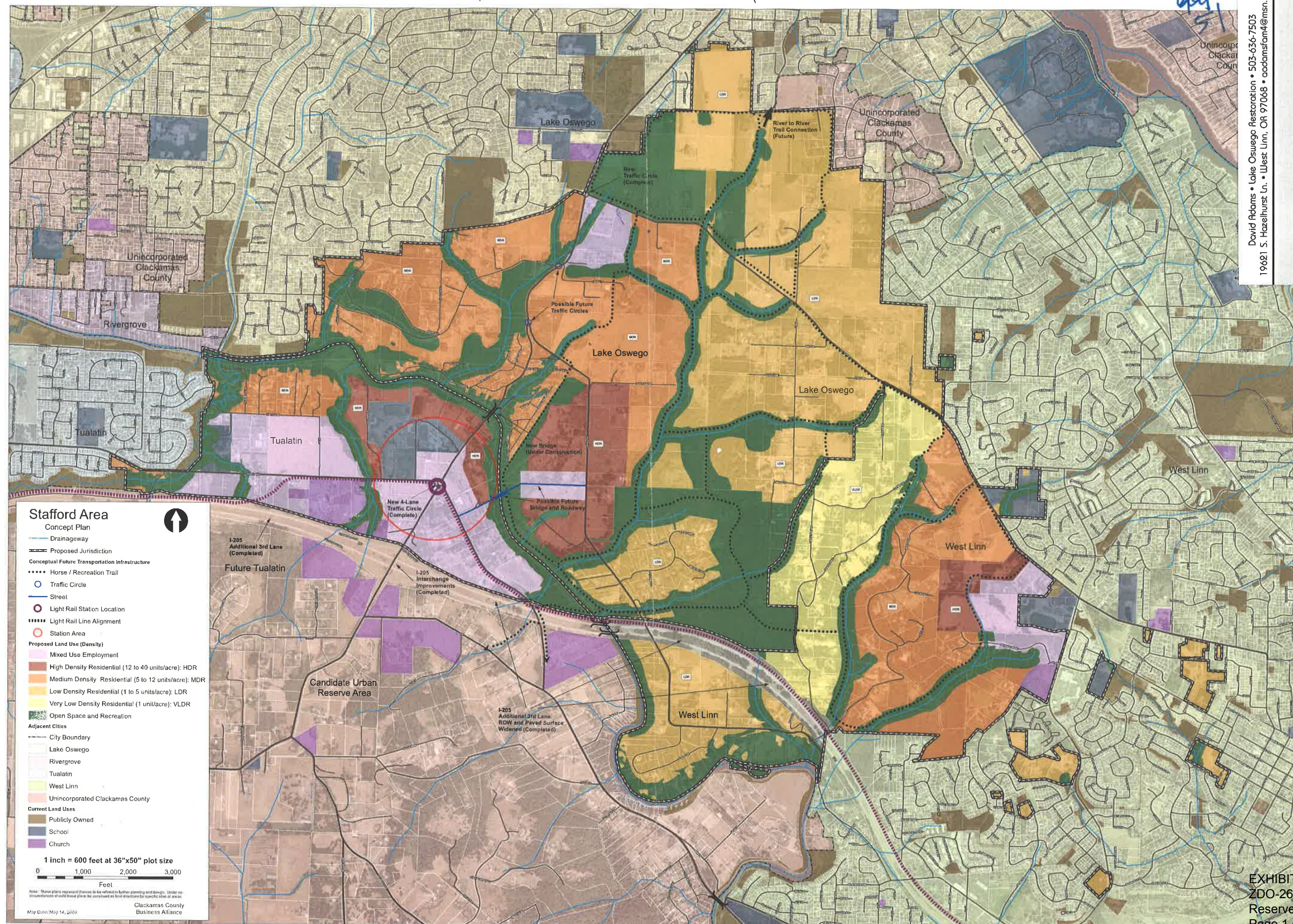
Thank you for your consideration.

Very truly yours,

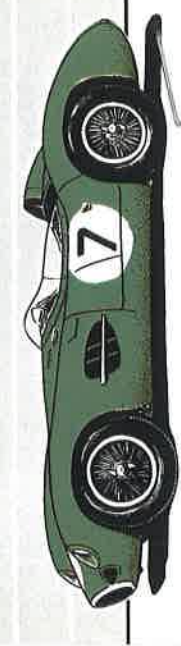
Jeffrey G. Condit, P.C.

STAFFORD LAND OWNERS ASSOCIATION CONCEPT PLAN for STAFFORD HAMLET

409
51



David Adams • Lake Oswego Restoration • 503-636-7503
19621 S. Hazelhurst Ln. • West Linn, OR 97068 • oadamsfam4@msn.com



4-12-17 Testimony

The two town hall Stafford Hamlet meetings that were recently held had wide participation from not just the residents of the Hamlet, but also of the surrounding cities.

Everyone was drawn there for a variety of reasons:

One consistently hot topic was the concern over ever increasing traffic and what additional homes and/or business would do to exacerbate that were high density development to occur.

