

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) ORDINANCE NO. 05-1070A
METRO URBAN GROWTH BOUNDARY TO)
INCREASE CAPACITY TO ACCOMMODATE)
GROWTH IN INDUSTRIAL EMPLOYMENT-~~IN~~)
RESPONSE AND TO RESPOND TO REMAND)
ORDERS FROM THE LAND CONSERVATION)
AND DEVELOPMENT COMMISSION) Introduced by the Metro Council

WHEREAS, the Metro Council added capacity to the regional urban growth boundary (“UGB”) to accommodate ~~growth in industrial employment~~ employment and housing by Ordinances No. 02-969B (For the Purpose of Amending the Urban Growth Boundary, the Regional Framework Plan and the Metro Code in Order to Increase the Capacity of the Boundary to Accommodate Population Growth to the Year 2022), No. 02-983B (For the Purpose of Amending the Urban Growth Boundary to Add Land for a Specific Type of Industry Near Specialized Facilities North of Hillsboro), No. 02-990A (For the Purpose of Amending the Urban Growth Boundary to Add Land in Study Areas 47 and 48, Tigard Sand and Gravel Site) and No. 04-1040B (For the Purpose of Amending the Metro Urban Growth Boundary, the Regional Framework Plan and the Metro Code to Increase the Capacity of the Boundary to Accommodate Growth in Industrial Employment); and

WHEREAS, on July 22, 2005, LCDC issued its “Partial Approval and Remand Order 05-WKTASK-001673” that approved most of the Council’s decisions in Ordinance No. 04-1040B, but returned the matter to the Council for completion of several tasks; and

WHEREAS, on October 31, 2005, LCDC issued its “Partial Approval and Remand Order 05-WKTASK-001688” that approved most of the Council’s decisions in Ordinance No. 02-969B, but returned the matter to the Council for reconsideration of inclusion of two areas in the UGB to provide capacity for housing; and

WHEREAS, the Council completed the analysis and evaluation required by LCDC’s order; and

WHEREAS, the Council consulted its Metropolitan Policy Advisory Committee and the 25 cities and three counties of the metropolitan region and considered comments and suggestions prior to making this decision; and

WHEREAS, the Council may seek voter approval of a mechanism that would make properties included within the UGB subject to an assessment in order to capture a portion of the increase in value caused by inclusion in the UGB for purposes of completing comprehensive planning necessary to urbanize the properties; and

WHEREAS, prior to making this decision, the Council sent individual mailed notification to the owners and neighbors of properties considered for inclusion in the UGB, held a public hearing on November 10, 2005, and considered the public comment; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The Metro UGB is amended to include those lands shown on the package of maps Exhibit "A", with the designated 2040 Growth Concept design type, subject to the conditions set forth in Exhibit "B". Exhibits "A" and "B" are attached and incorporated into this ordinance by this reference.
2. The Metro UGB is amended to exclude the portions of Study Areas 37 and 94 that were added to the UGB by Ordinance No. 02-969B to provide capacity for housing, and to exclude a portion of the Cornelius Study Area that was added to the UGB by Ordinance No. 04-1040B, both shown on the package of maps Exhibit "A."
23. The 2002-2022 Urban Growth Report: An Employment Land Need Analysis, adopted by Ordinance No. 02-969B on December 5, 2002, and revised on June 24, 2004, is further revised and attached and incorporated into this ordinance as Exhibit "C".
34. The Findings of Fact and Conclusions of Law in Exhibit "D", attached and incorporated into this ordinance, explain how this ordinance complies with state law, the Regional Framework Plan and the Metro Code.

ADOPTED by the Metro Council this 17th day of November, 2005.



David Bragdon, Council President

Attest:

Christina Billington, Recording Secretary

Approved as to form:

