

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING FINDINGS)	
OF FACT IN SUPPORT OF ORDINANCE NO. 05-1070A)	RESOLUTION NO. 05-3562
(FOR THE PURPOSE OF AMENDING THE METRO)	
URBAN GROWTH BOUNDARY TO INCREASE)	
CAPACITY TO ACCOMMODATE GROWTH IN)	
INDUSTRIAL EMPLOYMENT AND TO RESPOND TO)	
REMAND ORDERS FROM THE LAND CONSERVATION)	Introduced by Councilor McLain
AND DEVELOPMENT COMMISSION))	

WHEREAS, the Metro Council adopted Ordinance No. 05-1070A (For The Purpose Of Amending The Metro Urban Growth Boundary To Increase Capacity To Accommodate Growth In Industrial Employment And To Respond To Remand Orders From The Land Conservation And Development Commission) on November 17, 2005, contingent upon adoption of Findings of Fact and Conclusions of Law as Exhibit "D" of that ordinance; and

WHEREAS, Metro sought and received an extension of time from December 1, 2005, to December 15, 2005, from the Oregon Department of Land Conservation and Development ("DLCD") to submit the ordinance to DLCD in fulfillment of periodic review Work Task 2; and

WHEREAS, the Council has reviewed and considered the Findings of Fact and Conclusions of Law; now, therefore

BE IT RESOLVED that the Metro Council:

1. Adopts the Findings of Fact and Conclusions of Law as Exhibit "D" of Ordinance No. 05-1070A.
2. Directs the Chief Operating Officer to submit the ordinance and supporting materials to DLCD as soon as possible.

ADOPTED by the Metro Council this 15th day of December, 2005

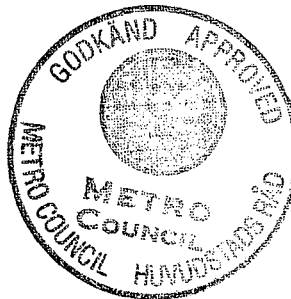


David Bragdon, Council President

Approved as to form:



Daniel B. Cooper, Metro Attorney



STAFF REPORT

RESOLUTION NO. 05-3562, FOR THE PURPOSE OF ADOPTING FINDINGS OF FACT IN SUPPORT OF ORDINANCE NO. 05-1070A, FOR THE PURPOSE OF AMENDING THE METRO URBAN GROWTH BOUNDARY TO INCREASE CAPACITY TO ACCOMMODATE GROWTH IN INDUSTRIAL EMPLOYMENT AND RESPOND TO REMAND ORDERS FROM THE LAND CONSERVATION AND DEVELOPMENT COMMISSION.

Date: December 7, 2005

Prepared by: Lydia M. Neill
Principal Regional Planner

BACKGROUND

The Land Conservation and Development Commission (LCDC) met on November 3, 2004 to consider acknowledgement of Metro's urban growth boundary (UGB) decision on industrial land. The Commission heard arguments from objectors as well as Metro before issuing a Partial Approval and Remand Order 05-WK TASK- 001673 on July 22, 2005. The order was received on July 25, 2005. The analysis and findings are discussed within this staff report to demonstrate that Metro complies with the Statewide and regional land use laws.

ANALYSIS/INFORMATION

Metro undertook an evaluation of the Urban Growth Boundary (UGB) as part of Periodic Review in 2002. This review process involved technical evaluation, study of options to increase capacity and add land to meet the 20-year forecast for future population and employment growth. Metro conducted an extensive public involvement program to engage stakeholders, local elected officials and citizens in the decision making process. To complete Periodic Review, Metro held over a dozen meetings and workshops, provided notice of the decision in several publications and mailed over 70,000 brochures to property owners, local governments and community planning organizations. The Metro Council added 18,638 acres in 2002 primarily to meet the residential and employment needs for the planning period from 2002-2022. In 2004 the remaining industrial land was added to the UGB (1,956 acres).

Notice has also been provided to areas under consideration to satisfy the remand order. A newspaper notice was published on September 26, 2005. A newsletter style notice was provided to approximately 1,900 property owners per Metro code requirements to all property owners within 500 feet of areas under consideration. A workshop held on October 20, 2005 in the Hillsboro Civic Center building to provide an opportunity for citizens to review maps, receive copies of the staff report, comment and ask questions of staff. Two public hearings were held in November 2005 to provide an opportunity for citizens, business owners, elected officials and interest groups to provide testimony.

LCDC Partial Remand

As part of the LCDC's review and acknowledgement of these 2004 decisions made by the Metro Council the following Remand Order has been issued. Remand Order 05-WKTASK-001673 approved most of Metro's actions to complete Periodic Review on June 24, 2004. The remand order identified a number of items that require providing additional information to justify Metro's actions.

LCDC acknowledged the following elements of the 2004 decision:

- Inclusion of industrial land in the following areas: Damascus West, Beavercreek, Quarry, Coffee Creek, Tualatin and Helvetia;

- Change of the designation from residential to industrial for 90 acres of land located south of Gresham that was included in the UGB in December 2003;
- Amendments to Title 4 to protect industrial lands and establish regionally significant industrial areas and the designation of those areas;
- Amendments to the Regional Framework Plan Policy 1.12 to protect agriculture and forest resource lands;
- Removal of three parcels near King City from the UGB (tax lots 1300, 1400 and 1500); and
- The completed Housing Needs Analysis.

Issues Addressed by Metro

Order 05-WKTASK-0015254 requires Metro to address the following six issues. Each of the issues is discussed in detail in the following section of the staff report and recommendation from the Chief Operating Officer. A summary of the issues that will be addressed in this staff report is as follows:

1. Ensure that an adequate amount of land is deducted for infrastructure including streets;
2. Amend the 2002-2022 Employment Urban Growth Report: An Employment Land Needs Analysis (Employment UGR) to reconcile the difference in the refill rate from 50 to 52 percent;
3. Demonstrate that the demand for large lots has been satisfied as identified in the Employment Urban Growth Report;
4. Clarify whether 70 percent of the land need for warehouse and distribution is satisfied on vacant land inside of the UGB or land recently added to the UGB;
5. Recalculate the total need for industrial land based on the items above and demonstrate how the land need will be met; and
6. Demonstrate how the locational factors in Goal 14 have been met in reaching the decision to bring a portion of the Cornelius area into the UGB.

Summary of the Actions by Metro to Satisfy the Remand

The actions taken by the Metro Council on November 17, 2005 satisfies each of the issues contained in the remand work order through the following actions:

- Includes an additional 175 acres to ensure that adequate land has been allotted for infrastructure (streets) in the 2004 expansion areas;
- Provide additional information to explain that the commercial refill rate of 52 percent corresponds to the observed refill rate, which reduces the need for industrial land;
- Adds 321 net acres of the Evergreen Study area to the UGB to meet the need for a 20 year supply of land and mitigate the loss of 175 acres for streets;¹
- Provide additional information on how the demand for large lots (50 to 100 plus acres) can be met when adjacent tax lots under the same ownership are aggregated and a condition is placed on the Evergreen area to form a one hundred acre lot;
- Provide additional analysis to explain how 70 percent of the demand for warehouse and distribution land is met inside of the UGB and in expansion areas; and
- Provide additional findings to demonstrate that all of the locational factors in Goal 14 were balanced in reaching the decision to include 24 net acres of land in Cornelius area into the UGB.

Actions on November 17, 2005

The Metro Council voted to include a portion of the Evergreen (550 gross/ 321 net acres) and Cornelius (65 gross/ 24 net acres) areas to meet the region's need for industrial lands. The Metro Council has determined that with the 2005 expansion the demand for industrial land has essentially

¹ Future streets have been deducted from net acres.

been met. The following table shows the demand for land, the balance after the 2004 remand and the application of the acres from the 2005 expansion areas.

	Net Acres
<i>Demand for Industrial Land</i> ²	<i>1,180</i>
2004 UGB Amendments without Cornelius	920
Increase in the Demand for Land based on a reduction for streets ³	175
DEFICIT	(435)
Evergreen- 321 net acres	321
Cornelius- 24 net acres	24
REMAINING DEFICIT	(90)

Known Opposition:

A number of property owners, the City of Cornelius and business representatives have expressed opposition to the decision to include only a portion of the Cornelius expansion area. The Metro Policy Advisory Committee also recommended that the full expansion area be included in the UGB. Staff has been contacted by several business groups and the City of Cornelius that they will seek an appeal of the UGB expansion for the failure to meet the overall need for land, for not including the full Cornelius expansion area which included a substantial portion of exception lands.

Legal Antecedents: none

Anticipated Effects:

Acknowledgement by LCDC is expected upon adoption of the UGB amendments and submittal of all remand requirements to complete Periodic Review. If however, LCDC remands the decision back to Metro additional staff work will be required.

Budget Impacts:

If a remand of the decision occurs budget impacts will result from staff work required, public hearing and notice costs.

RECOMMENDED ACTION

Approval of findings to support the decision to expand the UGB in the Cornelius and Evergreen areas and additional staff work to satisfy the remand requirements in Remand Order 05-WKTASK -001673 received from LCDC.

Attachment 1: Map of Evergreen Expansion Area

Attachment 2: Map of Cornelius Expansion Area

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² Title 4 policy savings, application of a 52 percent refill rate, adjustments to the UGB in 2002 and application of the commercial land surplus have reduced demand for Industrial land.