Probably none of these attendees with these concerns are traffic engineers. They're not, however, ignorant of what their current situation is as regards to traffic problems. How the solution occurs to solve this and in turn make their lives at least no worse as regards to traffic seems unimaginable.

The ability to check a box and "say: Yep we solved the problem " doesn't make it reality.

The two collectives that struggle with this going forward look something like this.

Groups inclined to developing the area:

Land investors

Metro board

Board County Commissioners

Groups opposed to developing the area:

Residents of the Hamlet (see CVP vote)

Surrounding three cities councils (see 5 party IGA soon to follow)

Surrounding neighborhoods per neighborhood associations

Governing is not easy, those of us who have some exposure to the process get that and respect it.

But when you are pushing against so many citizens desires and concerns, don't you have to at least question whether the direction and maybe the process is flawed.

Old adage: when in the lead position on a trail drive, look back occasionally and make sure the herd's still following.

Thanks,

Bill Markt 20490 Sweetbriar Rd. West Linn

Fritzie, Martha

From: cckgroup <cckgroup@comcast.net>
Sent: Wednesday, April 12, 2017 5:17 PM
To: Fritzie, Martha
Subject: LCDC Remand Order 14-ACK-001867

I am a resident of unincorporated Clackamas County living less than 1/2 mile from the Stafford Hamlet boundary. My home is a block and a half off Childs Road. My family and I have lived in this home for almost 28 years. In that time the area, as you might expect, has changed a lot. In the past 10 years it has begun to change at an increasing rate.

The most obvious measure of that change is traffic on small formerly rural roads. Roads like Childs Rd were designed to be farm to market roads. Never did their builders imagine that it is possible to come off Stafford Road onto Childs and count 63 stopped cars waiting to turn onto Stafford Road. The majority of the traffic then heads up Stafford Rd to Rosemont Rd and on to West Linn. It is now a major cut through road used to avoid gridlock on I-205 and Oregon Hwy 43.

The idea that local small farm to market roads can be upgraded to be adequate to carry the quantity of traffic that development in Stafford Triangle is proposed to generate is ludicrous. No one has a realistic plan to fund the kind of upgrade these roads would require.

Who would fund this development? The taxpayers of Lake Oswego, West Linn and Tualatin that's who. Their voices are nowhere to be heard. Metro and Clackamas County are imposing a crushing burden on a uniformly unwilling group of citizens and cities.

Metro has no clue and cares even less what the effect would be on this area. The population density that could support infrastructure development is enormous, far beyond the 40,000 people Metro proposes to cram into a much smaller area than they suggest is available for development.

A responsible decision to make would be to actually have funding in place to upgrade I-205, Hwy 43, Stafford Road, Childs Road, Borland Road, Johnson Road and Rosemont Road before bringing the Stafford Triangle into Metro's grip. Without a massive commitment in funds, this is a giant white elephant waiting to crush citizens and the cities who would be forced to pay for it.

Vote to Keep Stafford Undesignated!

Christine Roth
 18951 Indian Springs Road
 Lake Oswego

--
 BEGIN-ANTISPAM-VOTING-LINKS

Teach CanIt if this mail (ID 04T7AhaSs) is spam:

Spam:

<https://mhub.clackamas.us/canit/b.php?c=s&i=04T7AhaSs&m=fcbc708bb6a5&rlm=base&st=20170412ZDC-265>

April 12, 2017

Comments to:

Board of County Commissioners Land Use Public Hearing on Consideration of Adopting Urban and Rural Reserves Designations in Response to Remand

6 p.m., Wednesday, April 12; 4th floor public hearing room, Public Services Building, 2051 Kaen Road, Oregon City, OR

Dear Commissioners:

We have been landowner in Oregon for nearly 20 years and last year purchased a home with acreage on the Tualatin River in West Linn just off Johnson Road within the Stafford Triangle. We have 3 major issues with the Board moving forward with the change in designation of the Stafford Triangle.

I. Lack of a Well Documented Wildlife Value Analysis

The primary reason we have our property was the opportunity to live in open space where active restoration of wildlife habitat could improve habitat quality for a variety of species, specifically for native fish in the Tualatin River, including the recently returning Spring Chinook and listed sensitive native species, including the Oregon red legged frog.

In this past year, we obtained approval of our plan and in partnership with ODFW, Clackamas County Soil and Water Conservation District and the Tualatin River Watershed Council are now implementing a native species restoration program to conserve, restore and protect this piece of the area's natural heritage. Several thousands of dollars have been spent and are being planned to put our full project in place.

In March, we were made aware of the change in designation in the Stafford Triangle from rural to urban reserves, which brings up several concerns.

- 1- Why wouldn't ODFW, Clackamas County or the Tualatin River Watershed Council know about this change in designation and specifically why weren't they consulted and parties to the analysis of natural resource land values?
- 2- The Stafford Land Owners Association states they provided a report/presentation to the Board of County Commissioners in 2016 which identified "wildlife and riparian corridors", however, this report/presentation appears to be unavailable to the general public. Again, no references available demonstrating adequate consultation with the subject experts.