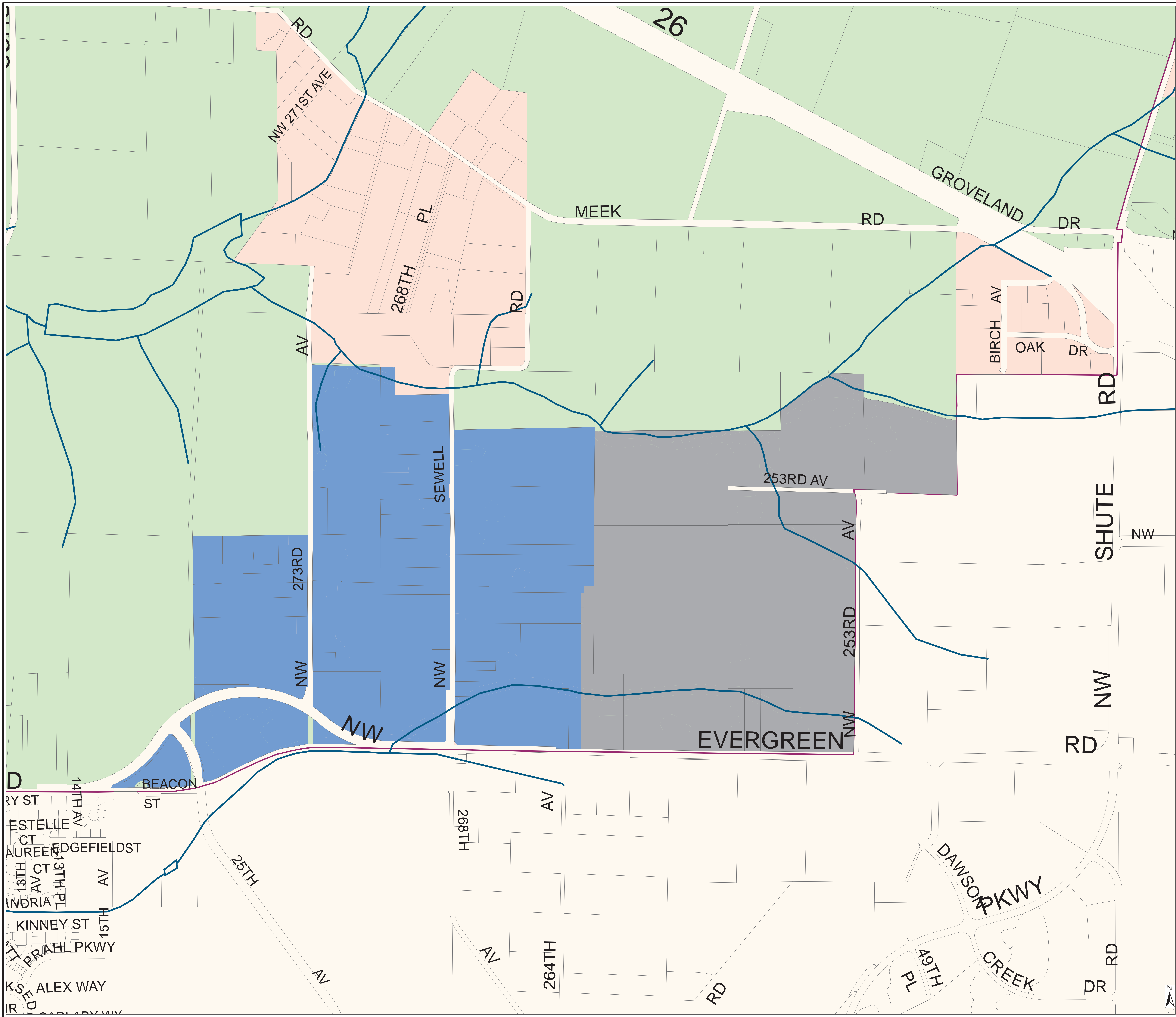
Daniel B. Cooper, Metro Attorney

Ordinance 05-1070
Exhibit A-1
LCDC Remand Order
05-WKTASK 001673

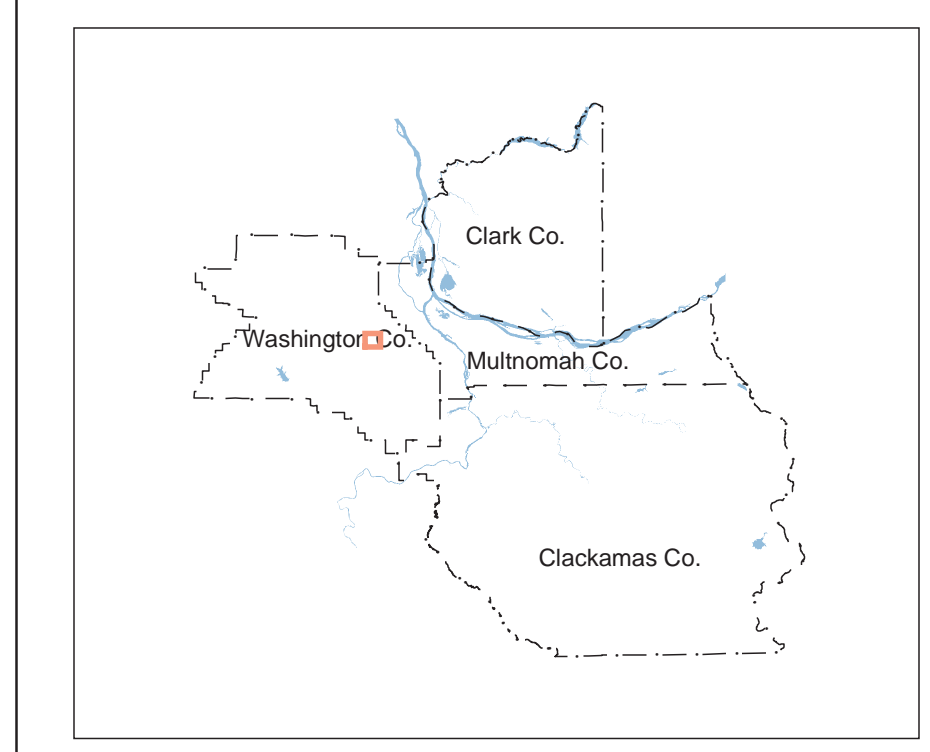
Evergreen

- Industrial Land
- RSIA Land
- 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



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Location Map







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Ordinance 05-1070
Exhibit A-1

