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TO: Lane County Board of Commissioners
FROM: Jack Roberts, Executive Director, Lane Metro Partnership
DATE: February 3, 2004
SUBJECT: PROPOSED INDUSTRIAL AND COMMERCIAL LANDS STUDY

BACKGROUND

Lane Metro Partnership Board Chairman John Arnold and I made a presentation to you on July 23, 2003 regarding what our organization believes to be an extremely important issue related to our mission of encouraging economic development in Lane County: getting an accurate and agreed-upon inventory of industrial and commercial land. Since that presentation, the Governor's Task Force on Industrial Land has published its findings, which include a recommendation that such inventories be undertaken by local governments.

On January 13 of this year, Terry Moore of ECONorthwest and I met again with you to present our suggestions about how such a study might be undertaken. At the end of our conversation several Commissioners expressed an interest in such an inventory, but cautioned that in these times of fiscal constraints and program cuts, such work would have to have a strong justification. In particular, you asked me to prepare something in writing that would:

- Explain why such an inventory would be a good investment for the County, and
- Describe in more detail a scope of work and budget.

This memorandum provides the information you requested.

THE NEED FOR AN INVENTORY OF INDUSTRIAL AND COMMERCIAL LAND

The importance of adequate land supply for economic development may seem so obvious as to need no explanation. Nonetheless, it is probably valuable to review some of the reasons for having an adequate land supply, as well as some of the consequences of not having one.

The most obvious example of how lack of land can harm the local economy is a business that wants to move here, would employ a lot of people and invest a lot of money, yet can't find a suitable location. Just as important, but often overlooked, is the need of existing businesses that are outgrowing their existing sites to find sites on which to expand or relocate. Failing that, those businesses may leave the area or fail to add jobs and market share, which at best cause them to make less of a contribution to our local economy than they are

capable of providing, and at worse may result in the ultimate failure and closure of the business.

Most of the economic discussions about land supply focus on industrial lands. This is because industrial users generally have more choices where to locate and therefore, if they are unable to find suitable and affordable land in Lane County can simply locate or relocate somewhere else. Commercial users generally are locating here because their market is here. A grocery store that can't expand in downtown Springfield isn't going to relocate to Boise, Idaho, and if it does, the people who used to shop there won't follow them--they'll simply shop at other local grocery stores. People who can't find an affordable home in South Eugene might decide to live in Creswell, but they probably aren't moving to Medford, much less Redding.

That's why the Governor's Task Force concentrated on industrial lands. The Governor perceived that the economic development of the state was being hampered by a lack of an adequate supply of ready-to-go industrial sites. The Task Force outlined recommendations to help assess the extent of that problem and to make it easier for local communities to remedy such shortages in a timely manner. It also noted a concern that maintaining an adequate supply of industrial land requires protecting that land from conversion to commercial or residential uses.

If, as some have alleged, the Eugene-Springfield Metro Plan Area currently has a shortage of available commercial and industrial land, the economic pressure to convert any newly created industrial land--which by its nature has a largely prospective and indefinite development opportunity--to commercial uses which already exist may be irresistible. Therefore, our recommendation is for a study of available industrial and commercial lands. Because there is already a study of residential lands underway, we do not recommend adding that to this particular study.

Another reason for inventorying both commercial and industrial lands is that, in our changing economy, the distinction between commercial and industrial uses is increasingly blurred. The Nike campus in Beaverton is a legitimate, and valuable, industrial enterprise, but their shoes, shirts and golf clubs aren't made there. Hewlett Packard is a tremendous economic asset in Corvallis, but they no longer make printers there. It is exclusively research and development. Intel makes microprocessors in Hillsboro and is the largest manufacturing employer in the state, but the office component of their industrial campus would constitute a major office park standing alone.

As demand for commercial space outgrows our inventory of available commercial land, the price for such land obviously increases. Not so with many industrial sites. Since industrial users don't necessarily have to be here, our available sites in Lane County are competing with other sites in Oregon, as well as sites in Washington, Colorado or Arizona, just to name a few. Our shortage of industrial land doesn't

necessarily drive up the price they're willing to pay; it may simply drive them out of Lane County.

Finally, even those who believe that we can meet more of our demand for commercial and industrial land through infill and redevelopment should realize that this also requires that some land be available on which to relocate existing users and residents who are thereby being displaced. How much land is necessary, as well as how and where it should be acquired, are policy decisions to be debated, but even that process starts by having an accurate inventory of available land.

Without question, an inventory of developable land is but a first step in a long and arduous journey under our land use planning system. But it is an essential first step so that we can know what land is available today and so that local leaders can base your future policy decisions on factual data in which everyone has a high level of confidence. To do that requires that the survey be as thorough, as objective and as policy-neutral as possible.

SUGGESTION FOR WHAT THE INVENTORY SHOULD INCLUDE AND HOW TO GET IT DONE

OVERVIEW OF THE ASSUMPTIONS AND APPROACH

The previous section makes it clear that having an accurate inventory of industrial and commercial land is critical not only to the mission of the Partnership, but to economic development (and, ultimately, quality of life) in the metropolitan area. There are many options for the technical and review process by which such a study could be completed. In this section I summarize my assumptions about how the study should occur, and provide my reasons for those assumptions. Those assumptions, in turn, lead to the scope of work that I propose in the next section. If you disagree with any of my assumptions, then that increases the odds that you will want to change some aspect of the scope of work I propose.