These demonstrate significant oversights.

We respectfully request the Board of County Commissioners suspend any further actions/decisions until an appropriate, qualified analysis can be used in their analysis.

II. Dated Evidence of Improved Water Quality in the Lower Tualatin River

The latest available water quality analysis report was completed in 2009 using 10 year- old data and showed a mixed bag of compliance and adjustment of TMDL measures. Per the 2009 Technical Report, algae, pH and DO concentrations have been of concern" historically" and led ODEQ to list the Tualatin River as an impaired water body in the 1980s and 1990s. Specifically, the Tualatin River...had... segments

listed on the 1998 Oregon 303(d) list for: temperature, bacteria, DO, chlorophyll-a, toxics (arsenic, iron, and manganese), biological criteria and pH.” Tualatin River Total Maximum Daily Load: Total Phosphorus and Dissolved Oxygen Analyses for the Upper River Final Report Submitted to Clean Water Services December 2009;

<http://www.deq.state.or.us/wq/tmdls/docs/willamettebasin/tualatin/revision/Appendix2A.pdf>

We respectfully request that the Board delay any actions/decisions until a non-partisan analysis of the Tualatin River watershed is made available to determine the cumulative and long term effects of urban development on an impaired river as subject to low flow as the Tualatin is at the peak recreational use times in the summer.

III. Requirement to Address Public Safety

Weekdays from 4-7pm have become safety hazards for us to enter and exit onto Johnson Road by vehicle, as well as our ability to enter and leave our home driveway. In a recent weekday, we counted 71 vehicles passing our home in a 10-minute period from 4:50-5pm which equals over 425 vehicles on a road which goes from 25 to 40mph, many are clearly going faster than the posted speed limits on the straightaways and curves. In the past year, we’ve see use of this road by semi-trucks – all trying to avoid the congestion on I-205. Add the increasing use by bicyclists and the trend is toward problems for public safety.

We respectfully request that the Board delay any actions/decisions until a non-partisan analysis of the traffic and transportation issues is made available to determine the cumulative and long term effects of urban development on public safety and the cumulative impacts on air quality, human health, and secondary contamination of soil and water in the critical habitats along the Tualatin River.

Thank you for the opportunity to comment. Given that we haven’t had much time to consult experts on the impacts from this proposed change in designation, we request that we be able to elaborate on our stated issues.

Sincerely,

/S/ Nancy Phelps

/S/ John Keith

Nancy Phelps and John Keith

22831 SW Johnson Road

West Linn, OR

Fritzie, Martha

From: Nancy Leveque <nkleveque@gmail.com>
Sent: Thursday, April 13, 2017 8:32 AM
To: Fritzie, Martha
Subject: Stafford Hamlet

Ms. Fritzie,

I am opposed to urbanizing the Stafford Hamlet. I personally feel that any community needs an area to bring us back to our roots, that is- farmland, both agriculture and semi-wilderness area, including family plots for growth of veggies. Developing Borland is definitely counter productive to keeping the agricultural identity alive. I have no objection to whatever buildings are presently in the area, including churches. It's busy enough traveling on Stafford Rd and the cross streets, without adding more cars and other vehicles from residents and businesses. Please heed the concerns of the residents of the area.

I would also like to point out several important issues with regard to the Stafford urban reserve decision. Urbanizing any portion of Stafford area has several very significant Community ramifications (which I know have been brought up in the past but -to date - have not been addressed, studied or resolved.

1. Traffic: I-205 during rush hour is a parking lot. Adding any traffic to this section of the freeway would be a nightmare. Additionally, all surrounding roads (Borland, Stafford, Rosemont) are single lane, rural roads. Have any traffic flow studies been completed? Is there any preparation for an increase in residents? This must be addressed before any decision is made.
2. Crime: With an increase in population, there is an increase in crime. Does the law enforcement have a plan for this? Currently, Stafford area is serviced by Clackamas County police department which is already stretched very thin.
3. Air quality: Currently, Many parts of Stafford are agricultural. Because of this, there is much burning of agricultural waste. This creates a pocket of air pollution already. Before adding more pollution to the air via increase in residence, the burning laws need to be addressed.
4. Water: where is the water going to come from to service 50,000 new residents? Clackamas county has sent out several notices that in the future, the amount of water we take from our well may be monitored. We share a well with two other Stafford residence. Where are the additional residence going to get water if it is already in short supply?
5. I believe Stafford residents will go to the County for retribution when property values decrease. Is the County prepared to reimburse Stafford residents for the decrease in property values if this area is urbanized?

I cannot be present at the meeting so please make sure my concerns are heard.

Dr. Nancy Korenek Leveque

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[Not spam](#)
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Fritzie, Martha

From: Kirk Morganson <kirkmorganson@yahoo.com>
Sent: Thursday, April 13, 2017 11:51 AM
To: Fritzie, Martha
Subject: Urbanization of Stafford area

Hi! I am a resident of West Linn and I would like to voice my opposition to the urbanization of the Stafford area. I recommend a path towards limited development near the transportation corridors and permanent protections in other areas.