³ 2004 expansion area reduction in buildable lands

Resolution 05-3562
Attachment 1

LCDC Remand Order
05-WKTASK 001673

Evergreen

-  Evergreen Study Area
-  Resource Land
-  Exception Land
-  UGB

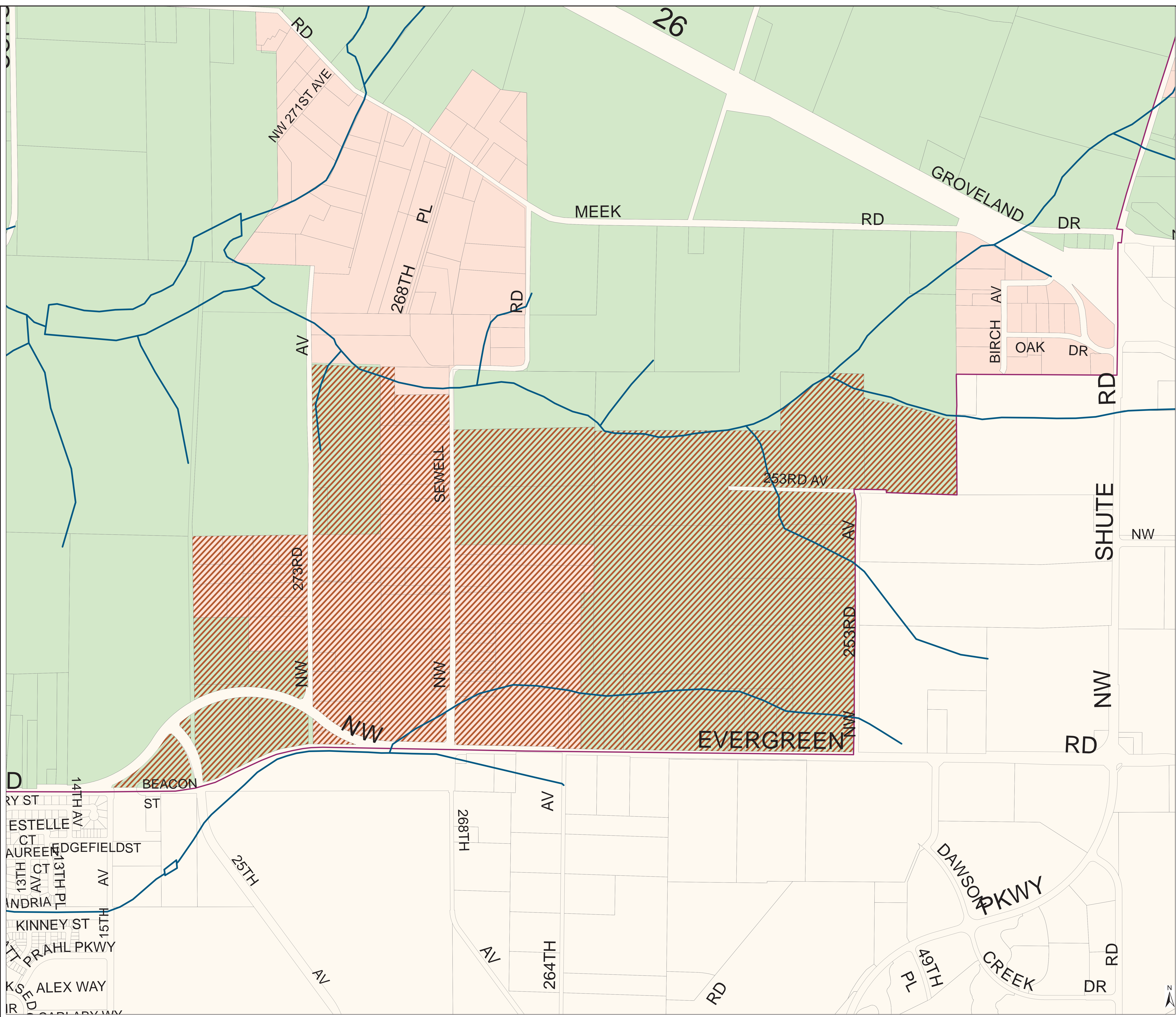
Total Acres = 550

Exception Land = 213 ac.
Resource Land = 337 ac.

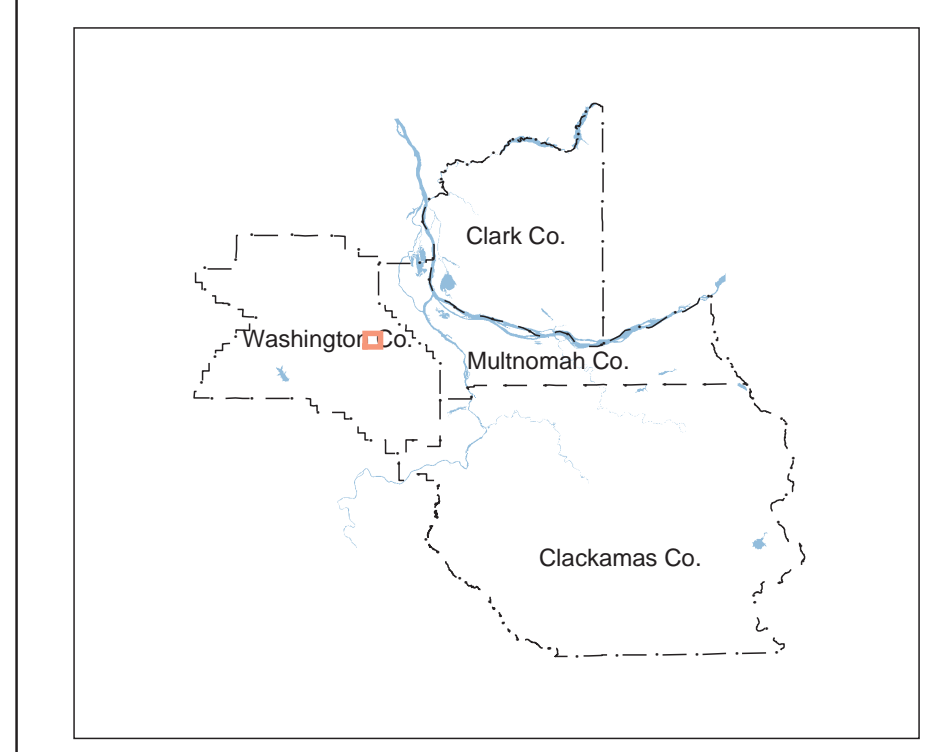
Gross Buildable Acres = 416

Deduction for Future Streets = 95 ac.





Net Buildable Acres = 321



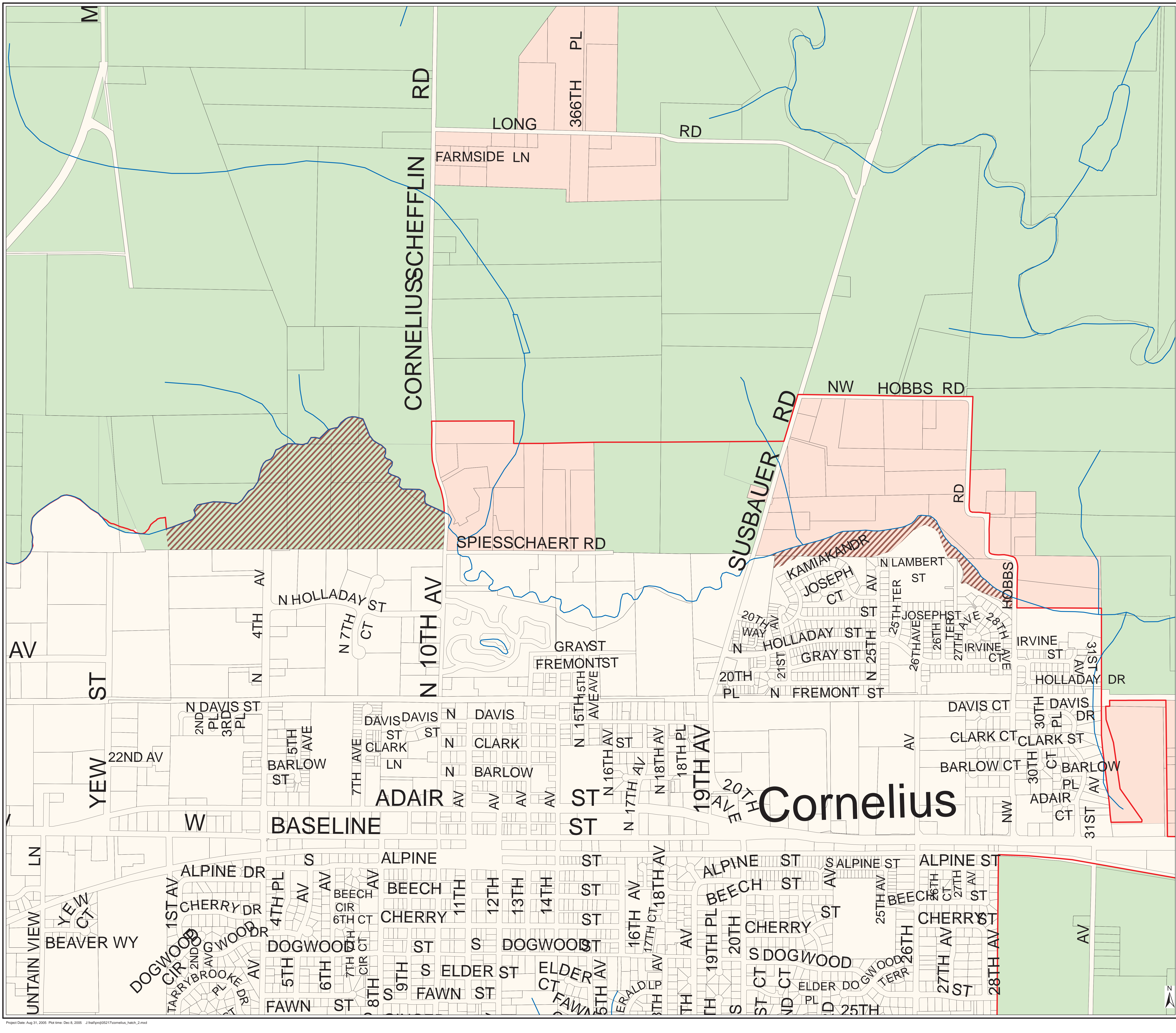
The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors will be appreciated.