LCDC Remand Order
05-WKTASK 001673

Cornelius

-  Cornelius
-  Resource Land
-  Exception Land
-  UGB

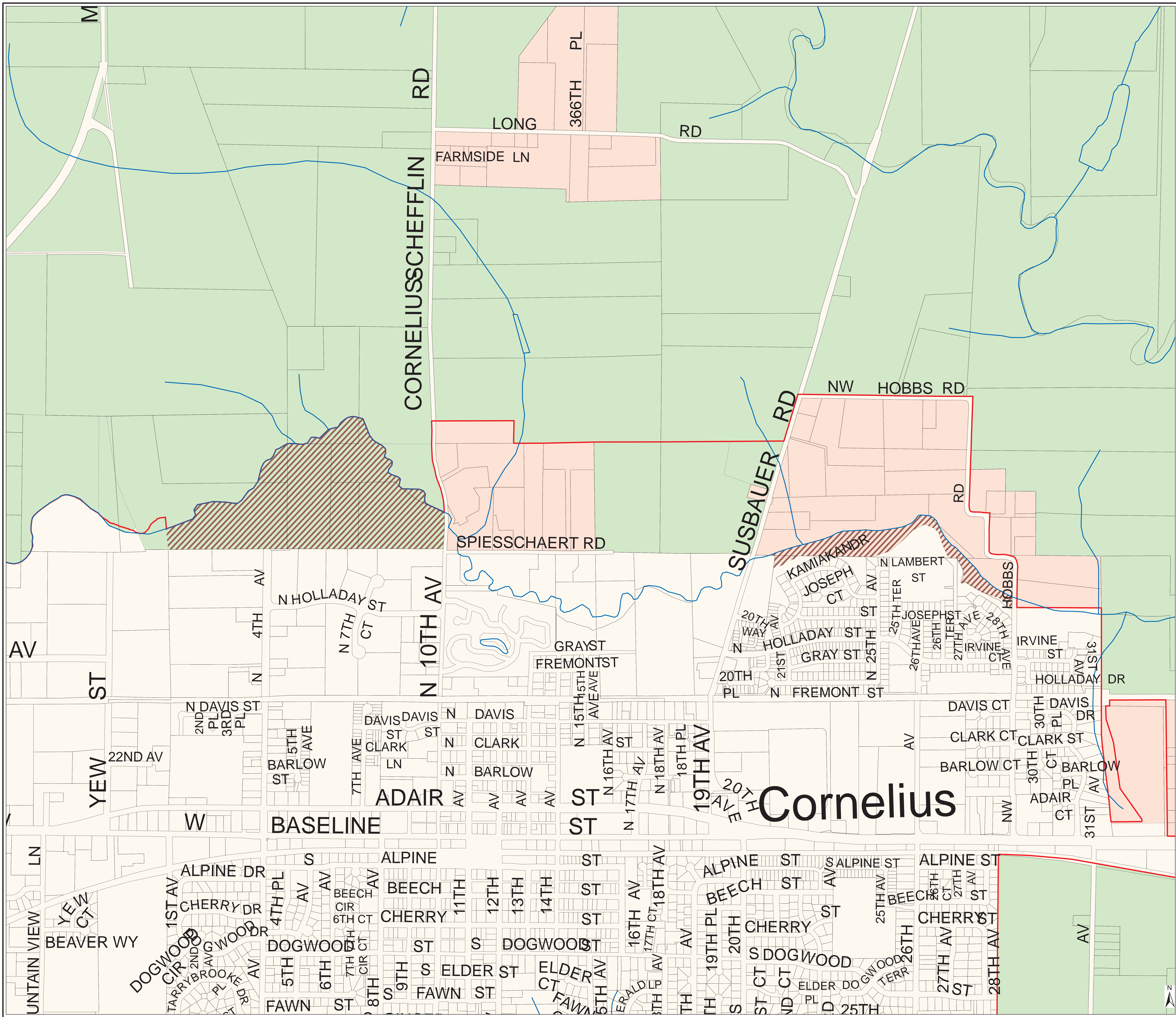
Total Acres = 65

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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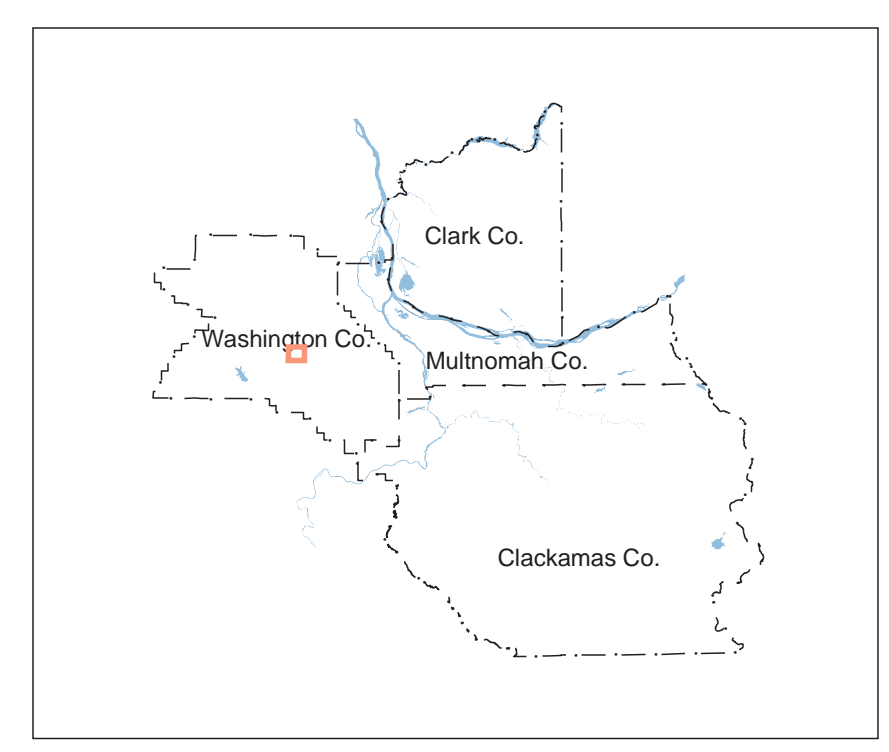


Exhibit B to Ordinance No. 05-1070[A](#)
Conditions of Approval

A. Evergreen Area

1. The City of Hillsboro, in coordination with Washington County and Metro, shall complete the planning required by Metro Code Title 11, Urban Growth Management Functional Plan (“UGMFP”), section 3.07.1120 (“Title 11 Planning”) for the Evergreen area shown on Exhibit “A” to this ordinance. The city shall ensure that planning for the Evergreen area is coordinated with planning for the Helvetia area added to the UGB by Ordinance No. 04-1040B. The city or county shall complete Title 11 planning within ___ years after the effective date of this ordinance.

2. The city shall apply the 2040 Growth Concept design types shown on Exhibit “A” of this ordinance to the planning required by Title 11 for the study area.

3. The city shall apply the interim protection standards in Metro Code Title 11, UGMFP, section 3.07.1110, to the Evergreen area until the effective date of the comprehensive plan provisions and land use regulations are adopted to implement Title 11.

4. The city shall adopt provisions – such as setbacks, buffers and designated lanes for movement of slow-moving farm machinery – in its land use regulations to enhance compatibility between industrial uses in the Evergreen area and agricultural practices on adjacent land outside the UGB that is zoned for farm or forest use.

5. In the course of Title 11 planning, the city shall comply with the Regional Framework Plan, as implemented by Title 13 (“Nature in Neighborhoods”) of the UGMFP for the protection of fish and wildlife habitat in the Evergreen area.

6. In the course of Title 11 planning, the city shall develop a lot/parcel reconfiguration plan that results in at least one parcel in the Evergreen area that is 100 acres or larger in size. After reconfigurations, the parcel may be divided pursuant to the provision to the provision of section 3.07.420E or 3.07.430D, whichever is applicable.

B. Cornelius Area

1. The City of Cornelius, in coordination with Washington County and Metro, shall complete the planning required by Metro Code Title 11, UGFMP, section 3.07.1120 (“Title 11 Planning”) for the Cornelius area shown on Exhibit “A” to this ordinance. The city or county shall complete Title 11 planning within ___ years after the effective date of this ordinance.