Furthermore, I think efforts should be made to develop a multi-use trail system within this area.

Thanks,

Kirk Morganson
1875 Deana Dr
West Linn, OR 97068

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[Not spam](#)

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Fritzie, Martha

From: richard cook <Rick_Cook@beaverton.k12.or.us>
Sent: Monday, April 17, 2017 7:41 AM
To: Fritzie, Martha
Subject: Fw: forgot to add to list. enjoy.
Attachments: Who pays the costs of growth?".pdf; DTD grant doc.pdf; Cogan Owens Cogan.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

From: richard cook
Sent: Sunday, April 16, 2017 10:52 PM
To: Schrader, Martha; PSavas@co.clackamas.or.us; Ken Humberston; Sonya Fischer; JBernard@co.clackamas.or.us
Cc: Rogalin, Ellen; Krupp Don; Schmidt, Gary; McCallister, Mike
Subject: Fw:

INTERESTING article, attachment #1.
 Looking forward to hearing your take on it.
 Should send to SLOA and the CCBA.

More important: DTD Grant attachment #2
 In the 2 way or 5 way IGA draft, take a look at
 #4 in the NOW, THEREFORE SECTION

Hopefully one of you might be able to explain why
 we need to do yet another STUDY that will show it
 to be outrageously expensive for something that some say
 "will" not happen in the next 40-50years??
 \$190,000 Metro grant "IF" County & cities sign off.

From grant document from Metro to County

**The project will have minimal safety impact in that i
 future needs and impacts to sewer, water, stormwa
 systems.**

2009 and 2010 studies already done.
 What else do we need to know?
 \$372 million 7 years ago was to costly then can't imagine now.

Stafford Area Concept Plan developed by OTAK
for CCBA July 2009. (study sited in Metro Findings)

CCBA Stafford Triangle Development Cost Estimate

(attachement #2)

Jan. 13, 2010 Cogan Owen Cogan \$372.2 million estimate
(bottom of cover page:) may help clear up suggest pop. growth
Equivalent Dwelling Units/ac Minimum 12,481 EDU'S 4.82
Maximum 27,525 EDU'S 10.62

Believe Metro has 15/ac as Max. so would add quite a few more.
38,880.

Clackamas County spends \$20,000 in membership dues
to the CCBA / yr.

So.. the way I see it, "WE" are paying for developers to
do their studies so they can push their "Next Great Community"

Oh yeah...

I'll only charge \$1.50 plus mileage, to let County know,
IT'S TO EXPENSIVE ! ;)

And will have to be studied AGAIN when and if some city
want to take it on..

Let's put the \$190,000 to better use please!

Couldn't get this done in 3mins. on Wed.

Thanks for your feedback.

Building Trust,

Don't think this would be considered one of "our"

"Brilliant Ideas at Work" 😊

Sincerely and still keeping the faith.

Rick Cook

503-704-7034

Spam

Not spam

Forget previous vote

**Clackamas County Business Alliance
Stafford Triangle Development Cost Estimate
January 13, 2010**

The Clackamas County Business Alliance (CCBA) hired Cogan Owens Cogan, LLC to estimate and summarize the planning level costs needed to provide infrastructure within the Stafford Triangle. Planning level costs are approximations based on the best available information and standard engineering unit cost factors developed from infrastructure cost estimates prepared for other comparable areas. Actual projects have not been designed or priced. No attempt has been made to differentiate the costs that would typically be shared between public and private entities or between developer and homeowner. Estimates are based on the Stafford Area Concept Plan developed by Otak for the CCBA in July, 2009. For the purposes of this study, lands identified in the Concept Plan as undesignated are assumed to be developed as low density residential. Local infrastructure facilities are not included in the estimate.

The Stafford Triangle area is located north of I-205, east of Tualatin, south of Lake Oswego and west of West Linn. The buildable area in the Stafford Triangle is estimated at approximately 3,008 acres, including parks and open spaces. Total infrastructure cost estimates are as follows:

Infrastructure	Cost
Wastewater	\$144.8 million
Water	\$86.9 million
Roads	\$66.1 million
Other Infrastructure	\$74.4 million
Total Infrastructure Cost	\$372.2 million

Capacity at different densities for the area is calculated using equivalent dwelling units (EDUs). The total area not including open space and parks is estimated to be 2,592 acres. The minimum number of EDUs is 12,481 with an average density of 4.82 EDUs/acre. The maximum number of EDUs is 27,525 with an average density of 10.62 EDUs/acre. Costs per EDU are as follows:

Unit	Minimum Density	Maximum Density
Cost	\$372.2 million	\$372.2 million
EDUs	12,481	27,525
Total Infrastructure Cost/EDU	\$29,821	\$13,522

The following sections contain supporting documentation that outline the assumptions and analysis used in developing these planning level costs.