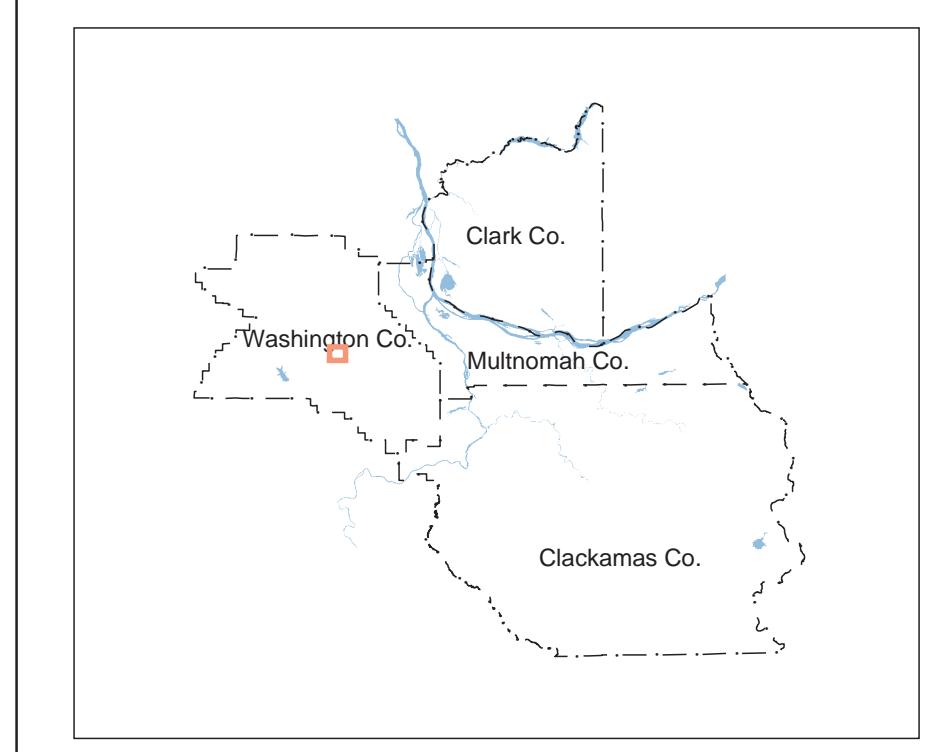
Cornelius

-  Cornelius
-  Resource Land
-  Exception Land
-  UGB

Total Acres = 65
 Exception Land = 10 ac.
 Resource Land = 55 ac.
 Gross Buildable Acres = 30
 Deduction for Future Streets = 6 ac.
 Net Buildable Acres = 24 ac.



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Location Map



METRO DATA RESOURCE CENTER
 600 NORTHEAST GRAND AVENUE PORTLAND, OREGON 97232-2736
 TEL: (503) 797-1742 FAX: (503) 797-1959
 dc@metro.oreg.on.us www.metro-region.org

Attachment 3 to Resolution No. 05-3562

Exhibit D to Ordinance No. 05-1070A Findings of Fact and Conclusions of Law

INTRODUCTION

The Metro Council adopted No. 05-1070A in response to LCDC Partial Approval and Remand Orders 05-WKTASK-001673, entered July 22, 2005, and 05-WKTASK-001685, entered October 31, 2005. LCDC's orders followed its review of Ordinance No. 04-1040B, adopted by the Metro Council as part of Periodic Review Work Task 2 (and in response to LCDC Partial Approval and Remand Order 03-WKTASK-001524, entered July 7, 2003), and the Court of Appeals' ruling in *West Linn et al. v. LCDC*, decided September 8, 2005. These findings and conclusions explain how Ordinance No. 05-1070A meets the requirements of the orders and complies with statewide and regional land use laws. This ordinance and these findings and conclusions are to be considered in conjunction with the entire set of ordinances that comprise Metro's submission to LCDC to complete Work Task 2 of periodic review.

I. GENERAL FINDINGS FOR ORDINANCE NO. 05-1070A

A. Citizen Involvement

These findings address statewide planning Goal 1 and Regional Framework Plan Policy 1.13.

To gather public input on this Task 2 remand decision, Metro sent individualized mailed notice to the owners of property considered for inclusion within the UGB by Ordinance No. 05-1070A, and the owners of all properties within 500 feet of the properties considered for inclusion. In addition, Metro published newspaper notice to the region in the *Oregonian*, as required by the Metro Code. On October 20, 2005, Metro held a workshop on the Chief Operating Officer's recommendation to the Council in Hillsboro, attended by some 75 people. Finally, the Council held public hearings on the ordinance on November 10 and 17. These activities comply with Goal 1 and conform to Metro's policies on citizen involvement.

B. Coordination with Local Governments

Metro worked closely with the local governments and special districts that comprise the metropolitan region. The Metro Charter provides for a Metropolitan Policy Advisory Committee ("MPAC") composed generally of representatives of local governments, special districts and school districts in the region. MPAC reviewed this periodic review decision and made recommendations to the Metro Council on most portions of the decision, including the expansions made to the UGB by this ordinance. All recommendations were forwarded to and considered by the Council. Metro Councilors and staff held many meetings with local elected officials in the months since LCDC's remand (July 22, 2005).

The record of this decision includes correspondence between local governments and Metro and Metro's responses to concerns and requests from local governments and local districts related to industrial land. Metro accommodated the requests and concerns of local governments as much as it

could, consistent with statewide planning Goal 2, ORS 195.025 and ORS 268.385, Regional Framework Plan Policy 1.11 and Regional Transportation Plan Policy 2.0.

II. RESPONSE TO SPECIFIC ITEMS IN PARTIAL APPROVAL AND REMAND ORDER 05-WKTASK-001673

A. Remand Requirement 7(a): Ensure That The Amount Of Land Added To The UGB Under Task 2 Includes An Adequate Amount Of Land For Public Infrastructure Including Streets

Upon remand, Metro used the same methodology to estimate the amount of industrial land likely to be used for infrastructure, including streets, as it used in the *2002-2022 Urban Growth Report: An Employment Land Needs Analysis* for industrial land added to the UGB for industrial use by Ordinance No. 02-969B. The results of the calculations are set forth in the staff reports in the record of this ordinance. The calculations estimate that 175 acres must be deducted from the amount of buildable land added to the UGB for industrial use by Ordinance No. 04-1040B and this ordinance. As indicated in section IIE of these Findings, Ordinance No. 05-1070A adds 345 net buildable acres of land to the UGB designated for industrial use, including the 175 acres to address this deduction for infrastructure.

B. Remand Requirement 7(b): Amend The 2002-2022 Urban Growth Report: An Employment Land Needs Analysis As Necessary To Incorporate Any Changes To Assumptions In That Analysis (Such As The Change In The 52 Percent Redevelopment And Infill Rate On Industrial Lands)

The September 20, 2005, Staff Report explains the Council's choice in Ordinance No. 04-1040B, June 24, 2004, to rely upon a 52 percent infill and redevelopment rate for commercial land in its determination of need for industrial land. By this Ordinance No. 05-1070A, the Council amends the *2002-2022 Urban Growth Report: An Employment Land Needs Analysis* to give effect to this choice with its Addendum to the *Report*, attached to the September 20, 2005, Staff Report.

C. Remand Requirement 7(c): Demonstrate That The Supply Of Large Lots Within The UGB Is Sufficient To Meet The Need Identified In The 2002-2022 Urban Growth Report: An Employment Land Needs Analysis, And Provide Additional Large Lot Parcels To Meet The Identified Need, Or Demonstrate How The Need Can Be Accommodated Within The Existing UGB

Metro's *2002-2022 Urban Growth Report: An Employment Land Need Analysis* (Chart 4, p. 26) forecasted a demand for 14 large parcels (50 acres and larger), ten in the 50-100 acres range and four 100 acres or larger over the 20-year planning period. The Analysis (Table 17, p. 32) showed a supply of five large parcels, four in the 50-100 acres range and one parcel 100 acres or larger, leaving a deficit of nine large parcels prior to expansion of the UGB in December, 2002, and June, 2004. Footnote 23 on page 34 of the *Analysis*, however, indicated that the number of large parcels had shrunk by two, leaving only three. This left a deficit of 11 large parcels on the date of completion of Metro's UGB capacity analysis.

By Ordinances No. 02-969B, 02-983B and 02-990A, submitted to LCDC on December 20, 2002, in this periodic review, Metro added four large parcels and placed consolidation requirements on

addition of several study areas to create three more, leaving a deficit of four large parcels. By Ordinance No. 04-1040B, submitted to LCDC on June 30, 2004, Metro added three large parcels, one approximately 100 acres and two between 50 and 100 acres, leaving a deficit of one parcel 100 acres or larger. September 20, 2005, Staff Report, p. 6.

By this Ordinance No. 05-1070A, Metro added 321 net acres for industrial use to the UGB in the Evergreen area. The Council placed a condition on inclusion of the area requiring consolidation of parcels to create at least one 100-acre parcel. Exhibit B, Condition A-6. This action and others described in the September 20, 2005, Staff Report (pp. 5-7) fulfill the identified need for large parcels of industrial land.

D. Remand Requirement 7(d): Clarify Whether The 70 Percent Of Land For Warehousing And Distribution Uses Applies To All Vacant Industrial Land Or Only To The Need To Add Land To The UGB

Metro's 2002-2022 *Urban Growth Report: An Employment Land Need Analysis* states that 70 percent of the region's total need for vacant industrial land (9,366 acres) is needed for growth in the warehouse and distribution industry. Using the suitability criteria established in the process leading to adoption of Ordinance No. 04-1040B, Metro evaluated all of the vacant buildable land in the region, including land added to the UGB by the ordinances adopted as part of this periodic review. That evaluation is summarized in staff reports to the Council (September 20, 2005, and October 13, 2005). The reports demonstrate that more than 70 percent of vacant, buildable industrial land within the UGB is suitable for the warehouse and distribution industry.