2. The city shall apply the 2040 Growth Concept design types shown on Exhibit “A” of this ordinance to the planning required by Title 11 for the study area.

3. The city shall apply the interim protection standards in Metro Code Title 11, UGMFP, section 3.07.1110, to the Cornelius area until the effective date of the comprehensive plan provisions and land use regulations are adopted to implement Title 11.

4. The city shall adopt provisions – such as setbacks, buffers and designated lanes for movement of slow-moving farm machinery – in its land use regulations to enhance compatibility between industrial uses in the Cornelius area and agricultural practices on adjacent land outside the UGB that is zoned for farm or forest use.

5. In the course of Title 11 planning, the city shall comply with the Regional Framework Plan, as implemented by Title 13 (“Nature in Neighborhoods”) of the UGMFP for the protection of fish and wildlife habitat in the Cornelius area.

C. Terminal 6 Area

1. The City of Portland shall complete the planning required by Metro Code Title 11, UGMFP, section 3.07.1120 (“Title 11 Planning”) for the Terminal 6 area shown on Exhibit “A” to this ordinance. The city shall complete Title 11 planning within two years after the effective date of this ordinance.

2. The city shall apply the 2040 Growth Concept design type shown on Exhibit “A” of this ordinance to the planning required by Title 11 for the area.

2002-2022 Urban Growth Report: An Employment Needs Analysis September 2005 Addendum

Background

In August 2002, the 2002-2022 Employment Urban Growth Report (Employment UGR) was prepared to assess supply and demand for employment uses for the period between 2002-2022 as part of Metro's periodic review of the urban growth boundary (UGB). This report was updated in December 2002 and was adopted by the Metro Council on June 24th as part of Ordinance 1040B to fulfill the agency's responsibility for maintaining a 20 year supply of land within the urban growth boundary.

The Land Conservation and Development Commission (LCDC) remanded a portion of Metro's decision that was part of Ordinance 1040B which adopted the Employment UGR and the commercial refill rate assumptions. Remand Order number 05-WKTASK-001673 required the 2002-2022 Employment UGR to be amended as necessary to incorporate any changes to assumptions to reconcile the change in the commercial refill rate to 52 percent. The reasons for the adjustment of the commercial refill rate from 50 to 52 percent are contained in this September 2005 Addendum to the Employment UGR. As part of the review of the information contained in the adopted Employment UGR and through testimony that was submitted into the record an adjustment was made to the commercial refill rate. This adjustment to the commercial refill rate has implications on how the demand for industrial demand is met.

Data Sources in the Employment UGR

The range of refill rates (50-52 percent) were estimated by using MetroScope, an integrated land use and transportation forecast model and by examining historical data. The refill rate is a forecast parameter that Metro policy makers and local governments can influence through policy and market incentives. An initial "base case" scenario was run in MetroScope to estimate future land needs and indicated an average refill rate of 50 percent through the year 2022. The "base case" scenario assumes land use and transportation policies in effect today will continue in future years. In other modeling scenarios completed prior to adoption of the Employment UGR several alternative growth scenarios suggested that commercial refill rates could fluctuate depending on the land use assumptions used in the MetroScope model.

Historical estimates of the commercial refill rate occurring in the Metro area were measured at a rate of 52 percent during the mid- 1990's. The historical refill rate is based on GIS information, county assessment records and building permit reports provided by local governments.

How Changes in Refill Rates Affect the Demand for Industrial Land

Refill occurs on land that Metro already considers already developed. The change in the commercial refill rate from 50 to 52 percent that is used in the Employment UGR has land supply affects. The supply or inventory of vacant land is unaffected by adjustments to the commercial refill rate.

Industrial land demand is unaffected by commercial refill rate changes, but the industrial need (i.e. shortages) can be satisfied by assuming a different refill rate. The Metro Council assumed that the excess commercial capacity or savings from assuming a higher commercial refill rate will offset a portion of the shortfall of industrial land. The adoption of the change to the refill assumptions was based on testimony by industry experts and economic development professionals. The nature of industrial jobs are changing and is moving towards a more knowledge based economy that has different space requirements. In the future more industrial users are expected to have more office type space requirements and as a result industrial jobs are

increasingly accommodated in buildings and spaces that are customarily associated with commercial office uses.¹

In general, the change in the commercial refill rate reduces the projected land demand for commercial users. In turn, the higher refill rate implies that both commercial and industrial users would conceivably find additional redevelopment opportunities in outmoded buildings. A slightly higher refill rate has the desired effect of reducing the demand for vacant land, potentially increases redevelopment in centers and increases job densities.

Changing the commercial refill rate to 52 percent lowers the demand for vacant commercial land by almost 200 net acres of land (174 acres). The 174 In 2004 the Metro Council study areas that contain Class II soils in priority only after including in the UGB suitable "exception areas" and areas of less capable soils. The Council compared study areas with Class II soils using the "locational" factors in Goal 14 (factors 3-7) and the policies in the Regional Framework Plan (RFP) to reach a decision to add a portion of the Cornelius study area to the UGB.² net acres of savings is transferred to accommodate a portion of the demand for industrial land.

As a result of this adjustment to the commercial refill rate the land demand estimates reported in the Employment UGR have been amended. The following tables replace tables found in the Employment UGR (pages 38 to 43) beginning in the Commercial Land Need Assessment section.

Table 19 summarizes the parcel size and demand estimates for commercial demand.

Table 19 Revised

Number of Tax Lots - Demand		Acres Demand (net acres)	
Net Demand adj. for Refill		Acres Demand adj. for Refill	
	Commercial		Commercial
under 1 acre	5,819	under 1 acre	2,909.4
1 to 5	241	1 to 5	665.1
5 to 10	28	5 to 10	212.0
10 to 25	19	10 to 25	326.5
25 to 50	6	25 to 50	211.9
50 to 100	5	50 to 100	375.0
100 or more	-	100 or more	0.0
	6,117		4,700.0

Table 20 shows a summary detail of commercial demand by building type – commercial, retail and institutional users. This table describes the breakdown by lot size and number of lots by building type.

¹ See "A Review of Information Pertaining to regional Industrial Lands", Ordinance 1040B, Appendix A, item p, and 2002-2022 Urban Growth Report: An Employment Lands Needs Analysis, June 24, 2004, Supplement.