LAND USE ACREAGES AND EQUIVALENT DWELLING UNITS

We assume the total buildable area in the Stafford Triangle to be approximately 3,008 acres. The total area not including open space and parks is estimated to be 2,592 acres. The following table is a summary of acres by land use:

Land Use	Acres
Formerly undesignated residential (1 unit/acre)*	1,169.73
Low density residential (1-5 units/acre)	414.68
Medium density residential (5-12 units/acre)	453.66
High density residential	180.14
Mixed use employment	252.18
Open space and parks	416.66
Schools	63.46
Churches	57.54
Total	3,008.05

Source: July 2009 CCBA Study by Otak

*Formerly undesignated residential lands are those identified as undesignated in the July 2009 CCBA study.

Equivalent dwelling units (EDU) are calculated at minimum and maximum capacities as shown below. Open space and parks are not included in EDU calculations.

Land Use District	Acres Less Current and Future ROW	Density	EDU Capacity	
			Minimum	Maximum
Formerly Undesignated Residential	1,169.73	1 EDU/acre	1,169	1,169
Low Density Residential	414.68	1-5 EDU/acre	415	2,073
Medium Density Residential	453.66	5-12 EDU/acre	2,268	5,444
High Density Residential	180.14	12-40 EDU/acre	2,162	7,206
Mixed Use Employment	252.18	25-45 EDU/acre	6,305	11,348
School	63.46	29-65 EDU/school	116	239
Church	57.54	1.6 EDU/church	46	46
Total	2,591.39		12,481	27,525
Average Net Density (EDU/acre)			4.81	10.62

Source: Clackamas Service District No. 1 Sanitary Sewer Rules and Regulations
 Estimate assumes 1 high school, 2 junior high schools and 5 elementary schools.
 Estimate assumes 30 churches

WASTEWATER

Wastewater costs were estimated with the assistance of Theodore Kyle, PE of Oakmont Engineering, LLC and Interim City Engineer at the City of Tigard. Wastewater costs are divided into four components: conveyance, force mains, transmission and treatment. For the purposes of this study, it is assumed that wastewater would be pumped to the Durham treatment facility.

Conveyance

Quantity	Unit Cost	Total
39,500 linear feet	\$140/linear foot	\$5.5 million
+ 40% non-construction costs		\$2.2 million
Total Conveyance Cost		\$7.7 million

Linear feet estimates developed using ArcGIS and Google Earth.

Force Mains

Quantity	Unit Cost	Total
37,300 linear feet	\$120/linear foot	\$4.5 million
+40% non-construction costs		\$1.8 million
Total Force Main Cost		\$6.3 million

Source: Linear feet estimates developed using ArcGIS and Google Earth.

Pumping/Transmission

Quantity	Unit Cost	Total
2 pump stations	\$3.5 million/station	\$7.0 million
+ 40% non-construction costs		\$2.8 million
Total Pumping Cost		\$9.8 million

Treatment

Wastewater treatment costs would be paid by any new growth regardless of its location. However, this study provides an estimate for the Stafford Triangle's share of wastewater treatment costs.

Studies conducted by CH2M Hill for the Damascus/Boring area found that treatment plant costs are approximately \$18 per gallon per day, with wastewater flows in Clackamas County typically in the 240 gallons per EDU per day range. Averaging the maximum and minimum densities for the Stafford area results in an average of 20,003 EDUs. The 20,003 EDUs would demand wastewater flows of approximately 4.8MGD.

Quantity	Unit Cost	Total
4.8MGD	\$18/gpd	\$86.4 million
+40% non-construction costs		\$34.6 million
Total Treatment Facility Upsizing Cost		\$121.0 million

TOTAL

Facility	Cost
Conveyance	\$7.7 million
Force Mains	\$6.3 million
Transmission	\$9.8 million
Treatment	\$121.0 million
Total Wastewater Cost	\$144.8 million

WATER

Infrastructure costs for water are divided into four components: source, conveyance, pumping and storage. Construction costs consist of one 2-million gallon steel water storage tank, one pump station and transmission piping. Source costs include water supply intake, treatment and transmission to the edge of the service area.

Source

Water treatment costs would be paid by any new growth regardless of its location. However, this study provides an estimate for the Stafford Triangle's share of water treatment costs.

Quantity	Unit Cost	Total
20,003 EDUs	275 gpd/EDU	5.5MGD
5.5MGD	X 2.1 for peak usage	11.6MGD
11.6MGD	\$6.25/peak gallon	\$72.5 million
Total Source Cost		\$72.5 million

Conveyance

Quantity	Unit Cost	Total
60,720 linear feet	\$120/linear foot	\$7.3 million
+ 40% non-construction costs		\$2.9 million
Total Conveyance Cost		\$10.2 million

Source: Linear feet estimated using arterial road estimates.

Pumping

Quantity	Unit Cost	Total
Pump station	\$1 million/station	\$1.0 million
+ 40% construction costs		\$0.4 million
Total Storage/Pumping Cost		\$1.4 million

Storage

Quantity	Unit Cost	Total
Reservoir	\$2 million/station	\$2.0 million
+ 40% construction costs		\$0.8 million
Total Storage/Pumping Cost		\$2.8 million

TOTAL

Facility	Low Cost
Source	\$72.5 million
Conveyance	\$10.2 million
Pumping	\$1.4 million
Storage	\$2.8 million
Total Water Cost	\$86.9 million

ROADS

Arterial road miles are taken from Metro estimates for the Urban and Rural Reserves Study. There are approximately 11.8 miles of existing roads (23.6 lane miles). We assume an average of two lanes will be added to each arterial road. A \$2 million per lane mile cost estimate, including bridges and traffic circles, is derived from unit costs provided by the Oregon Department of Transportation and Washington County.

