

**REGIONAL INDUSTRIAL LANDS INVENTORY AND  
SITE READINESS PROJECT**  
*Final Work Scope and Budget*

**JUNE 2, 2011**

**INTRODUCTION**

Traded-sector companies sell goods to buyers outside of the Metro region, bringing additional wealth into the region. Attracting and retaining traded-sector industrial companies is important for the Portland region's long-term economic prosperity. Establishing a supply of development-ready large sites is a critical component of a strategy to attract and retain large industrial firms and generate traded-sector jobs. Because the Portland region must compete with other metropolitan areas for such traded-sector industries, it must be able to provide a reasonable inventory of available sites.

In addition to development-ready industrial land supply challenges, there are limited financial tools and patient developers available to address barriers to development of industrial sites with higher degrees of complexity. The private credit market is extremely tight and private developers generally are unable to finance projects with significant upfront capital investment, long term payback and regulatory uncertainty. Public sector grant/loan financing is also limited, necessitating the creation of new, innovative financing tools that will allow large parcel industrial developers to acquire, develop and hold property as part of a regional economic development strategy.

The focus of the Regional Industrial Lands Inventory and Site Readiness Project (the Project) is to:

- Achieve regional alignment on the supply and market readiness of industrial lands in the region;
- identify the current inventory of market ready industrial sites greater than 25 acres;
- identify additional industrial sites greater than 25 acres that could be available and assess the level of investment required to make them market ready;
- identify the top 5-10 strategic large industrial sites greater than 25 acres and assess in more detail the costs and actions necessary to make them development ready for new traded sector investment;
- Support regional economic development efforts; and
- Inform future policy and public/private investment decisions in the region.

A recent preliminary review of strategically-important sites in the Metro region suggests a concerning shortage of large development-ready industrial sites – perhaps fewer than five. Other industrial sites are in varying states of readiness, requiring regulatory approvals (permitting, mitigation), entitlements (land division, rezoning), infrastructure (filling/grading, sewer, water, road), consolidation of sites, neighborhood opposition and/or brownfield cleanup. A clearer understanding of the actions and investment required to make more of these sites development ready is needed to ensure our region's competitiveness.

On the funding side, there are limited financial tools and patient developers available to address barriers to development of industrial sites with higher degrees of complexity. The private credit market is extremely tight and private developers generally are unable to finance projects with significant upfront capital investment, long term payback and regulatory uncertainty. Public sector grant/loan financing is also limited, necessitating the creation of new, innovative financing tools that will allow large parcel industrial developers to acquire, develop and hold property as part of a regional economic development strategy. Given these constraints, a more effective leveraging of public and private sector assets will be required. The Project is one vehicle for engaging this collective energy as part of a regional economic development strategy.

## PROJECT APPROACH

This Project proposes a public-private partnership of key stakeholders to collaboratively develop the region's large lot, industrial lands inventory, building on Metro's and other existing inventories. For the purposes of this study, large sites are defined as either: a) single tax lots with at least 25 buildable or redevelopable acres, or b) adjacent tax lots in a single ownership or multiple ownerships if they have the potential for tax lot assembly to total at least 25 buildable or redevelopable acres. Sites may be either inside the Metro Urban Growth Boundary (UGB) or in designated Urban Reserves. Sites inside the UGB should be either designated on the Metro Title 4 map or zoned industrial by local jurisdictions. The intent of this work is to ascertain market readiness of the sites in the inventory and identify strategies to ensure they will be available to meet traded sector market demand.

A key deliverable will be to create an ongoing database of industrial sites to support the region's economic development strategy and make the region competitive in the global marketplace. The database will also provide a common understanding of the barriers and investments needed to make these sites development-ready, lay a foundation for innovative financing tools and approaches, and inform the work of location jurisdictions, Community Investment Initiative Leadership Council, Greater Portland, Inc., Metro, the Port of Portland, and the State.