E. Remand Requirement 7(e): Based Upon The Results Of The Analysis (A) Through (C), Recalculate The Total Acreage Of Industrial Land Supply And Compare That Number With The Identified Need Of 1,180 Net Acres

Following additions of industrial land by Ordinance Nos. No. 02-969B, 02-983B and 02-990A in December, 2002, Metro identified a remaining industrial land need of 1,180 net acres. Ordinance No. 04-1040B (adopted June 24, 2004) added 1,047 net acres, leaving a deficit of 133 acres. Upon partial remand of Ordinance 1040B, the Council decided to remove from the UGB most of its previous addition in the Cornelius area. To calculate the deduction for infrastructure, Metro removed all the Cornelius acreage (127 net acres), increasing the deficit to 260 net acres (133 plus 127 acres). Metro then determined the "take-out" for infrastructure: 175 acres. This brought the unmet need to 435 net acres (133 plus 127 plus 175 acres).

The Council previously concluded that, given the actions taken in Ordinances Nos. 02-969B and 04-1040B to increase the efficiency of industrial land already inside the UGB, and land added by those and other ordinances as part of periodic review, the UGB as it exists following these ordinances cannot reasonably accommodate additional industrial employment. LCDC acknowledged this conclusion in Partial Approval and Remand Order 05-WKTASK-001673. Hence, the Council must add land to accommodate the remaining land need.

The Council also relies upon its earlier analysis of possible areas to include for industrial use and LCDC's acknowledgement of most of the Council's prior decisions. The Council, therefore, limits its consideration of possible areas to the following 12 Study Areas considered but rejected (in whole or in part) in prior proceedings: Evergreen; Helvetia (rest of 1,339 acres studied); West Union; Forest Grove West; Forest Grove East; Jackson School Road; Cornelius (rest of 1,154 acres studied); Hillsboro South; Farmington; Wilsonville East; Wilsonville South; and Noyer Creek. These areas are, for the most part, designated agricultural land in county comprehensive plans and contain predominantly Class II agricultural lands. In previous ordinances, the Council has included all land of higher priority under ORS 197.298 that could reasonably accommodate the need for industrial land identified by the Council.

This ordinance No. 05-1070A adds 321 net acres from Evergreen Study Area north of Hillsboro and retains 24 net acres of the Cornelius area previously included, an addition of 345 net acres. This addition, in combination with additions made by previous ordinances adopted in this periodic review, brings the industrial land capacity within the UGB to 9,276 acres, slightly shy (less than one percent shy) of the total need for industrial land (9,366 acres) identified in the *2002-2022 Urban Growth Report: An Employment Land Needs Analysis*. This supply is so close to the calculated need that it is well within the limits of precision of the many assumptions that are part of the need determination (the population forecast; the employment capture rate; the industrial refill rate; employment density; the rate of encroachment by non-industrial uses; the vintage industrial relocation rate). Had Metro used ranges for these assumptions rather than precise numbers, the supply of land provided would fall well within the range of need. Moreover, the difference between the need and the supply is so small as to be minor and technical in nature.

The Council concludes that its actions in the December, 2002, and June, 2004, ordinances and this Ordinance No. 05-1070A provide a 20-year supply of industrial land for the region in compliance with Goal 14.

F. **Remand Requirement 7(f): Refine The Analysis Of How Metro “Balanced” The Locational Factors Of Goal 14 (Factors 3 Through 7) In Reaching Its Decision To Include The Cornelius Area As Described In Exhibit E To Ordinance No. 04-1040B In The UGB Over Other Areas Of Equal Statutory Priority, Including Why The Economic Consequences Outweighed The Retention Of Agricultural Land And Compatibility With Adjacent Agricultural Uses**

The Council reconsidered the portion (261 acres) of the Cornelius Study Area (1,154 acres) included in the UGB by Ordinance No. 04-1040B in June, 2004, comparing the farmland in the Cornelius area with other farmland under consideration. The comparison, with Goal 14 and Policy 1.12 of the Regional Framework Plan in mind, caused the Council to remove the portion of the area lying north of Council Creek from the UGB, retaining only the 65-acre (24 net-acre) portion of the Cornelius Study Area that lies south of Council Creek. The Council was persuaded by testimony of farmers in the area and the Oregon Department of Agriculture that adding land north of Council Creek would create an intrusion into an area of critical importance to commercial agriculture in the Tualatin Valley. In section IIIB, the Council explains why it included the 24 net-acre portion that lies south of Council Creek and removed the rest.

III. ADDITION OF INDUSTRIAL LAND

A. 321 Net Acres In Evergreen Area

Factor 1: Efficient Accommodation Of Identified Land Needs

These findings address the efficiency factor of Goal 14 and Regional Framework Plan (“RFP”) Policy 1.1 (Urban Form) and Metro Code 3.01.020(c)(1).

The Council compared the areas under consideration for efficient use of land, both the land that might be added and the adjacent land within the UGB. From the comparison, the Council concludes that the included portion of the Evergreen Study Area is best among the areas. Parcels within the area are sufficiently large that aggregation of several can create a parcel 100 acres or larger in size to help meet the region’s need for large industrial sites.

The Evergreen area joins an existing industrial area – one of the region’s most important industrial areas – on two sides. On the east side the area abuts the 203-acre Shute-Evergreen industrial area, added to the UGB by Ordinance No. 02-983B on December 12, 2002. Hillsboro annexed that site and completed comprehensive planning for it (under Title 11 of the Urban Growth Management Functional Plan) ahead of the schedule established by the Council. The state of Oregon has certified the site as an “Opportunity Site” due to its location and large size and the availability of infrastructure. Given the city’s record and commitment to planning and service extension, it is probable that both areas – Shute-Evergreen and the included Evergreen area - can be considered part of the region’s short-term supply of industrial land in the near future. Given the slow pace of Title 11 planning for other industrial areas added to the UGB in this periodic review, it is not likely that other areas under consideration can ready for development as quickly. See Hillsboro letters at pages 1215 and 1221 of the record of Ordinance No. 04-1040B; the November 7, 2005, memorandum by Group MacKenzie submitted by the city; and Metro’s Urban Growth Management Functional Plan Annual Compliance Report, December 23, 2004.

Because Hillsboro is in the midst of planning extension of services to the Shute-Evergreen site, it is in position to design water lines and roads with both sites in mind. A looped water system tying lines in NW Evergreen Road and NW 253rd (proposed) will improve flow and pressure to both sites. Westward extension of Huffman Road and northward extension of Dawson Creek and NE 264th would improve access to both sites. These improvements will allow more efficient industrial use of both areas. November 7, 2005, memorandum by Group MacKenzie submitted by the city of Hillsboro.

The included portion of the Evergreen area contains 213 acres of exception land on the west side of the area. A portion (approximately 40 acres) of the area lies within the Hillsboro Airport’s Runway Protection Zone. The Port of Portland’s Hillsboro Airport Master Plan, completed in September, 2005, calls for industrial use in the Evergreen area, including warehouse and distribution facilities, to take advantage of the air freight capability of the airport. To satisfy federal regulations and address compatibility problems, and to take advantage of the airport, the port has acquired approximately 70 acres within the Evergreen area for industrial use. One consequence is the likely conversion over

time of exception land in the Evergreen area to industrial use. Conversion of exception land in other areas under consideration is likely to take more time. This means more efficient use of added land in the Evergreen area. November 7, 2005, memorandum by Group MacKenzie submitted by the city of Hillsboro; Port of Portland letter, November 10, 2005.

The Noyer Creek Area cannot be developed efficiently, as discovered during the ongoing Title 11 planning for the greater Damascus area (added to the UGB by Ordinance No. 02-969B on December 5, 2002). It is distant from areas to be designated for industrial use in that planning effort and from transportation services.

No portion of the Wilsonville East Area is adjacent to industrial zoning within the UGB. It lies across I-5 from the principal Wilsonville industrial areas and approximately half a mile from small industrial areas on the east side of the freeway. Much of the Wilsonville East Area is bordered by residential areas within the UGB. Avoidance of conflict (buffers; noise reduction measures, etc.) with these neighborhoods will reduce the efficiency of industrial use in the area.

All parts of the Wilsonville South Area lie across the Willamette River and approximately two miles from industrial areas within the Wilsonville part of the UGB. Industrial development of no portion of this area will aid the efficiency of industrial use within the UGB.

The Forest Grove West Area lies far from industrial areas within the city of Forest Grove and borders residential areas on its west and south. Not only will industrial use in this area not improve the efficiency of industrial land inside the UGB. Avoidance of conflict (buffers, noise reduction measures, etc.) with these neighborhoods will also reduce the efficiency of industrial use in the area itself.

A small portion of the Forest Grove East Area abuts an industrial area within the City of Forest Grove. Another portion, however, borders residential areas, which will reduce the efficiency of its use.

Most of the portion of the UGB abutting the Hillsboro South Area is developed for residential use. Avoidance of conflict (buffers; noise reduction measures, etc.) with these neighborhoods will reduce the efficiency of industrial use in the area. No part adjoins an industrial area within the UGB.

The Farmington Area suffers the same limitations noted above for the Hillsboro South Area. The Farmington Area, however, lies considerably farther from any industrial area.

The Jackson School Road Area is similarly situated. The southeast portion of the area is close to a Hillsboro industrial area, but it does not abut it. The area shares a long border with residential areas to the south, with which industrial uses may conflict.

The portions of the Helvetia Study Area not included by Ordinance No. 04-1040B in June, 2004, would adjoin the added portion of that area, now designated for industrial use. This area can be developed efficiently. But the Evergreen area can be developed more efficiently because it lies south of US Highway 26, closer to existing services from the city of Hillsboro.