TOTAL

Quantity	Unit Cost	Total
23.6 lane miles	\$2 million/lane mile	\$47.2 million
+ 40% construction costs		\$18.9 million
Total Road Improvements Cost		\$66.1 million

Source: Metro road estimates for Urban and Rural Reserves Study.

OTHER INFRASTRUCTURE

According to the Regional Infrastructure Study done in 2007 by Cogan Owens Cogan for Metro, wastewater, water and roads typically account for approximately 80% of total infrastructure costs. The remaining 20% of infrastructure costs include stormwater, parks, schools, public buildings and urban amenities

Total Cost (wastewater, water, roads)

Facility	Cost
Wastewater	\$144.8 million
Water	\$86.9 million
Roads	\$66.0 million
Total Infrastructure Cost (wastewater, water, roads)	\$297.7 million

Other Infrastructure

\$297.7 million
x 25%
\$74.4 million

25% of wastewater, water and road costs is equal to 20% of total infrastructure costs.

TOTAL INFRASTRUCTURE COST

Infrastructure	Cost
Wastewater	\$144.8 million
Water	\$86.9 million
Roads	\$66.1 million
Other Infrastructure	\$74.4 million
Total Infrastructure Cost	\$372.2 million

TOTAL INFRASTRUCTURE COST PER EDU

Unit	Minimum Density	Maximum Density
Cost	\$372.2 million	\$372.2 million
EDUs	12,481	27,525
Total Infrastructure Cost/EDU	\$29,821	\$13,522



M. BARBARA CARTMILL
DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD | OREGON CITY, OR 97045

June 11, 2015

Board of Commissioners
Clackamas County

Members of the Board:

**Resolution Supporting the Department of Transportation and Development (DTD)
Application for the Metro Community Planning and Development Grant program**

Purpose/Outcomes	Support for Clackamas County Department of Transportation and Development (DTD) application to undertake the Stafford Area Preliminary Infrastructure Feasibility Assessment (SAPIFA).
Dollar Amount and Fiscal Impact	Total project estimate: \$190,000 County contribution: \$5,000
Funding Source	Community Planning and Development Grant (CPDG): \$170,000 County Road Fund: \$5,000 City of Tualatin: \$5,000 City of Lake Oswego: \$5,000 City of West Linn: \$5,000
Safety Impact	The project will have minimal safety impact in that it is primarily a study about future needs and impacts to sewer, water, stormwater and transportation systems.
Duration	If selected for funding, the development of an IGA will begin in the Fall of 2015.
Previous Board Action	At the May 19, 2015 BCC Policy Session, the BCC approved submitting a letter of support for this grant application and sent a letter of support dated May 20, 2015.
Contact Person	Karen Buehrig, Transportation Planning Supervisor 503-742-4683

BACKGROUND:

Metro provides community planning and development grants (CPDG) to help cities and counties across the region develop strategies to improve existing centers and corridors, and prepare for new housing and jobs in urban expansion areas. The Department of Transportation and Development has worked closely with the cities of Tualatin, Lake Oswego and West Linn to develop an application that is design to be the first step in looking at the issues related to urbanization in the Stafford area.

At the May 19, 2015 study session meeting the Board of County Commissioners expressed support for the CPDG grant application and a letter of support from the BCC was submitted with the application. The application process also requests that a resolution with resource commitment and grant support be submitted.

The purpose of Stafford Area Preliminary Infrastructure Feasibility Assessment (SAPIFA) is to build a common understanding of the potential demands various levels of urban growth would have on the sewer, water, stormwater and transportation infrastructure in the Stafford area and

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how those demands will impact the neighboring cities. This information will be used to recommend the appropriate future jurisdictional responsibility of various areas within Stafford.

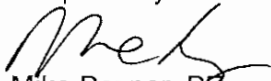
The SAPIFA is designed to be the first step in strategic planning for the Stafford area, to answer important questions before the Concept Planning is undertaken. The project will begin after the mediated conversation between the Cities, County and Metro takes place during the summer of 2015. Depending on the results of the mediated conversation, the scale of the project may change, but it is critical to be prepared to move forward with a preliminary infrastructure feasibility analysis to ensure long range planning for the area continues and is not delayed further.

The proposed budget for the project includes an in-kind match from the County in the amount of \$5,000. This funding will come from staff time assigned to the project. It is also anticipated that each of the other participating jurisdictions of Tualatin, Lake Oswego and West Linn will contribute a \$5,000 in-kind match. The total project cost estimated is \$190,000.

RECOMMENDATION:

Staff respectfully recommends approval of the attached resolution supporting the Department of Transportation and Development application for the 2015 Metro Community Planning and Development Grant program.