² Twelve areas that contained class II soils were considered suitable industrial development in the 2002 Alternative Analysis Report: Evergreen, Cornelius, Farmington, Forest Grove East, Forest Grove West, Jackson School Road, Noyer Creek, Helvetia, Hillsboro South, West Union, Wilsonville East and Wilsonville South.

Table 20 Revised

NUMBER OF LOTS NEEDED BY PARCEL SIZE & BUILDING TYPE - 2000-2022				
	office	retail	med/gov	Total
under 1	3,581	1,395	842	5,819
1 to 5	81	103	58	241
5 to 10	9	6	13	28
10 to 25	4	1	13	19
25 to 50	1	0	5	6
50 to 100	2	0	3	5
100 plus	0	0	0	0
	3,678	1,505	934	6,117

Adjusted for Refill

In Chart 9, the commercial land demand is depicted in total – including the component of demand that is composed of refill. Note that demand that is accommodated through refill does not consume vacant land, so in later tables the commercial and industrial demand ignore any reference to refill. Chart 9 and Table 24 are shown for completeness purposes to illustrate the total demand that exists for commercial uses. Chart 10 nets out the refill component and shows only the net demand for vacant commercially zoned land.

Chart 9 Revised

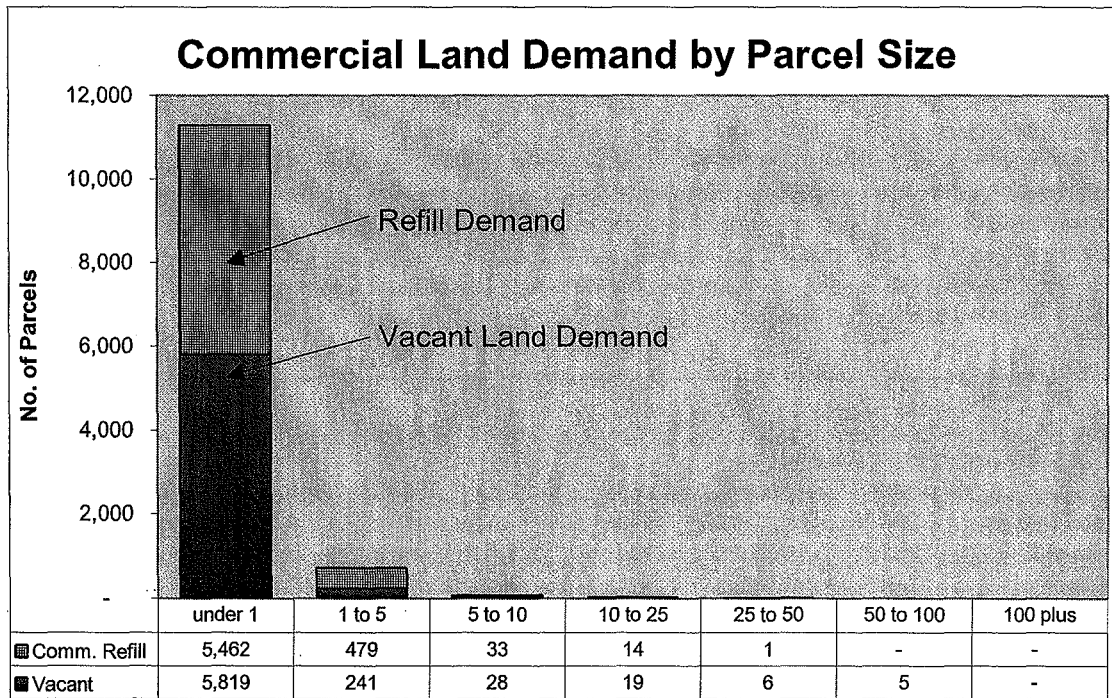


Chart 10 Revised

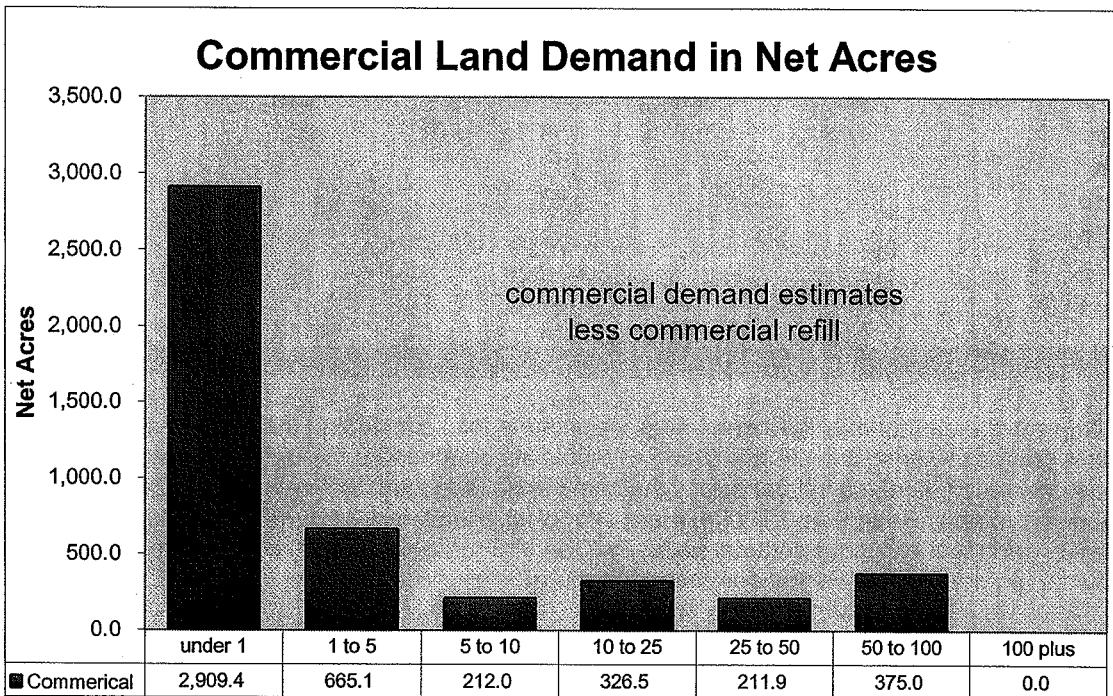


Table 24 Revised

Commercial Land Need Surplus								
COMMERCIAL by No. of Lots								
	under 1	1 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 plus	TOTAL
Vac. Supply	3,373	917	151	57	12	7		4,517
Demand	5,819	241	28	19	6	5		6,117
vacant	11,280	719	61	33	7	5		12,105
refill	(5,462)	(479)	(33)	(14)	(1)			(5,988)
net need	(2,446)	676	123	38	6	2	0	(1,600)