The West Union Study Area cannot be developed as efficiently as the Evergreen area because it is bisected by a large natural resource area and has steeper slopes.

As with the Evergreen area, the northern portion of the Cornelius Study Area could be developed efficiently, if the southern portion were included, because it is relatively flat and contains larger parcels. However, the Council excluded the portion of the area lying north of Council Creek in order to reduce the impact of UGB expansion on the agricultural industry.

Factor 2: Orderly And Economic Provision Of Public Facilities And Services

These findings address the orderly provision of services factor of Goal 14 and Metro Code 3.01.020(c)(2).

The Council compared the areas under consideration to determine whether water, sewer, stormwater and transportation services can be provided in an orderly and economic manner. From the comparison, the Council finds the following.

The Cornelius Study Area is the easiest among the areas to serve because it is relatively flat, contains larger parcels, and lies close to services within the UGB. City of Cornelius letter, September 12, 2005. The Wilsonville East and Wilsonville South Study Areas are the most difficult to serve for reasons set forth in the findings that accompany Ordinance No. 04-1040B (pp. 21, 25).

The remaining study areas present varying degrees of ease or difficulty, depending upon the service in question. Hillsboro has presented more detailed evidence than available to Metro for its Alternative Analysis showing that it would be easier to serve the Evergreen area than the Helvetia area with the listed services and with electricity, natural gas (Record, Ordinance No. 04-1040B, pp. 1216, 1222, 2870; November 7, 2005, memorandum by Group MacKenzie submitted by the city of Hillsboro). The Council finds this information persuasive.

The Oregon Department of Transportation advised the Council on the relative cost and degree of difficulty of accommodating industrial development at the areas under consideration on the state transportation system. ODOT said development in the Wilsonville South area would be “difficult” to accommodate and development in all the other areas “moderate” (less than “difficult”) (Record, Ordinance No. 04-1040B, p. 5360).

The Council concludes that the included portions of the Evergreen Study Area can be provided with services in an orderly and economic manner and can be served as efficiently as the included portion of the Cornelius Study Area and more efficiently than other areas under consideration.

Factor 3: Comparative Environmental, Energy, Economic And Social Consequences

These findings address the consequences factor of Goal 14 and Metro Code 3.01.020(c)(3).

The Council compared the areas under consideration to determine which area would have the most beneficial and the fewest adverse consequences to the region. The Cornelius Study, Hillsboro South and the Noyer Creek Study Areas present the fewest adverse consequences and the most beneficial

consequences. The Council notes, however, that comprehensive planning under Title 11 of the Urban Growth Management Functional Plan underway for the Damascus area, which has looked beyond the UGB to the east and south for long-range planning, indicates that designation of Noyer Creek for industrial use would not be consistent with, and would detract from, the Centers identified in Title 11 planning, and would adversely affect the transportation system in that area. Because of these adverse consequences, the local governments responsible for planning in the Damascus area no longer support addition of the Noyer Creek Study Area to the UGB for industrial use.

Addition of the West Union Study Area would have the worst combination of adverse and beneficial consequences, largely as a result of the slopes and the water bodies present in the area.

The remaining study areas present varying but comparable beneficial and adverse consequences. However, land added to the UGB in the Evergreen area would likely be available for industrial use sooner than any other land under consideration by the Council. November 7, 2005, memorandum by Group MacKenzie, submitted by the city of Hillsboro. The Council also notes that the area is the highest priority site for the Westside Economic Alliance as a “shovel-ready” site. (Record, Ordinance No. 04-1040B, p. 2214.) This persuades the Council that addition of the Evergreen area would have the best overall consequences for the region when compared to the other areas under consideration.

Factor 4: Compatibility Of Proposed Urban Uses With Nearby Agricultural And Forest Activities Occurring On Farm And Forest Land Outside The UGB

These findings address the compatibility factor of Goal 14, RFP Policy 1.12 (Protection of Agriculture and Forest Resource Lands), and Metro Code 3.01.020(c)(4).

The Council compared the areas under consideration to determine which area, if developed with industrial uses, would have the fewest adverse effects on farm and forest practices on nearby lands. Among the 12 study areas under consideration, development of the Noyer Creek area would have the lowest impact on practices nearby, due largely to intervening topographic breaks and rural residential development between Noyer Creek and areas devoted to agriculture or forestry.

Industrial development in the included portion of the Cornelius Study Area would affect farm practices to the north only slightly because it lies south of Council Creek, endorsed as a buffer between development and farming to the north by the Oregon Department of Agriculture and the Washington County Farm Bureau.

Development in the Evergreen area would have some adverse effects on nearby farm practices, but less significant than the effects generated by industrial development in most other areas under consideration. Evergreen borders the UGB on the east and south and rural residential development and roads on the west. In *Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use*, April, 2004, the Oregon Department of Agriculture characterized the Evergreen area south of Waible/Gulch Creek as “nearly surrounded”, and for that reason, advised Metro to include the area before including other farmland areas under consideration except Wilsonville East. Following the recommendation, Ordinance No. 05-1070A includes only that portion of the Evergreen Study Area that lies south of the creek

Development in the Hillsboro South area would also have some adverse effects on farm practices. However, Hillsboro South borders the UGB on most of its perimeter and a golf course and rural residences on part of the rest.

Industrial development on the other areas under consideration (Farmington, remainder of Cornelius, Forest Grove East and West, Helvetia, Jackson School Road, West Union and Wilsonville East and South) would have high impacts given their settings in commercial farming areas.

For these reasons, the Council concludes that inclusion of the Noyer Creek Area or portions of the Cornelius and Evergreen Study Areas would have the fewest adverse effects on nearby farm or forest practices.

Factor 5: Equitable And Efficient Distribution Of Housing And Employment Opportunities Throughout The Region

These findings address RFP Policies 1.2 (Built Environment), 1.3 (Housing and Affordable Housing) and 1.4 (Economic Opportunity) and Metro Code 3.01.020(d)(1).

The Council considered the potential effects of adding land for industrial development on the jobs/housing ratio in the communities near each of the 12 areas. The Council also considered the relative fiscal health of each of the nearby communities.

The communities nearest the 12 areas considered by the Council for addition to the UGB are Hillsboro, Cornelius, Forest Grove, Wilsonville and Damascus. According to Metro's *2004 Performance Measures Report*, December, 2004, Hillsboro enjoys good fiscal health, Forest Grove and Cornelius fare poorly among local governments in the region; Clackamas County does not fare as well as the other two counties of the region (as measured by share of employment, household income, average annual wages, property tax base, taxable real property value/capita, real property market value and residential-non-residential property value split.) *Report*, pages 13-22. The measures also indicate that Hillsboro and Wilsonville offer more job land than housing land; Forest Grove and Cornelius offer more housing land than job land (there are no data yet for the newly incorporated city of Damascus). *Report*, page 21.

The data suggest that adding industrial land to Forest Grove and Cornelius would better achieve balance and equity. As explained in section IIIB of these findings, the Council added 24 net acres for industrial use north of Cornelius, in part to address this factor. In December, 2002, the Council added several thousand acres in the Damascus area, in part to address this factor. At the same time, also addressing this factor, the Council authorized a trade involving land inside and outside the city of Forest Grove to substitute developable for un-developable industrial land.

These UGB decisions have helped to accomplish the objectives that lie behind this factor. Adding industrial land in the Forest Grove and Cornelius areas would better accomplish the objectives than adding land in the Wilsonville or Damascus areas. However, because the land added in the Evergreen area is close to Cornelius and Forest Grove, and because the Evergreen land would likely develop and generate employment opportunities sooner than sites nearer Cornelius and Forest Grove (see section IIIA), inclusion of the Evergreen area will help achieve these objectives as well as adding land closer to Cornelius.

Factor 6: Contribution To The Purposes Of Centers

These findings address RFP Policy 1.9 (Urban Growth Boundary) and Metro Code 3.01.020(d)(2). Policy 1.9.2 calls for consideration whether addition of an area to the UGB would enhance the role of Centers.

The Council considered the potential effects of adding land for industrial development in the 12 areas on the Centers in the region. Of concern to the Council was whether addition of particular land for industrial development would contribute to, detract from, or have no effect on Centers.

All of the areas under consideration lie within several miles of a Center, usually a Town Center (only the Jackson School Road Study Area lies closer to a Regional Center - Hillsboro – than to a Town Center). According to the RFP, neither Regional nor Town Centers are contemplated as centers of industrial development. Rather, they are seen as centers of business, commerce, retail trade and civic and community services. The effects of industrial development near Centers is, therefore, likely to be indirect rather than direct.

Industrial development close to a Center is likely to generate retail and commercial trade and need for professional services in the Center by industrial businesses and their employees. The trade and retail needs of industrial development far from a Center are more likely to be met by retail and service outlets (restaurants, bank branches, etc.) within the industrial district or along Corridors or Main Streets closer to the industrial development. Industrial development close to a Center is also more likely to generate demand for housing in Centers.

In these respects, the Evergreen area is best positioned to contribute to Centers because it is the only area close to both a Regional Center (Hillsboro, two miles) and a Town Center (Orenco, one and a half miles). The included portion of the Cornelius Study Area is not close to a designated Center. But it is very close to a designated Main Street, which serves many of the functions of a Center for the city of Cornelius. As noted in information presented by the city of Cornelius to Metro, industrial development in the included portion will contribute to its Main Street in the ways described above. Given that the Wilsonville South Study Area lies south of the Willamette River from the Town Center of Wilsonville, and is connected to the Center only by Interstate 5, development in the area would likely not make a significant contribution to the Wilsonville Town Center.

Factor 7: Protection Of Farmland That Is Most Important For The Continuation Of Commercial Agriculture In The Region

These findings address RFP Policy 1.12 (Protection of Agriculture and Forest Resource Lands) and Metro Code 3.01.020(d)(3).