Respectfully submitted,



Mike Bezner, PE

Transportation Engineering Manager

For information on this issue or copies of attachments
please contact Karen Buehrig at 503-742-4683

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

A Resolution Authorizing County
Applications for a Community Planning
And Development Grant

Resolution No.

Whereas, Clackamas County is applying for a
Community Planning and Development Grant from Metro; and

Whereas, the Board of County Commissioners
has approved the proposed applications, including the budget and proposed County
match for each.

Now therefore, be it resolved that the Board of
Commissioners authorizes County staff to pursue the following grant application and
approves the budget and County match set forth in the application materials for the
Stafford Area Preliminary Infrastructure Feasibility Assessment.

ADOPTED the 11th day of June, 2015.

BOARD OF COUNTY COMMISSIONERS

CHAIR

Recording Secretary



Who pays the costs of growth?

You'd be outraged if the government made you send money to help wealthy developers build their next community. Yet, in effect, that's what's happening.

by Jerry Harmon

In the early 1970s, some citizens and elected officials were just starting to ask the question in the San Diego region, "Does population growth cost money?" At that time, a clear majority of elected officials held the strong belief that not only did growth not cost money, it added to the tax base and therefore created an additional income source over and above any costs that it created.

Population growth was encouraged as a source of revenue that would pay for itself, add money to government coffers, and improve the quality of life for existing residents.

Local politicians in the seventies had a significant advantage not held by those in local office today. At that time, each city council could annually set its own property tax rate. This meant that local budgets were easy to balance: once the annual budget had been agreed to by the city council, they simply had to multiply the existing property tax rate by the assessed valuation within the city to determine the income that would be generated that year. If the budget required more dollars to be balanced, it was simply a matter of adjusting the tax rate upward to generate the necessary income.

Generally, from the time of World War II into the early seventies, it was seldom necessary to increase the tax rate by much to "balance the local budget." This was true largely because inflation continued to increase the assessed valuation of land and buildings by more than enough to generate the needed income.

It is important to understand this history for two reasons. First, it created a mind set that population growth was good because it more than "paid for itself." Second, because growth never really *has* paid for itself, it led to a major taxpayer revolt that resulted in Proposition 13, passed by the voters of the State of California in 1978, that limited property tax increases.

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Taxpayer revolution

How and why did this happen? As population growth continued to increase dramatically in California after WWII, and as politicians continued to claim they were being fiscally conservative by not increasing the tax rate, reality set in and the truth surfaced. Ever-increasing population required ever-increasing local budgets for both capital improvements (streets, storm drains, police and fire stations, schools, parks, libraries, etc.) and for maintenance and operation expenses to manage and provide these city and school services. As a result, the existing taxpayers were required to pay ever-increasing property taxes with each passing year.

Some home owners who were retired and living on fixed incomes in this unsustainable fast-growth paradigm found that, after paying for their property and paying taxes for years, they were now literally being taxed out of their homes. Others were just beginning to wake up to fact that their property taxes were ever-increasing at the same time services were declining. Schools were overcrowded, traffic was becoming more congested, crime rates were increasing, air quality was decreasing, and in general the quality of life was declining.

These facts, along with the apartment owners of California who saw a quick way to improve their earnings by cutting their property taxes, helped to create the Taxpayers Revolution more than a quarter of a century ago. This caused the passage of Proposition 13, which reduced the property tax rate and set a fixed percentage for annual increases, effectively stopping the politicians from continuing to subsidize population at the expense of the property taxpayers.

Impact fees set - but too low

Prior to this property tax revolution, there were some informed citizens and elected leaders who recognized the simple truth of what was actually occurring and recommended that other sources of income be developed to reduce the demand on ever-increasing property taxes. The primary suggestions were to establish a relationship between the costs of capital improvements required by new population growth and the increase in population.

Clearly, if a city or school district did not increase its population it would not need to construct new police and fire stations, new libraries, parks, schools, roads, etc. And, to the contrary, if it did increase its population and if the quality of life of its residents as defined by the services provided were to be maintained, then new public facilities would need to be built, maintained and operated.

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Because property tax increases were cut substantially, new sources of income had to be found if population growth was to continue and if services were to be maintained at acceptable levels. This caused politicians to implement what we now call “development impact fees,” or “developer fees” for short. Most elected leaders were still not happy with the need to impose new fees on developers. But without the ability to rely on ever-increasing property taxes to subsidize population growth, they would have faced an angry public as more and more development was approved and services continued to decline.

At first, the new development impact fees were set arbitrarily lower than needed to provide the actual capital improvements, with the hope that some new income could be found from the state or federal sources. But they could never find enough. Over time, these new fees were increased in every community in the state. In San Diego County, for example, the average development impact fee was less than five thousand dollars in the early eighties; today, it has been increased to twenty thousand dollars, on average, for a standard tract house. But it is still not linked to the real costs of growth.

Lack of political will

We have a majority of elected officials today who have the responsibility to set proper development impact fees and who yet are unwilling to make growth pay for itself. They are still “robbing from Peter to pay Paul” when it comes to forcing existing residents and taxpayers to subsidize more growth.