COMMERCIAL by Net Acres								
	under 1	1 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 plus	TOTAL
Vac. Supply	951.9	2,076.3	976.0	793.1	371.4	465.1	0.0	5,633.9
Demand	2,909.4	665.1	212.0	326.5	211.9	375.0		4,700.0
vacant	5,640.2	2,157.6	457.2	569.8	258.8	375.0		9,459
refill	(2,730.8)	(1,435.5)	(245.2)	(243.3)	(46.9)			(4,702)
net need	(1,957.5)	1,411.2	764.0	466.6	159.5	90.1	0.0	933.9

Conclusion

In the Addendum to the Employment UGR dated September 2005, the total commercial demand was adjusted from an estimated 4,874 net acres to 4,700 net acres due to the change in the commercial refill rate from 50 to 52 percent. The resulting surplus of 174 net acres has been applied to the industrial land deficit on a one to one basis. This change in the commercial refill rate recognizes changes that are taking place in the marketplace and does not result in a shortage in the supply of commercial land or comprise Metro's ability to meet the 20-year land supply requirement.

**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.

STAFF REPORT

ORDINANCE NO. 05-1070, FOR THE PURPOSE OF AMENDING THE METRO URBAN GROWTH BOUNDARY TO INCREASE CAPACITY TO ACCOMMODATE GROWTH INDUSTRIAL EMPLOYMENT IN RESPONSE TO REMAND FROM THE LAND CONSERVATION AND DEVELOPMENT COMMISSION.

Date: October 13, 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 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 will be 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.

As part of the LCD's review and acknowledgement of these decisions made by the Metro Council the following Remand Order has been issued. Remand Order 05-WK TASK-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, Beaver Creek, 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.

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 to Satisfy the Remand

The proposed recommendation from the Chief Operating Officer satisfies each of these issues contained in the remand work order and will be satisfied by the following actions:

- Include an additional 198 acres to ensure that adequate land has been allotted for infrastructure (streets);
- 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;
- Add 348 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 198 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 the Cornelius area into the UGB.

¹ Future streets have been deducted from net acres.

Each of the tasks in the remand work order is discussed in more detail in the following Staff Report.

1. Ensure that the amount of land added to the UGB under Task 2 includes an adequate amount of land for public infrastructure including streets:

Metro applied a methodology to deduct for the loss of land due to the public infrastructure (streets). All other utilities such as sanitary sewer, domestic water, natural gas, cable phone and electric are accounted for and contained within the typical dedication for streets. This methodology for accounting for street right of way was consistent with that used in previous urban growth reports to account for streets and is based on lot size. The total reduction in buildable acres by accounting for street right of way is 198 acres.

The 2002 Alternative Analysis methodology did not include a deduction for streets on lands that were being considered purely for industrial purposes. This was due in part to the single purpose for which the land was being considered and because of the variability of building types and uses that might occur on this land which would make it difficult to assess an appropriate deduction. Metro has assumed that other public infrastructure including sanitary sewer, natural gas, electric, cable, phone and domestic water are accounted for within any dedications of public right of way for streets or in easements, which do not impact the buildable land, supply. Most development includes a standard seven-foot public utility easement along the frontage of all lots that is available if needed for electrical, water, cable, fiber optics and sanitary sewer. Because these easements are located within areas that are typically set aside for required building setbacks no deduction has been made in buildable lands for sanitary sewer or domestic water. Major public utility easements for BPA and natural gas transmission lines have been deducted from buildable lands because of the size of these easements and the restrictions on uses within these areas that are necessary due to safety concerns.

Methodology

To make an appropriate deduction for street right of way, which as the discussion above indicates that the land needs for other utilities are included and for consistency with previous UGB assessment work, the methodology adopted and acknowledged in the 1997 and 2002 Residential and Employment Urban Growth Reports (UGR's) will be replicated. The methodology used in the UGR (1997 and 2002) to determine net vacant buildable land included the following deductions for streets based on the size of the tax lot: lots under 3/8th of an acre at 0 percent, lots from 3/8th of an acre up to one acre at 10 percent; and all lots over one acre in size at 18.5 percent. Applying this methodology to the areas included in the UGB for industrial purposes in 2004 decreased the net buildable land available by 198 acres. This results in a need to add 198 net acres of additional buildable land to the UGB to meet the 20-year land supply requirement.

Table 1 contains the deductions necessary for streets based on the size of the lots located in each expansion area (2004 and 2005). The total acres lost to streets for the lands included in the UGB, in 2004 is based on the methodology discussed above, totals 198 net acres. Table 1 also shows that the same methodology, when applied to the Evergreen Study area results in a loss of 108 acres.

Table 1. Deductions for Streets in 2004 and 2005 Expansion Areas

EXPANSION AREAS	Total Acres	Net Acres²	Reduction for Streets	Tier and Designation	2040 Design Type
2004 Expansion Areas					
Damascus West	102	58	11	Tier 4 -Resource	Industrial
Tualatin	646	273	66	Tier 1-Exception	Industrial
Quarry (partial)	354	190	46	Tier 4 -Resource	Industrial
Beavercreek	63	25	5	Tier 4 -Resource	Industrial
Coffee Creek (partial)	264	78	19	Tier 1 - Exception	Industrial
Cornelius (partial)	261	114	23	Tiers 1 & 5 - Mixed	RSIA
Helvetia (partial)	249	121	28	Tiers 1 & 3 - Mixed	RSIA
TOTAL	1,939	859	198		
2005 Expansion Areas				Tier 1 & 5 Mixed	RSIA-partial
Evergreen (partial)	624	348	108		
TOTAL Including 2005 Areas	2,563	1,207	306		

2. Amend the Employment UGR as necessary to incorporate any changes to assumptions in the analysis to reconcile the change in the commercial refill rate to 52 percent from 50 percent:

After much policy discussion regarding emerging trends of the conversion of traditional manufacturing-based industrial jobs to a more knowledge based economy that relies on building types and densities that more closely resemble commercial office, the Metro Council adopted a commercial refill rate of 52 percent. As a result, the Employment UGR has been amended to reflect the adoption of a 52 percent refill rate.