Phase I of this Project will produce a site inventory that differentiates between development-ready sites (Tier 1) and sites that need additional work (Tier 2 and Tier 3); and to identify generally (the order of magnitude) the necessary investments to move Tier 1 and Tier 2 sites to development ready status. Tier 3 sites will be identified, but will not have any cost analysis done. Phase II of this Project is will identify five to ten of the most strategically-important industrial sites and conduct a more detailed analysis of development constraints, detailed actions/requirements/costs for addressing the barriers to development readiness, and preliminary market opportunities and economic benefit for development of such sites.

This Project will be lead and funded by a Project Management Team (minimum of \$10,000 financial contribution) which includes: Port of Portland, Portland Business Alliance, NAIOP, Business Oregon, and Metro. At the outset of the Project, there will be outreach with various public and private groups (Metro Council, MPAC, Greater Portland, Inc., Community Investment Initiative Leadership Council, and regional developer/brokers). In developing the inventory, the consultant will use existing data wherever possible, and, with the assistance of the Project Management Team, coordinate with local jurisdictions, brokers, developers, and other key stakeholders to secure additional information as needed and available. Other sponsors (\$5,000 or less in financial/technical contribution) of the Project may include: East Metro Economic Alliance, Clackamas County, Westside Economic

Alliance, and Oregon Division of State Lands (DSL). The Project Management Team will be responsible for a communication strategy.

***Timeframe: May – November 2011***

June – funding commitments and scope confirmed, contract through Portland Business Alliance

June – August – inventory work (June serves as “Month 1” for the following work scope)

September – stakeholder input (completion of Phase I)

October – November – Case study development analyses, market need assessment, stakeholder input and final report (completion of Phase II)

**PHASE I**

***Task 1: Overview of the Project with Metro Council, MPAC Committee, Greater Portland, Inc., Community Investment Initiative Leadership Council, and developers/brokers.***

At the outset of the Project, the consultant with the Project Management Team will provide an overview of the Project work scope to Metro Council, MPAC Committee, Greater Portland, Inc., Community Investment Initiative Leadership Council, and developers/brokers. Metro will provide an overview to other Metro committees, including MTAC, TPAC, and JPACT and report back to the Project Management Team. Based on feedback from these meetings, the Project Management Team will consider refinements to the work scope. Consultant with the Project Management Team will develop communication points and/or a PowerPoint for these presentations which will be refined as the Project progresses.

Product: Education/Input/Endorsement

Budget: \$2,500

Month 1

***Task 2: Obtain Metro GIS vacant land inventory data; review, confirm, refine and establish GIS base for Project***

This study will start with Metro’s most recent buildable land inventory. The Metro inventory categorizes parcels by size; by location, by land use designation (Title 4 or locally zoned for industrial); and by development readiness in a tiering system. The Metro inventory does not take into account whether the site is on the market or available for sale or lease. The first task of this work scope is to obtain Metro’s inventory and review, confirm and update the information, and use it to establish a new database that can serve as the foundation for this Project. Additional sites will be added (or existing sites deleted) to the new database based on the knowledge of the consultant, local jurisdictions, real estate community and the Project Management Team. Additional sites may include areas that are local jurisdictions’ priorities for redevelopment or are local jurisdictions’ priorities for addition to the UGB that are designated as Urban Reserves and identified for industrial development. Metro will be responsible for this outreach to local jurisdictions and providing information to the consultant and Project Management Team. The consultant will review as available adopted buildable land inventories that were part of the Goal 9 Economic Opportunity Analyses completed by the individual jurisdictions in the region as another source to cross check the Metro inventory. The Project consultant will work with Metro staff to develop the new GIS database to ensure compatibility with Metro’s system. The consultant will collaborate with

Metro staff in preparing the analysis due to Metro's ownership of more detailed data and access to additional analysis tools.