The Council notes that each of the 12 areas under consideration contains agricultural land, much of it Class II (highly capable) under the Natural Resource Conservation Service's ("NRCS") soil capability classification system. Each currently contributes to the agricultural economy of the region. The Council's comparison of these areas, therefore, looks more carefully at soil capability, the relative capabilities of the areas and other factors that distinguish each area's importance to commercial agriculture.

A comparison of soils of the 12 areas under consideration shows that the Evergreen and West Union areas contain a lower percentage of Class I and II soils than the other areas (Staff Report, September 20, 2005, p. 13) (due to steeper slopes, which render the portion of West Union closest to the UGB unsuitable for industrial use). The farmland part of the Evergreen area does not lie within an irrigation district and is not irrigated (Staff Report, p. 12; *Limited Choices*, p. 10). The Wilsonville East area also suffers from doubts about a reliable, long-term source of water for irrigation and lies within a state-designated groundwater-limited area (*Limited Choices*, p. 9). The Forest Grove East and West Study Areas, the Hillsboro South Study Area (portion) and the remainder of the Cornelius Study Area lie within the Tualatin Valley Irrigation District.

As noted under Factor 4, only Wilsonville East ranks lower in importance for commercial agriculture than Evergreen among the areas considered in *Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use*, Oregon Department of Agriculture, April 5, 2004.

According to the *Limited Choices* study, addition of the Wilsonville South Area or portions of it would threaten commercial agriculture south of the Willamette River, the heart of Willamette Valley agriculture, ranking this area low on this factor.

One important point of comparison is the effect of industrial development of the areas on nearby farmland in commercial production. The Council has made this comparison under Factor 4 (section IIE of these findings) and concluded that the Noyer Creek and Evergreen areas rank best in this comparison.

For these reasons, the Council concludes that the included portion of the Evergreen area best meets the policy behind Factor 7.

Factor 8: Avoidance Of Conflict With Regionally Significant Fish And Wildlife Habitat

These findings address RFP Policy 1.9 (Urban Growth Boundary) and Metro Code 3.01.020(d)(4).

The Council considered the effects that industrial development would have in each of the 12 areas under consideration on regionally significant fish and wildlife habitat. The Alternative Analyses done as part of Ordinance No. 04-1040B, supplemented by analysis done of the portions of the Evergreen and Cornelius Study Areas included by this ordinance indicates that each area under consideration contains water areas and habitat, with some adverse effect from development expected. The analyses address two measures of concerns: the amount of habitat in an area and the likelihood of conflict with the habitat from development.

The amount of habitat in Metro's Nature in Neighborhoods inventory of regionally significant habitat ranges from a low of 12 percent of the Evergreen area included by this ordinance to a high of 42 percent of the Farmington/Hillsboro South areas. The Noyer Creek area (19 percent) is the only area besides the Evergreen area that has less than 27 percent covered by regionally significant habitat.

A second measure shows a different ranking: the degree of conflict between development and habitat in an area. In this ranking, Noyer Creek, Wilsonville East and South, and Jackson School Road Areas would experience low levels of conflict. West Union would experience a high level of conflict. The remaining areas, including the Evergreen and Cornelius areas, would experience moderate levels of conflict.

From this information the Council concludes that inclusion of Noyer Creek would best avoid conflict with regionally significant fish and wildlife habitat. The Evergreen area would rank next best. The West Union Area would be least likely to avoid habitat conflicts. The remaining areas fare somewhat the same as one another.

Factor 9: Separation Between Communities And Clear Transition Between Urban And Rural Lands, Using Natural And Built Features

These findings address RFP Policies 1.6 (Growth Management), 1.7 (Urban-Rural Transition) and 1.11 (Neighbor Cities) and Metro Code 3.01.020(d)(5).

The Council considered the effects of possible addition of each of the 12 areas under consideration on the separation between the Metro UGB and neighboring cities, and for the clarity of the transition between urban and rural lands, considering natural and built features. Recognizing that any addition of land to the UGB is likely to move the UGB closer to one of Metro's neighbors, the Council focused its consideration on the nature of the area between urban areas and the clarity of the transition. In other words, the Council treated the nature of the separation as more important than the distance between the UGB and the neighboring city.

The Noyer Creek, Farmington and Hillsboro South Study Areas, and the included portion of the Cornelius area, are so far distant from the closest neighboring city, with distinctive natural or built features close to the areas, that addition of those areas to the UGB would have no discernible effect on the separation from the respective community. The Noyer Creek area has a significant natural feature on its outer edge. As noted by the Oregon Department of Agriculture, however, there are no prominent natural or built features that define the edges of the Farmington and Hillsboro South areas, risking adverse effect on the Tualatin Valley agricultural area to the southwest. *Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use*, April, 2004. The Council notes that the Hillsboro South area has better edges – UGB, golf course, rural residential development - on most of its perimeter than the Farmington area.

The included portion of the Cornelius area lies south of Council Creek. The creek serves not only as a buffer between industrial development and farm uses to the north. It serves also as a distinct edge to the urban area that help separate the area from cities to the north.

Addition of the Forest Grove East and West areas or the balance of the Cornelius area (north of Council Creek), though they lie a considerable distance from North Plains, concerns the Council, in part because there are few natural or built features to form an "edge" between them and farmland all the way to North Plains (*Limited Choices*).

Addition of the Wilsonville East area would reduce the distance between Wilsonville and the cities of West Linn and Oregon City. There are no natural or built features that define a clear edge to the area on its east side. Significant natural features, however, including Pete's Mountain in the instance of West Linn and the Willamette River in the instance of Oregon City, separate the area from those cities.

The Wilsonville South area projects south of Wilsonville and the Metro UGB. Addition of any portion would bring the UGB closer to Barlow and Canby. But the Pudding and Molalla Rivers and their floodplains lie between the area and those cities, leaving significant separation. Aurora and Woodburn lie three and 15 miles to the south, respectively; addition of the Wilsonville South area would intrude only slightly into the area separating it from those cities.

However, the cities and Marion County expressed concern over addition of any territory south of the Willamette River toward them, in part because there is no physical or natural barrier that would prevent continued expansion of the Metro area to the south. The Oregon Department of Agriculture also expressed concern over the lack of a clear edge at the south of the area (*Limited Choices*).

Addition of the Evergreen, West Union or Helvetia areas would move the UGB closer to North Plains to the northwest. But approximately three miles or more would continue to separate those areas from North Plains, with roads and rural residential areas at their edges.

Addition of the Jackson School Road area, on the other hand, would bring the UGB much closer to North Plains and the newly improved Jackson School Road interchange on U.S. Highway 26. The area lies across the highway to the south, but this barrier lies much closer to North Plains than to the area. Also, the Jackson School Road area lies west of the rural residential area that separates the Evergreen area and North Plains.

From this information, the Council concludes that addition of the Jackson School Road, Forest Grove East and West, Cornelius (north of portion included), Wilsonville South and Farmington areas would intrude most into the territory between the UGB and neighbor cities, or have the least clear transitions between urban and rural lands, or both. Addition of the Noyer Creek area would have the least effect on separation of communities and the clearest transition between urban and rural uses. Addition of the Evergreen, Helvetia or West Union Areas or the included portion of the Cornelius area would be next best on this factor, with Hillsboro South and Wilsonville East ranked lower due to unclear edges on portions of their perimeters.

Evergreen Conclusion

Although other areas accomplish some of the objectives behind the factors the Council must consider better than the included Evergreen area, overall the included portion of Evergreen best achieves the objectives collectively. It is especially significant that the Evergreen area (1) contains parcels that can consolidate into a 100-acre tract; (2) lies next to some of the most important industrial land in the region and the state, and (3) will quickly become part of the short-term supply of industrial land in the region. Compared with the other areas under consideration, Evergreen provides the best opportunity to an orderly and efficient transition from rural to urban industrial use.

B. 24 Net Acres in Cornelius Area

The Council reconsidered the portion (261 acres) of the Cornelius Study Area (1,154 acres) included in the UGB by Ordinance No. 04-1040B in June, 2004. In section IIIA the Council explained why it did not include a larger portion of the Cornelius area to meet the re-calculated need for industrial land. For many of the same reasons, the Council removed the major part of the 261-acre portion included in 2004. This ordinance retains only the 65-acre (24 net-acre) portion of the Cornelius Study Area that lies south of Council Creek. The Council was persuaded by testimony of farmers in the area and the Oregon Department of Agriculture that adding land north of Council Creek would create an intrusion into an area of critical importance to commercial agriculture in the Tualatin Valley. In this section, the Council explains why it included the 24 net-acre portion that lies south of Council Creek and removed the rest.

Factor 1: Efficient Accommodation Of Identified Land Needs

These findings address the efficiency factor of Goal 14 and RFP Policy 1.1 (Urban Form).

The UGB borders this area on the south, with employment and industrial uses on the urban side of the UGB. Immediately to the south, inside the UGB, lies the largest tract of industrial land in the city of Cornelius. The included area is composed of relatively flat, mid-sized parcels with little development. Services are present just across the UGB and can be extended to the area.

This information persuades the Council that the added area can be urbanized efficiently and can add efficiency to industrial development within the pre-expansion UGB. The portion of the Cornelius Study Area added in 2004 can, for reasons set forth in Ordinance No. 04-1040B, can be served more efficiently than any of the parts of that area. The Council decided, however, to exclude the portion north of Council Creek in order to protect the agricultural industry in the Tualatin Valley. In comparison with most other areas the Council considered, the included portions of the Cornelius Study Area will accommodate industrial development more efficiently.

Factor 2: Orderly And Economic Provision Of Public Facilities And Services

These findings address the orderly provision of services factor of Goal 14.