This can be seen in the traffic congestion on our streets, roads, and freeways. It can be seen in overcrowded classrooms and makeshift trailers that our children are forced to use as classrooms. It is clear our water quality and air quality are not being maintained. These and other quality-of-life indicators tell us intuitively that population growth is still not being made to pay for itself. Existing taxpayers and residents are being forced to subsidize it by having our taxes diverted to pay for capital improvements needed by new population growth, by environmental degradation, and by having our quality of life decreased.

What to do?

What should we demand, as existing residents and taxpayers, to fix the problem?

First, we need to determine the level of services we now have. Even if the level of the existing service is not as good as we might desire, we still need to clearly measure where we are today. This needs to be in

quantitative terms of: number of police per capita and response time per incident, fire fighters per capita and response time, library books/internet access per capita, acreage of park land per capita, open space acreage per capita, etc.

It is important to know this starting point because there have been numerous “mistakes of the past” made by self-serving politicians who set public policy to the detriment of taxpaying residents and to the advantage of development interests. This still continues today, but we are the voters who have elected the wrong leaders and allowed them to make the mistakes. We should only expect new population growth to pay for the level of service we currently have. We should not expect new population growth to pay for our mistakes.

Second, we need to elect local leaders who are not tied to the development industry. As long as the building industry controls a majority of positions on our boards and city councils, they will continue to make laws and policy to the benefit of developers and to the detriment of taxpayers. After all, they look to taxpayers to subsidize their projects by having their elected leaders set policies that cause our taxes to be used to build the new facilities needed by new population growth, not by existing residents.

At least, we should expect our elected leaders - or new ones, if the current ones cannot be convinced to change their ways - to develop new public policy (and laws to implement that new policy) that will make new population growth pay its full fair share of all new public improvements to at least match the standards we have today. This should be quantified, as noted above.

One good example

In 1988, the voters of Escondido changed to a slow-growth majority that made population growth pay its fair share. Up until that time, a pro-population-growth city council majority of just three people ran roughshod over unorganized residents by approving development after development with inadequate development impact fees and unmitigated environmental impacts.

The new city council majority, much to the dislike of development interests, instructed its city manager (and thus its planning staff) to determine what quality-of-life standards the city should consider when setting new development impact fee levels. It also asked the staff to quantify the existing standards. With this accomplished, the council revised its General Plan and included these new Quality Of Life Standards as part of the updated General Plan. Once the standards were quantified, it was possible to determine the amount of money each new building permit would cost if new population growth were to pay its fair share. That was implemented more than ten years ago in Escondido.

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Subsequently, the council has changed again, and development interests have eroded some of the standards. The lesson to be learned is that if responsible growth interests want to make progress, they need to take the power away from the elected officials who become biased by developer influence and reserve it for the voters of a given city and/or county. The initiative process can do this.

Once an initiative is passed that requires any increases in land use intensity or decreases in development impact fees to be finally approved by a vote of the people, we will appropriately reduce developer influence on our elected leaders.

What about regional impacts?

In addition to city-based development impact fees that have been in existence for the past twenty plus years, we have yet to collect one dollar of impact fees for regional capital improvements generated by growth. For example, when housing tracts are approved in Carlsbad, Oceanside, Escondido, or San Diego, local development impact fees are collected by that particular city for some portion of local needs. However, no funding is collected to pay for necessary new freeway capacity, public transit, or regional road improvements.

It is no accident that traffic on regional systems keeps rising. The Regional Transportation Plan forecasts a \$12 billion shortfall for a plan that will still have us stuck in traffic and without adequate transit alternatives. Not only does growth not pay for the transportation infrastructure needed to absorb its impacts, but city councils repeatedly vote to allow projects to go in without reducing those impacts.

Make growth pay its fair share

It is past time that we quit making the same mistakes of the past and get on with making population growth pay its fair share - for local capital improvements *and* regional capital improvements. Some regions in California are already doing this. Otherwise, we are just digging a deeper hole to climb out of by continuing to issue building permits without collecting regional development impact fees.

How much worse do our regional roads, freeways and low-service public transit have to get before we demand new public policy and laws that require new population growth to pay its fair share?

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It adds up

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No public agency currently measures the cumulative impacts of countless housing developments, strip commercial developments, or industrial developments as they individually and collectively impact our streets, roads, freeways and mass transit. No one requires an Environmental Impact Report to measure the cumulative impacts of countless developments approved by the eighteen incorporated cities plus the county. If we are to set proper impact fees we must demand measures of the cumulative impacts of developments.

The history of local leadership is one of developer-dominated city councils. The tax revolt of the late seventies will be mild compared to the urban sprawl revolt of the next decade if existing taxpayers are going to not only see once-valued open space destroyed, but also be expected to help subsidize the development interests who pave it over. **ET**

Jerry Harmon is a former Mayor of Escondido and SANDAG Board member. Now retired, he serves on the San Diego Sierra Club Political Committee and the League of Conservation Voters of San Diego County. Email: jharmon@cts.com Website: www.itsthetrafficstupid.org.