Product: GIS data base

Budget: \$4,000

Month 1

***Task 3: Define development-ready and tiering system, working with Project Management Team***

A proposed tiering system would be based on development readiness.- For the purposes of this study, Tier 1 sites are defined as "development ready" within 180 days of submittal of a development application (i.e., projects can receive all necessary permits, sites can be served with infrastructure, zoned and annexed into the city within this timeframe). Metro will provide updates and seek input from Metro MTAC, TPAC, and JPACT advisory committees and report back to the consultant and Project Management Team. Starting definitions will be based on timeframe for market readiness and could be defined as follows:

Tier 1: Over 25 net developable acres within the UGB and development-ready defined as a parcel available for sale or lease in single ownership or parcels in multiple ownerships that have an agreement in place to aggregate their parcels into a single site. Land that is owned by a company for future expansion would be excluded for Tier 1. The site needs to be zoned for industrial use (manufacturing, warehouse and distribution) and have infrastructure and services available to the property line or the ability to provide infrastructure and services within 180 days. Natural resource mitigation, brownfield remediation or other resource related issues must, if necessary, be resolvable within 180 days. The State's Shovel Ready site certification program can be used as a template for Tier 1 sites.

Tier 2 Over 25 net developable acres within the UGB; in single ownership or parcels in multiple ownerships that have an agreement in place to aggregate their parcels into a single site; not able to meet the 180 day time table for development due to one or more of the following constraints that can be addressed through public actions/resources: brownfield contamination; lack of available infrastructure to the site; lack of capacity in public system to meet water demand or sanitary sewer treatment; entitlement requirements; Title 3 Environmental designation (waterways, wetlands, riparian buffers, etc.) or applicable local significant resource overlay zone; transportation deficiency (within ¼ mile of major arterial roadway with V/C>1.0 (defined by Metro RTP); lack of zoning consistent with urban employment related development; redevelopment parcels in common ownership.

This definition of Tier 2 excludes sites unsuitable for most industrial development due to slope, ownership for future expansion, tax exempt ownership for non-development purposes or aviation flight overlay that prevents industrial development. The State's Decision Ready designation for industrial sites can be used as a template for Tier 2 sites.

Tier 3 Over 25 net developable acres in the UGB identified as industrial; lands with multiple ownerships that can be assembled to achieve 25 net developable acres (not currently bound by a sales agreement); brownfield sites with identified

environmental issues requiring considerable assessment, cleanup, and liability costs and/or risks; redevelopment parcels in common ownership; and areas in Urban Reserves that are anticipated for industrial development. The analysis of these Urban Reserve areas will include the gross acreage of the area and the existing parcel ownership pattern. The analysis will not be based on the net 25 developable acres used for all of the other sites in the Project. This definition of Tier 3, as is the case in Tier 2 sites, does not include constraints such as slope, aviation flight overlay or tax exempt lot status that cannot be changed through public policy or investments. Tier 3 sites could include land that is owned by firms for future expansion. Tier 3 sites would not be able to meet the State's Decision Ready classification due to more extreme constraints requiring significant time and or dollars to make them development ready.

As noted in Task 2, local jurisdictions will be asked to identify Urban Reserve areas that are their priorities for inclusion in the UGB to provide >25 acre industrial sites. Metro staff will make these contacts and report back to the consultant and Project Management Team.

Product: Development readiness tier definitions

Budget: \$2,500

Month 1

***Task 4: Develop industry profiles, including infrastructure demands, site requirements, and employment and investment estimates for up to 6 industry sectors (including warehousing and distribution)***

The State's site certification program has profiles for different industries that identify infrastructure demands (e.g., minimum net acreage; GPD water; GPD sewer; MW electricity). These profiles would provide the starting point for this task, and could be modified and refined by the consultant based on input from the Project Management Team.

Product: Industry profiles for 6 sectors

Budget: \$1,200

Month 1

***Task 5: Using GIS base and tier parameters developed in Tasks 2 and 3, determine regional inventory of sites using tiers and summarize Tier 1 sites***

Prepare data, tables and maps of the regional inventory applying development ready tiers. Assessment would be based on development-readiness as developed in Task 2. This information would be connected to the industry profiles that are described in Task 4, above, in order to identify specific sites with specific types of users. For Tier 1 sites, a summary of development costs and permit timelines will be prepared.