The key assumptions are:

- This study is a first step. It is primarily about data and facts, not policy. It is primarily about industrial and commercial land, not land of all type. It will, however, be useful in subsequent policy discussion because it will provide a common, accepted set of facts about land supply.
- The study should be structured in such a way that it is not based on explicit or implicit policy decisions. Rather, it should take a neutral, database approach to the inventory, gathering consistent data about as many attributes of parcel characteristics as the budget allows. That keeps the study technical rather than political, and leads to a database that can

be queried in different ways by interest groups with different issues.

- Assuming that the study is structured along technical, fact-finding lines, then the need for policymaker and public review is reduced (although not completely eliminated). It is my belief that people knowledgeable about industrial and commercial land supply, from both the public and private sector, can work on a *technical* advisory committee that can help direct the researchers and that can collectively endorse the findings at the end of the study as a reasonable estimate. Thus, my proposed scope of work does not include an extensive program for involving the general public. That involvement would happen later as the inventory is used to inform policy debates. It does, however, have substantial involvement for public and private stakeholders with technical expertise.
- The budget for the study is \$50,000, which would be used to cover the costs of the technical work. I think it is more likely that the money would be spent for consulting help than for buying staff time or hiring a new staff person in the planning departments of the County, Eugene, or Springfield. I assume that those jurisdictions, in addition to contributing money to the project, would allow someone from their staff to represent them on the technical advisory committee.
- Both the budget constraints and the importance of getting approximate agreement among those involved in land planning and development in the public and private sectors suggest the importance of involving, as volunteers, local experts from both the public and private sectors.
- Scope of study: At a minimum, the study should include available commercial and industrial land within the urban growth boundary for the Eugene-Springfield Metropolitan Area General Plan. It could also include developable land within any or all of the surrounding cities. It is likely that a couple of the closest cities could be added to the study without significantly impacting the cost, but even adding all of the rural cities would not necessarily be cost prohibitive. A greater concern may be that adding cities outside of the Metro Plan area might arouse unwarranted suspicions that an effort is being made to draw those cities into the Metro Plan, which would probably not be welcomed by them.
- The Partnership would not be the lead, managing agency for this project. Ideally it should be Lane County. If the Partnership is the manager, some stakeholders will believe that the technical analysis is automatically biased. That does not serve anyone's interests. In order to have maximum credibility the study be, in

both reality and appearance, a neutral, third-party technical analysis.

- In order to complete this study in a timely, affordable manner, it will probably be necessary to contract this work out. I am not sure whether the contract could be let on a single-source basis, but I would strongly encourage ECO-Northwest for this. A principal reason I brought Terry Moore with me was not only did we serve together on the Governor's Task Force on Industrial Lands, but he was the staff person primarily responsible for writing the report of the Advisory Committee on Commercial and Industrial Development, titled "Sufficient of Commercial and Industrial Land in Oregon." This report has become the template for how to measure and evaluate the supply of commercial and industrial land in Oregon.

OUTLINE OF A SCOPE OF WORK

The previous assumptions lead me to propose to you a scope of work that (1) is focused on assembling data and facts; (2) stays away from policy issues (e.g., it is not addressing whether there is a need for more land inside the Urban Growth Boundary); and (3) makes heavy use of contributed expertise from both the public and private sectors.

Task 1 Project start-up

Identify and invite Technical Advisory Committee (TAC). Get base data/maps from LCOG. Review existing studies (LCOG, City, current LCOG residential work). Final research design and outline of report. Meet with TAC to amend and approve research design (including definitions and database structure)

Product: Research design (and any accompanying supporting information) and outline of final report
Meetings: One
Budget: \$6,000
Schedule: Weeks 1 - 3

Task 2 Research

GIS and site work. Developer / broker / planner work session.

Product: No formal products
Meetings: Work session on preliminary results
Budget: \$30,000
Schedule: Weeks 4 - 13

Task 3 Draft report

Summarize research into draft report. Meet with TAC to review.

Product: Draft report and technical appendix.
Meetings: One
Budget: \$8,000
Schedule: Weeks 14 – 16

Task 4 Final report and presentations

Based on TAC comments, prepare final report. Prepare summary presentation. Present at forum to be determined.

Product: Final report and presentation
Meetings: One
Budget: \$6,000
Schedule: Weeks 17 – 18

SUMMARY AND NEXT STEPS

The proposed scope will produce a database and maps of commercial and industrial land, by type; a final report that synthesizes key findings and conclusions; and a presentation that summarizes the final report. The budget is not to exceed \$50,000. The project can be completed in less than six months.

My request is that Lane County be the lead agency in undertaking the study, with participation by Eugene and Springfield, but that the actual study be contracted out. If Lane County, Eugene and Springfield each commit to a \$15,000 contribution, the Lane Metro Partnership will agree to fund the excess cost over \$45,000. If the final contract amount is less, it is proposed that the contributions of the three public partners be reduced equally.

In light of the finding's of the Governor's Task Force and the recommendations contained therein relating to the Oregon Economic and Community Development Department, it would appear that Lane County's share of the cost could come from economic development funds, including video poker money, if you were inclined to use them.

If this recommendation is approved, the Lane Metro Partnership is willing to contact the cities of Eugene and Springfield directly, or will cooperate with Lane County in such manner as the county requests in facilitating this cooperative arrangement. John Arnold and I made similar presentations to both cities last July as we made to the county at that time.