To inform its consideration whether the Cornelius area can be provided with public facilities and services in an orderly and economic manner, the Council relies upon the Industrial Land Alternative Analysis Study (Appendix A, Item (c), pages 111 and Table A-2, respectively) (Record of Ordinance No. 04-1040B, p. 890), closer analysis of the portion of the study area included by this ordinance (Addendum to the Alternatives Analysis, September, 2005, attached to Staff Report, September 20, 2005), and information from the city of Cornelius. The analyses compare "serviceability" for transportation, sewer, water and storm-water services and assign serviceability ratings. The portion of the Cornelius Study Area included by this ordinance rates "easy" for all those services, the only area among those considered so rated. Staff Report, p. 11.

According to the city, these services, with capacity to accommodate industrial development in the area, are or will be at the perimeter of the area by 2007. The city's transportation and public services plans show services can be extended into the area in an orderly and economic manner. There is road

access to the tract from its southeast corner, at 10th Avenue (arterial). Further access can be provided by extending 4th Avenue (collector) north into the tract. Clean Water Services has a 42” sewer line along Council Creek that can provide service to the tract. Water can also be provided from the UGB to the south and can likely be provided in an efficient looped system from the industrial area to the south. Twelve-inch mainlines are located in North 4th and 10th Avenues and extend to the south border of the included area. Addendum to the Alternatives Analysis; city of Cornelius letter, September 12, 2005.

Under statewide planning Goal 11, Metro is responsible for coordination of the preparation of public facility plans within the district. Metro will fulfill this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Washington County or the city of Cornelius from up-zoning or from dividing land into resulting lots or parcels smaller than 20 acres until the county or city revises its comprehensive plan and zoning ordinances to authorize urbanization of land Metro brings into the UGB; and (2) requires the county or city to develop public facility and services plans and urban growth diagrams with the general locations of necessary public facilities such as sanitary sewers, storm sewers and water lines for the area.

The area lies less than a mile north of the Tualatin Valley Highway. The Oregon Department of Transportation (“ODOT”), Region 1, notes that industrial development in the Cornelius area will worsen the level of service on the Tualatin Valley Highway between Cornelius and Hillsboro. However, reducing the size of the added area from 114 to 24 net acres will reduce the impact on area roads. A recently-improved county freight route, with two new freight-standard bridges along its course, passes near the area and will mitigate the growing congestion on the highway. City of Cornelius letter, September 12, 2005. The “Financially Constrained” and “Preferred” Systems in Metro’s Regional Transportation Plan (“RTP”) include several projects that will address congestion in the corridor (Projects 3156, 3164, 3166, 3167, 3168 and 3171).

The county or city, together with Metro, will fully assess the effects of development on these facilities during Title 11 planning. Title 11 calls for a conceptual transportation plan as part of amendment of city or county comprehensive plans and land use regulations, to which statewide planning Goal 12 and the Transportation Planning Rule apply. The Council notes that the added area lies approximately five and a half miles from U.S. Highway 26, on which a new interchange (Jackson School Road interchange) has recently been completed.

The Council concludes that the included portion of the Cornelius Study Area can be provided with services in an orderly and economic manner and can be served as efficiently as the included portion of the Evergreen Study Area and more efficiently most other areas under consideration.

Factor 3: Comparative Environmental, Energy, Economic And Social Consequences

The Council compared the included portion of the Cornelius Study Area with other areas under consideration on beneficial and adverse consequences to the area and the region. Inclusion of the reduced area (24 net acres only) will have moderate and low adverse environmental consequences, depending upon the resource affected. It will have positive economic and social consequences, as set forth more fully in the discussion of Factor 5, below. Inclusion, however, will also have negative economic and social sequences by taking land from the commercial agricultural land base, with a resulting loss of agricultural production and employment. Avoidance of negative economic and

social consequences from loss of agricultural land was one of the reasons the Council reduced the size of this area, based upon testimony by the Oregon Department of Agriculture and the Washington County Farm Bureau that land to the north of Council Creek is important to the commercial agricultural land base in the Tualatin Valley.

The requirements of Title 11 of the UGMFP that comprehensive planning and land use regulations for the area protect the portions (streams, wetlands, floodplains and steep slopes) of the area subject to Title 3 of the UGMFP and the conditions in Exhibit B of Ordinance No. 05-1070A will reduce adverse consequences from urbanization of the area.

As noted in the discussion under Section IIIA, Factor 3 of these Findings (above), the reduced Cornelius area compares well with other areas. It has fewer adverse and more beneficial consequences than other areas considered. Given the difficult economic and financial circumstances faced by the city, the Council gives great weight to the positive consequences likely to follow from industrial development in the added area. The Council gives greater weight to this gain than to the loss to commercial agriculture in this instance because the loss to agriculture is small.

Factor 4: Compatibility Of Proposed Urban Uses With Nearby Agricultural And Forest Activities Occurring On Farm And Forest Land Outside The UGB

These findings address the consequences factor of Goal 14.

The Agricultural Consequences Analysis done in conjunction with Ordinance No. 04-1040B shows that urbanization of the whole Cornelius Study Area would have high adverse consequences for nearby agriculture (Industrial Land Alternative Analysis Study, pp. 84-85; Table A-4). Likewise, the Oregon Department of Agriculture's *Limited Choices* study recommended that farmland north of Council Creek not be added to the UGB. Further, farmers in the area said inclusion of land north of Council Creek would harm commercial agriculture in the Tualatin Valley. For these reasons, among others, the Council reduced the addition in the Cornelius area to 24 net acres south of Council Creek. Given that the UGB borders this portion on the south side, and that none of the added land lies to the north of Council Creek, incompatibility between industrial uses in this area and farm practices to the north will be much reduced, as indicated in the September, 2005, Addendum to the Alternatives Analysis (attached to September 20, Staff Report).

Ordinance No. 05-1070A, Exhibit B, imposes Condition B4 upon urbanization of the area to reduce conflict and improve compatibility between urban use in the area and agricultural use on land to the north and west. Measures adopted by the city to comply with Condition B4 will minimize the incompatibility. As explained in section IIIA, Factor 4 of these findings, there will be some incompatibility between urbanization and agriculture no matter which of the 12 areas the Council includes. Inclusion of the Noyer Creek area would produce the least incompatibility. Inclusion of Farmington, the whole of Cornelius, the farmland portion of Cornelius that lies between the two exception areas, Forest Grove East and West, Helvetia, Jackson School Road, West Union or Wilsonville East or South Study Areas would introduce greater incompatibility than inclusion of this small portion of the Cornelius area.

Factor 5: Equitable And Efficient Distribution Of Housing And Employment Opportunities Throughout The Region

These findings address RFP Policies 1.2 (Built Environment), 1.3 (Housing and Affordable Housing) and 1.4 (Economic Opportunity). Policies 1.2, 1.3.1 and 1.4 of the Regional Framework Plan (RFP) call for an equitable and balanced distribution of employment opportunities, income, investment and tax capacity throughout the region.

The Council considered the potential effects of adding land for industrial development on the jobs/housing ratio in the communities near each of the 12 areas. The Council also considered the relative fiscal health of each of the nearby communities.

The communities nearest the 12 areas considered by the Council for addition to the UGB are Hillsboro, Cornelius, Forest Grove, Wilsonville and Damascus. According to Metro's *2004 Performance Measures Report*, December, 2004, Hillsboro enjoys good fiscal health, but Forest Grove and Cornelius fare poorly among local governments in the region. Clackamas County does not fare as well as the other two counties of the region (as measured by share of employment, household income, average annual wages, property tax base, taxable real property value/capita, real property market value and residential-non-residential property value split.) *Report*, pages 13-22. The measures also indicate that Hillsboro and Wilsonville offer more job land than housing land; Forest Grove and Cornelius offer more housing land than job land (more than 80 percent of land in Cornelius is residential). *Report*, page 21.

The data indicate that adding industrial land to Forest Grove and Cornelius would better achieve balance and equity than adding other areas. In Ordinance No. 02-985A, adopted as part of this periodic review, the Council authorized a trade involving land inside and outside the city of Forest Grove to substitute developable for un-developable industrial land. This action will bring Forest Grove a little closer to balance.

Cornelius has the highest poverty rate (16 percent), the lowest per capita income (\$15,290 in the 2000 Census), the lowest property tax revenue per capita and the longest average commute in the region. Ordinance No. 04-1040B Rec. 889, 891. The city also has the second lowest taxable real property value per capita among cities in the region. *2004 Performance Measures Report*, December, 2004, pp. 19-20. Adding industrial land in the Cornelius area will better accomplish the objectives behind this factor than adding land in the Hillsboro, Wilsonville or Damascus areas.

Factor 6: Contribution To The Purposes Of Centers

These findings address RFP Policy 1.9 (Urban Growth Boundary). Policy 1.9.2 calls for consideration whether addition of an area to the UGB would enhance the role of Centers.

The included portion of the Cornelius Study Area lies directly north of and adjacent to the City of Cornelius. There is no designated Center in the city. There is a designated Main Street, which effectively serves as the center of Cornelius. The included area lies less than one mile north of the designated Main Street. Industrial development in the included area will support the businesses on Main Street and will provide employment opportunities for the many residents of Cornelius who now travel to other parts of the region for work.

The Council concludes that, given the distance between the included portion of the Cornelius Study Area and designated Centers, addition of the area is not likely to make a significant contribution to those Centers. As explained in section IIIA, Factor 6, of these findings, inclusion of the Evergreen area best helps achieve the policy behind this factor, and inclusion of several other areas would likely have a greater effect on Centers than inclusion of the Cornelius area. Addition of the area, however, will make a very positive contribution to Cornelius' designated Main Street.

Factor 7: Protection Of Farmland That Is Most Important For The Continuation Of Commercial Agriculture In The Region

These findings address RFP Policy 1.12 (Protection of Agriculture and Forest Resource Lands).