Product: GIS-based inventory using tiers, with appropriate display tables and maps; Tier 1 site development costs and timelines

Budget: \$18,500

Months 2-3

***Task 6: For all of the non-Tier 1 sites, identify barriers and necessary actions/requirements, including high level cost estimates, that would be necessary for each site to become Tier 1 development-ready***

This information would likely be reflected in a table identifying the constraints for each of the non-Tier 1 sites. The table would include binary (yes/no); and/or relative measures (high, medium, low); and/or percentages (gross to net acreages) to document the constraints. Identify the range of industries that would be appropriate to locate on each non-Tier 1 site, using the information prepared in Task 4. Order of magnitude costs required to prepare Tier 2 sites for Tier 1 development readiness would be provided.

If the Project Management Team concurs and there is clear agreement on priority sites, Business Oregon funds may be added to help in the wetland mitigation and brownfield remediation analyses of non-Tier 1 sites as envisioned in Task 9. These funds would be added through an Additional Services Agreement to the contract scope of work.

Product: Summary tables and individual site maps displaying barriers to development for non-Tier 1 sites

Budget: \$15,000

Month 2-3

***Task 7: Using private brokerage contacts and public contacts, determine the approximate number of >25 acre industrial land transactions by industry type in the metropolitan area over the previous 3-5 years. Also document lost projects due to lack of >25 acre sites, including the reasons why firms chose other regions, based on information provided by Business Oregon and commercial brokers as available.***

Product: Documentation of the above.

Cost: \$1,000

Month: 3

***Task 8: Stakeholder Meetings***

Following completion of Task 7, consultant and the Project Management Team will review the completed work with Metro Council, MPAC Committee, Greater Portland, Inc., Community Investment Initiative Leadership Council, and developers/brokers. Consultant will participate in a maximum of three meetings. Metro staff will provide updates to Metro MTAC, TPAC, and JPACT advisory committees and report back to the consultant and Project Management Team. Consultant with the Project Management Team will develop communication points and/or a PowerPoint for these presentations.

Based on feedback, the Project Management Team will consider refinements to the inventory work and the consultant will make minor adjustments as necessary to the inventory and Phase I work product. At the same time, the Project Management Team will make the decision to adjust, as appropriate, solicit additional Project funders/partners, and proceed with the remaining work scope.

Product: Preparation and delivery of presentations to stakeholder meetings and advisory committees; and work product revisions

Budget: \$3,000

Month: 4

**PHASE II**

The scope of work, budget and funding partners for Phase II will be refined based on Phase I results and additional Project Management Team direction. The following is a preliminary outline and budget estimate of the Phase II scope.

***Task 9: Identify list of 5-10 non-Tier 1 strategically-important industrial sites from a market perspective and prepare a more detailed development analysis to determine market opportunities and economic impacts of potential industry users (from the profiles developed in Task 4) as well as detailed actions/requirements/costs for addressing the barriers to development readiness***

Based on a review of the inventory of non-Tier sites and key market criteria determining the strategically-important value of sites, identify the top 5-10 strategically-important sites for a more detailed development analysis. Market criteria may include: freeway access within 3 miles of an interchange via an arterial street and no intermediate conflicting uses; I-5, I-84 and I-205 access; access and proximity to multi-modal freight infrastructure (air cargo, rail, marine); and proximity to other industrial uses (clustering potential).

The level of analysis completed for these sites will be dependent on the available Project funds. Sites of 50 acres or more (or those that can be aggregated to 50 acres or more) will be a priority for this analysis. Additional criteria for determining Tier 2 and Tier 3 sites for further analysis could include geographic dispersion, type of industry (based on priorities of the emerging regional economic development strategy), site size costs, and political readiness (factors to be determined by the Project Management Team). The industry profiles prepared in Task 4 will be used to assume potential development on each of the sites. The profiles will be used to prepare a conceptual site master plan and identify the assumed on-site infrastructure demand as well as the economic benefits. Economic benefits will be determined by preparing key economic performance measures for each of the site development scenarios based on the types of industry sectors assumed for each of the sites. These would include number of jobs, total payroll, indirect jobs (multiplier), and assessed value.

On-site demand will be used to determine the necessary off-site infrastructure and any off-site service capacity upgrades, including transportation, which may be necessary. Development timelines for the necessary improvements will also be estimated. Acquisition costs will be provided based on listing prices provided by the representative real estate broker, or based on market averages for similar sites. A residual land value analysis will be completed for each site to compare the development costs to the predicted land values necessary to make the site financially feasible for development.