Refill Data

The Employment UGR uses both MetroScope modeling data and historic data to define a range of assumptions to assess the capacity of land available in the UGB to accommodate population and employment growth. The Employment UGR discusses both the results of MetroScope modeling and the observed historic average for refill activity. MetroScope is an integrated land use and transportation model that incorporates historic data to estimate the effects of policy changes and land additions to the UGB. In modeling of a base case scenario, which is an estimate of applying existing policies, MetroScope indicated an average commercial refill rate of 50 percent. The refill rate is the share of region’s demand for employment land that is met by infill and redevelopment.

The observed refill rate, computed from several studies on refill activity during the 1990’s, was an average of 52 percent. The difference between the 50 percent rate in the UGR and the observed rate of 52 percent is minimal and can be understood by examining market activity and policies that are currently in place. Using the observed refill rate (52 percent) rather than the modeled rate means that effectively there is more commercial

² Net acres include: deductions for streets, Title 3, floodplain and slopes.

land available to satisfy the portion of industrial demand that is most similar to commercial office.

Applying the Refill Rate

Assuming an increased refill rate is consistent with regional policies and programs that encourage development in the region's regional and town centers. Typically, town and regional center redevelopment is at greater densities that result in a compact urban form. Metro has developed several new programs to encourage development in centers, urban investment and redevelopment of brownfield sites. All of these actions support more efficient utilization of the region's land supply and higher refill rates over time.

The conversion of older industrial areas to higher density uses and the cross-consumption of industrial areas for commercial uses were well documented in the MetroScope base case modeling and also in observed building permit activity. In addition, the Metro Council received testimony from industrial users and real estate professionals that trends indicate that future industrial users will use and occupy building space differently from the past. In today's market, Industrial operations are more likely to contain more office and product development type functions rather than traditional manufacturing that requires raw material storage and the use of heavy equipment.

After much discussion regarding emerging trends of the conversion of traditional manufacturing-based industrial jobs to a more knowledge based economy that relies on building types and densities that more closely resemble commercial office, the Metro Council adopted commercial refill rate of 52 percent. As a result, the Employment UGR has been amended to reflect the adoption of a 52 percent refill rate. The amendment to the Employment UGR is provided in Attachment 1. As indicated in the Supplemental Staff Report, June 21, 2004, adopted by Ordinance No. 04-1040B, applying the observed refill rate of 52 percent to the total adjusted demand for commercial land, which was estimated at 4,757 net acres results in a surplus of 178 net acres of land that has been applied to reduce the industrial land deficit.

3. Demonstrate the supply of large lots inside of the UGB is sufficient to meet the demand for large lots identified in the Employment UGR and either demonstrate how the need can be accommodated within the existing UGB or whether additional parcels are obtained by adding land to the UGB:

The need for large lots (50 to 100 plus acre categories) has been met by examining the land supply in the UGB including the expansion areas added in 2002, 2004 and a condition to form a 100 acre lot in the 2005 expansion areas. This study included an examination of all adjoining tax lots under the same ownership and compared the size of these lots to the demand for lots in the 50 to 100 acre categories. The result is that the 100-acre category demand has been met and there is a surplus of four lots in the 50 to 100 acre category.

Lot Size by Sector

Metro examined the need for large lots of industrial land to meet the warehouse/distribution, tech-flex and manufacturing sectors for expansion and retention purposes. The Employment UGR discussed the need for industrial land in terms of lot size, building types, employment sectors and densities. The need for large lots for industrial purposes in the region has been discussed and examined in great length over the last several years. As a result of this work including studies such as the Regional

Industrial Land Study completed in 1999 the methodology for assessing the industrial land supply was modified in the Employment UGR.

The Employment UGR indicated a need for 10 lots within the 50 to 100 acre range and 4 lots in the 100 plus acre size range. The demand for these large lots (50 acres and greater) can be satisfied on existing land located within the UGB or on new land that was added to the UGB in 2002, 2004 and 2005 expansions.

2005 Study of Lots Under the Same Ownership

Metro completed an aggregation study of tax lots that were located in the Alternative Analysis study and the 2002, 2004 expansion areas that were most suitable for industrial development.³ Additional analysis was performed in 2005 to consider the likelihood of consolidation to produce larger lots for development based upon the existing ownership patterns in the 2002, 2004 and 2005 expansion areas. The study used Regional Land Information System (RLIS) data that included size of parcels, location and ownership based on information provided by the county tax assessor's offices. The most conservative approach considered only contiguous tax lots under the same ownership. All contiguous tax lots under the same ownership were considered to be available to be consolidated for development purposes.

Using this method most likely under-estimates the possibility of forming larger parcels for development because some aggregation will undoubtedly occur on lots under different ownership as well. This analysis is considered a surrogate for the status of legal lots for development purposes because this information is not obtainable for a study of this size. Obtaining legal lot status would require a title research for every tax lot in the study. Tax lots may be created or split only for tax purposes and not necessarily for sale which may give the impression that there are actually fewer large legal lots of record available.

Table 2 below assessed the available land supply by lot size and demonstrated that the supply for lots within the 50 to 100 acre size range exceeded the need when contiguous lots under the same ownership were examined. The supply in the 100 plus acre size range will be met with a condition proposed for the 2005 expansion areas to form at least one 100-acre lot for development through consolidation. Table 2 compares the available land supply by lot size and year with the demand for large lot industrial land.

³ Industrial Land Aggregation Methodology, Test and Results, September 24, 2003, Ordinance No. 04-1040B, Appendix Item m.