The Cornelius Study Area contains Class II farmland. The Oregon Department of Agriculture Report "*Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use*" recommends inclusion of other Class II lands before taking the portion of the study area that lies to the north of Council Creek into the UGB. The Washington County Farm Bureau testified that inclusion of *any* land north of Council Creek - farmland or exception land (some of which is being farmed) - would harm commercial agriculture in the Tualatin Valley by diminishing the land base and introducing conflicts. Development north of Council Creek would encounter no significant barrier to further expansion to the north, eroding certainty among farmers in the Tualatin Valley. Letters from a farm products processor and an farm implement dealer in Cornelius expressed concern that further loss of farmland would make it difficult for them to remain in business. All of this evidence persuades the Council that inclusion of land north of Council Creek would be inconsistent with Policy 1.12 and Goal 14 and would be more harmful to commercial agriculture than inclusion of farmland in the Evergreen area. Hence, this ordinance includes only a very small portion (24 net acres) of the Cornelius Study Area. It is designated farmland, but it lies south of Council Creek.

The Council concludes that inclusion of the added portion of the Cornelius Study Area will have a very small impact on the continuation of commercial agriculture in the region. Inclusion of this small area south of Council Creek meets this policy as well as inclusion of farmland in the Evergreen area south of Waible Creek.

Factor 8: Avoidance Of Conflict With Regionally Significant Fish And Wildlife Habitat

These findings address RFP Policy 1.9 (Urban Growth Boundary).

As indicated in the Alternatives Analyses and as described in section IIIA, Factor 8, inclusion of the added portion of the Cornelius Study Area would have a moderate effect on significant habitat, less than most areas under consideration.

The Industrial Land Alternative Analysis Study, supplemented by the Addendum to the Alternatives Analysis, addresses Goal 5 and 6 resources in the Cornelius Study Area protected by Washington County in its acknowledged comprehensive plan (p. 86). The county, or the city of Cornelius upon annexation to the city, will be responsible for protecting these resources in the area when it amends its comprehensive plan and zoning ordinances to implement expansion of the UGB. Title 11 of the

UGMFP, section 3.07.1120G, requires the county or city to protect fish and wildlife habitat and water quality. Title 3 (Water Quality, Flood Management and Fish and Wildlife Conservation) of the UGMFP requires the county or city to protect water quality and floodplains in the area. The county or the city will also apply the provisions of Title 13 of the UGMFP, adopted by the Council on September 29, 2005, to protect wildlife habitat to the area. See Ordinance No. 05-1070A, Exhibit B, Condition B5.

The Council concludes, particularly following reduction of the size of the addition in this area, that the included portion of the Cornelius Study Area would achieve the policy behind this factor better than other areas under consideration.

Factor 9: Clear Transition Between Urban And Rural Lands, Using Natural And Built Features

These findings address RFP Policies 1.6 (Growth Management), 1.7 (Urban-Rural Transition) and 1.11 (Neighbor Cities).

As described in section IIIA, Factor 9, addition of the portion of the Cornelius Study Area included by this ordinance will bring the UGB slightly closer to the city of North Plains. But approximately five miles of farmland continues to separate the area from North Plains. Also, Council Creek - noted by the Oregon Department of Agriculture in *Limited Choices* as a good northern border separating the included area from farmland to the north – provides a natural barrier between urban and rural lands. This distance and Council Creek are sufficient to achieve the objectives of the policy, and do so better in this instance than all other areas under consideration except the Noyer Creek area.

Priority Statute, ORS 197.298

More than half of the Cornelius area added by Ordinance No. 04-1040B is exception land. Ordinance No. 05-1070A removes this exception land from the UGB, for three reasons. First, the exception land, like the excluded farmland, lies north of Council Creek. Both the Oregon Department of Agriculture and the Washington County Farm Bureau urged the Council not to expand the UGB north of this creek. Council Creek is the best barrier between urbanization in Cornelius and commercial agriculture to the north. Urbanization of this exception land would not only threaten commercial agriculture on the excluded farmland that lies between the two exception areas. It would also allow development that would worsen the existing intrusion into the commercial farm area north of Council Creek and erode the confidence of area farmers in the viability of commercial agriculture in the area.

Second, provision of urban services to the two exceptions areas would not be efficient without providing services to the farmland that lies between them. Extension of streets into the exception areas alone would limit accessibility to fire and life safety vehicles and place additional demands on local streets within the pre-expansion UGB. Development of looped water and sewer systems – more efficient and safer - through the exception areas and intervening farmland becomes less feasible without development of the farmland, and may not be legally possible under state planning laws.

Third, the exception land that lies to the east of the excluded farmland borders residential land across the UGB to the south. It does not adjoin industrial land. Further, Council Creek also traverses the area east to west, following approximately the course of the UGB. As noted in the Alternative

Analysis attached to the September 20, 2005, Staff Report, there is protected corridor averaging 280 feet wide along the creek that would separate industrial uses in the exception area from uses within the existing UGB.

In sum, in order to protect the commercial agricultural land base and use industrial land efficiently, it is necessary to exclude all land north of Council Creek.

Conclusion

Having reconsidered the record of proceedings before the Council leading to adoption of Ordinance No. 04-1040B, and having considered new testimony and material submitted into the record of this proceeding, the Council concludes that adding 24 net acres north of the city of Cornelius, as shown on Exhibit A (map), best achieves the policies of the Regional Framework and complies with state planning law.

The Council included this area because it has characteristics that render it suitable for industrial use: relatively flat land, mid-sized parcels, adjacent industrial land inside the UGB and readily available services. Addendum to the Alternatives Analysis, September, 2005. The *2002-2022 Urban Growth Report: An Employment Land Needs Analysis* identifies a need for such parcels (Ordinance No. 02-969B, Appendix A, Item 4, pp. 26, 33).

The included portion of the Cornelius Study Area contains Class II farmland. Policy 1.12 of the RFP calls upon the Council to choose agricultural land deemed less important for commercial agriculture if it must choose agricultural land at all (Policy 1.12.2). The reduced amount of farmland included in this area is less important for commercial agriculture than the portion previously included (by Ordinance No. 04-1040B) for the reasons set forth in the findings. Industrial development in this area will help achieve Policies 1.2, 1.3.1 and 1.4 better than development of any other Class II agricultural land considered for inclusion in the UGB. In weighing these policies, the Council concludes that inclusion of this small area of farmland south of Council Creek and exclusion of farmland north of Council Creek best accomplishes the policies of the RFP.

Likewise, achievement of the economic and social consequences likely to result from inclusion of this 24 net acres, contemplated by the consequences factor of Goal 14 and Metro Code 3.01.020(b)(5), weighs more heavily in the Council's choice of land to include in the UGB than avoidance of adverse effects on agriculture contemplated by the compatibility actor of Goal 14 and Metro Code 3.01.020(b)(6).

The Council concludes that, in order to protect the commercial farmland base, and the commercial agricultural industry, in that part of the Tualatin Valley, the UGB should not extend north of Council Creek. For that reason, the Council also concludes that the exception areas that protrude north of Council Creek and border the farmland north of Council Creek must also be excluded.

C. Port of Portland's Terminal 6

The Port of Portland's Terminal 6 and the area around it (mostly submerged land) along the Columbia River lies within the city of Portland. But the area lies outside the UGB. The port intends to improve services to Terminal 6 and has asked Metro to expand the UGB to include the area to ensure that extension of services is consistent with state planning laws.

The city of Portland designates this area for industrial use. The port proposes to continue use of Terminal 6 and the area around it for industrial use. The area and the continued industrial use at Terminal 6 are critical to the region's economy. There is no alternative location that is better than the proposed area for improving the efficiency and effectiveness of Terminal 6 for water-dependent industrial use in the region. Inclusion of the area advances the Goal 14 and RFP policies behind the factors to be considered when amending the UGB.

IV. RESPONSE TO PARTIAL APPROVAL AND REMAND ORDER 05-WKTASK-001685 (RESIDENTIAL CAPACITY)

Partial Approval and Remand Order 05-WKTASK-001685, entered October 31, 2005, directed the Metro Council to:

“explain how the analysis of Study Areas 37 and 94 complies with Metro code 3.01.020 consistent with the [Court of Appeals’] decision [in *West Linn et al. v. LCDC*], or otherwise fulfill the requirements of Work Task 2 in compliance with the statewide planning goals and consistent with the court’s decision.”

Upon reconsideration, the Council concludes that neither study area should be included in the UGB at this time. With the conditions placed on inclusion of Area 94 to the UGB, the area would add very little housing capacity to the UGB (55 units). Conditions placed on inclusion of Areas 37 and 94 designated the cities of West Linn and Portland as responsible for comprehensive planning for the area. Both cities resisted inclusion of the areas and informed the Council that completion of planning for urbanization of the areas was a very low priority. The Council believes this means the two areas would contribute no housing capacity in the short term.

The Council, by law, will complete the next cycle of capacity analysis by December 20, 2007. The Council believes re-examination of the two areas in this next cycle will lead to a more orderly and efficient conversion from rural to urban land use because the two areas will be considered in the context of much larger surrounding areas, allowing more comprehensive consideration of integration of services and uses.

The Council also concludes that, notwithstanding the exclusion of Areas 37 and 94, the UGB has capacity to accommodate the need for housing identified in the *2002-2022 Urban Growth Report: A Residential Land Needs Analysis*. The UGR identified a need for 220,700 housing units. Following adoption of Ordinance Nos. 02-969B and 02-987A, the UGB had capacity for 221,366 unit, a surplus of 666 units. Ordinance No. 04-1040B re-designated approximately 20 acres southeast of Gresham from residential to industrial use. This change reduced UGB housing capacity to 221,225 units. The exclusion of areas 37 (1,166 units) and 94 (55 units) further reduces capacity to 220,004 units, 696 units short of the 220,700-unit need. In short, the UGB as amended contains 99.7 percent of Metro’s calculated need for residential capacity. The Council concludes that its additions to the UGB have satisfied the 20-year need for housing capacity.