To assist in estimating brownfield remediation and wetland mitigation costs, a baseline environmental assessment will be done for each site consisting of a review of the following: current and past history of the use of the site, a review of existing databases for on- and off-site impacts, and a gathering of known environmental conditions and, as necessary, investigatory work.

The consultant will coordinate with the Oregon Department of State Lands (DSL) who will conduct a wetlands assessment of the sites. The assessment would not qualify as a jurisdictional determination of wetlands presence or absence.

Local wetlands inventories (LWI) or comparable level of inventory would be used as available and deemed appropriate by DSL staff. LWI information would be supplemented with any site-specific wetland delineation or determination data on-file with DSL.

For sites where community level inventories are not available and access can be obtained, a rapid on-site wetland assessment would be conducted by DSL to identify the potential extent of wetland condition on the property. The assessment would identify areas (at approximately 0.5 acre increments) exhibiting evidence of prolonged soil saturation.

Where inventories or access to the site cannot be obtained, potential wetland areas will be estimated using the National Wetland Inventory map, hydric soil mapping, and 2009 aerial photographs, supplemented with any site-specific wetland delineation or determination data on-file with DSL.

For sites requiring assembly, a preliminary site aggregation analysis will be undertaken. For sites requiring brownfield work, a preliminary cost assessment would be conducted using existing data.

Contributions by DSL for wetland assessment will consist only of staff time contributed by the agency's economic revitalization liaison. The costs for the brownfields portion of the site analysis will be covered through contributions of staff time and funding at a level determined by Business Oregon and other willing participants.

Additional funding/partnerships for this task may be provided by local jurisdictions, property owners, brokers, and other potential Project sponsors not yet identified. Consultant performance and deliverables can be modified if ultimate funding and staffing levels by DSL and Business Oregon are below those outlined in this section.

Product: Each non-Tier 1 site development analysis will include:

- Key development standards affecting development
- Identification of site issues that may affect development
- Identification of policy issues that may affect development
- A partial Phase 1 environmental analysis
- A preliminary wetlands assessment
- A preliminary site aggregation analysis and discussion of need for public developer
- An economic impact analysis and a residual land value analysis for each of the concept plans

Estimated Cost: \$10,000-\$11,000/site (includes \$2.5-3K per site for Phase 1 environmental and \$1.5K per site for economic impact analysis)

Month 4-5

### ***Task 10: Stakeholder Meetings***

Following completion of Tasks 8 and 9, the consultant and Project Management Team will review the work completed with Metro Council, MPAC Committee, Greater Portland, Inc., Community Investment Initiative Leadership Council, and developers/brokers. Consultant will participate in a maximum of three meetings. Metro staff will provide updates to Metro MTAC, TPAC, and JPACT advisory committees and reporting back to the consultant and

Project Management Team. Consultant with the Project Management Team will develop communication points and/or a PowerPoint for these presentations.

Based on feedback from these stakeholder groups, the Project Management Team will consider refinements to the case study development analyses and market need assessment work and the consultant will make minor adjustments as necessary to the Phase II work product. At this time, the Project Management Team will also consider future work needed, as appropriate.

Product: Preparation and delivery of presentations for stakeholder and advisory group meetings; and work product revisions

Estimated Cost: \$2,500 - \$3,000

Month: 5

### ***Task 11: Preparation of Final Report***

The final report will include all maps and data tables, documentation of data methodologies, procedures, assumptions and definitions, concept plans and supporting information, market comments, and an Executive Summary. The consultant team will make one Power Point presentation to the Project Management Team of the final report. One hard copy of the final report will be provided to each of the Project Management Team members as well as access to an electronic version will be made available. All underlying data will be made available to the Project Management Team. The Project Management Team will be responsible for communications with the media and other stakeholders.

Product: Final Report

Estimated Cost: \$5,500-6,500

Month: 6

## **FINAL PRODUCTS**

1. Electronic GIS database of Tier 1, Tier 2 and Tier 3 sites in the metropolitan region that are key to growing traded sector investment and job creation
2. Key findings and recommendations for policy makers and other influencers on follow-up actions needed to ensure market-readiness of strategically-important industrial sites and a recommendation on ongoing management and updates of the GIS database;
3. Hard copy report that includes:
  - a. Executive Summary
  - b. Data tables and maps displaying Tier 1, Tier 2 and Tier 3 sites
  - c. Maps, development costs and timelines for each Tier 1 site
  - d. Maps and tables displaying generalized constraints for each Tier 2 and Tier 3 site
  - e. Detailed development analysis and concept plans for 5-10 Tier 2 sites with higher level assessment of Tier 3 sites
  - f. Historical absorption rates for larger (>25 acre) sites in the region

Total Estimated Cost:

Total Estimated Time: 6 months

<b>TASKS 1 – 11</b>		
<b>Tasks</b>	<b>Budget</b>	<b>Timeframe</b>
<b>PHASE 1:</b>		
Task 1: Stakeholder Meetings to provide a Project overview (maximum of 5) and minor revisions to overall work scope.	\$2,500	Month 1
Task 2: Obtain Metro GIS vacant land inventory data; review, confirm, refine and establish GIS base for Project	\$4,000	Month 1
Task 3: Define development-ready and tiering system, working with Project partners	\$2,500	Month 1
Task 4: Develop industry profiles, including infrastructure demands, site requirements, employment and investment for up to 6 industry sectors	\$1,200	Month 1
Task 5: Using GIS base and tier parameters developed in Tasks 2 and 3, determine regional inventory of Tier 1, Tier 2 and Tier 3 sites and summarize Tier 1 sites	\$18,500	Month 2
Task 6: For all of the non-Tier 1 sites, identify barriers and necessary actions/requirements, including high level cost estimates for Tier 2 sites, that would be necessary for each site to become Tier 1 development ready	\$15,000	Month 2-3
Task 7: Using private brokerage contacts, determine absorption rates for industrial land in the metropolitan area.	\$1,000	Month 3
Task 8: Stakeholder Meetings to vet inventory (consultant to participate in a maximum of 3 – does not include outreach with stakeholders for each Task) and minor revisions to Phase I work product	\$3,000	Month 3
Miscellaneous Project Costs – Printing and Other Communications	\$200	
<b>PHASE 1 Subtotal</b>	<b>\$47,900</b>	

PHASE 2:	Estimated Cost	
Task 9: Identify top 5-10 strategic sites. For each of the Tier 2 and Tier 3 sites, prepare a more detailed development analysis to determine market opportunities and economic impacts of potential industry user (from the profiles developed in Task 4) as well as detailed actions/requirements/costs for addressing the barriers to development readiness	\$10,000-\$11,000/site; assuming 5-10 sites: \$50,000-\$110,000 (increase to reflect 5 additional sites, economic impact analysis, and brownfield work and assumes DSL will do wetland analysis at no cost to Project)	Month 4-5
Task 10: Stakeholder Meetings to vet 5-10 development case studies and market need assessment (consultant to participate in a maximum of 3) and minor revisions to Phase II work product	\$2,500-\$3,000	Month 5
Task 11: Final Report preparation	\$5,500-\$6,500	Month 6
Miscellaneous Project Costs – Printing and Other Communications	\$1,000	
PHASE 2 Subtotal	\$ 59,000-\$120,500	
<b>Phase 1 Subtotal Budget</b>	<b>\$47,900</b>	
<b>Phase 2 Subtotal Estimated Cost</b>	<b>\$59,000-\$120,500 To Be Refined</b>	
<b>Total</b>	<b>- \$106,650- \$168,400</b>	

**FUTURE PHASES FOR CONSIDERATION**

1. Develop second Business Oregon pilot project to:
  - a. Identify the top 20 industrial sites within the Metro Urban Growth Boundary
  - b. Secure regional solution for wetland mitigation for these sites.
  - c. Obtain Business Oregon’s “Decision Ready” status for these 20 sites and “Certified” status for up to five additional sites.
2. Develop and evaluate feasibility of 3-4 regional industrial land financing scenarios to address inventory needs.
3. Develop targeted state and regional policy and funding recommendations to address the critical industrial land development issues, including the replenishment system.