Table 2. Demand and Supply Comparison to Meet Need for Large Lots

Supply-Availability of Land	50-100 acre lots	100 plus acre lots
2000 UGB ⁴	3	0
2002 Expansion areas ⁵	6	2
2004 Expansion areas ⁶	3	1
2005 Expansion Areas⁷	2	1
<i>Total</i>	14	4
DEMAND FOR LAND	10	4
<i>Surplus</i>	4	0

In addition to meeting the need for large lots by examining tax lots under common ownership the potential for aggregation between separate owners was considered but the results were not included in Table 2. In the 2002, 2004 and 2005 expansion areas there are numerous parcels of land that exceed 30 acres in size that are located adjacent to large lots. These situations provide good opportunities to form larger development areas to supplement the need for large lots.

The conditions applied to the Evergreen area include a consolidation requirement as a condition of approval to form at least one 100-acre development area to satisfy the 100 plus acre large lot requirement. The study area contains a number of medium to large tax lots (between 20 to 50 acres). The area contains one 48 acre and 36-acre tax lots. The area also contains five 20-acre tax lots that could be consolidated into larger lots. The majority of the medium to large tax lots are either vacant or contain single-family residential uses and low value agricultural outbuildings.

Table 2 illustrates that the demand for large parcels will be met through land available inside of the UGB in 2000 and through UGB expansions in 2002, 2004 and 2005.

4. Clarify whether 70 percent of the land for warehousing and distribution uses applies to all vacant industrial land or only to the need to add land to the UGB:

Based on an examination of the land supply inside of the UGB (including the 2002, 2004 and proposed 2005 expansion areas) there is sufficient land available to demonstrate that 70 percent of the total need for warehouse and distribution uses has been satisfied. A total of 77.6 percent of the land inside of the UGB is available for warehouse and distribution use.

⁴ See Employment UGR page 32, Table 17- Metro UGB Industrial Inventory Less Commercial Development (Potentially Available Industrial Land). Page 34, footnote 23. The supply was adjusted for commercial consumption of industrial land, for the consumption of land from the 2000 vacant land inventory to the beginning of the forecast period (2002) and land consumed up to the point where this report was published.

⁵ The 2004 expansion areas had conditions of approval that required aggregation to form larger lots for development. The three areas contain the following conditions: 1) Springwater- form the largest number of parcels 50 acres or larger, 2) Shute Road- form at least one 100 acre or larger lot or three 50 acre or larger lots and 3) Tigard Sand and Gravel- form at least one 100 acre or two 50 acre lots. These conditions have been included in the estimates for providing large lots.

⁶ A 96.20 acre lot under a single ownership is assumed to satisfy the 100-acre lot size requirement.

⁷ The 2005 expansion areas have conditions of approval requiring consolidation of lots to form at least one 100-acre development area in order to meet the need for large lots. A 48-acre lot is assumed to meet the 50 to 100 acre lot size requirement.

The Employment UGR segregated the demand for industrial land into three sectors; 1) warehouse/distribution, 2) tech flex and 3) general manufacturing. The Employment UGR forecasted that 70 percent of the total vacant industrial land need is for warehouse and distribution type industries. The 2004 Industrial Land Alternatives Analysis study areas were examined based on the following locational factors: 1) transportation access within two miles of an interchange; 2) location within one mile of other industrial areas and; 3) a minimum size of 300 acres for the formation of new industrial areas. Different industries have different needs for access or proximity to suppliers. Because of the nature of the warehouse and distribution industry good access to major arterials, highways and freeways on transportation routes that are located adjacent to non-residential uses is key. Access to these types of facilities through residential areas is not desirable due to potential conflicts and travel patterns.

2005 Analysis of Warehouse and Distribution Opportunities

A more specific analysis was conducted to identify the key site characteristics necessary for location of warehouse and distribution uses. This analysis consisted of examining several studies that have been conducted to understand the value of the distribution industry to the regional economy and a GIS based study of employment data and industrial land and infrastructure locations.

State Employment 202 Data

An examination of the covered State Employment 202 data reveals that there are concentrations of distribution and logistics firms (warehouse/distribution and wholesale trade) inside the existing UGB along I-5, I-84, Highway 217, Highway 212/224, Highway 30, adjacent to Port Terminal facilities, Columbia Boulevard and on marine Drive.⁸ This data was mapped and compared to the region's industrial and vacant land base and arterial/highway base to indicate where existing firms have chosen to locate. The patterns and concentrations of wholesale trade and warehouse and distribution firms reveals information on the importance of transportation, zoning requirements and some suppliers are needed to serve the population base. Wholesale trade firms are located throughout the region but are heavily concentrated in the same locations as distribution and logistics firms. It is estimated that 75.4 percent of firms of these types are located within a distance of one-mile from the transportation corridors discussed above. The one-mile limit was selected for analysis because of the concentration of existing firms around interchange locations and Port facilities instead of a two-mile limit that was recommended in interviews conducted with industrial users as part of a locational and siting study.⁹

Freight movement is generally concentrated along I-5, I-84 and I-205 within two miles of an interchange. Highway 26 is much less desirable for regional warehouse/distribution uses because of congestion and distance from Port facilities, except for localized warehouse and distribution functions are important for serving the population located west of the Willamette River as well as the industrial base that stretches from Hillsboro to the Tualatin/Wilsonville area.

Localized warehouse and distribution functions serve firms located in existing industrial areas in key transportation corridors (I-5, I-84 and I-205) or adjacent to Port facilities but

⁸ Port terminal facilities: terminal 2, 4, 5 and 6.

⁹ Industrial Land and Siting Factors memorandum included in Metro Ordinance 04-1040B, Appendix A, item o.

they may also provide support for commercial users and the population base located throughout the UGB. Warehouse and distribution functions may include movement of goods from local suppliers, product shipments and retail/wholesale activities. This demand for localized warehouse and distribution services (firms) corresponds to the demand for a relatively high number of lots in the under one to 10 acre category range. In fact, 93 percent of the overall demand for warehouse and distribution land is expected to be satisfied on smaller lots (under 10 acres).

Port of Portland Study on Economics of the Distribution Industry

The Port of Portland conducted a study titled The Economic Impacts of the Value Added Regional Distribution Industry In The Portland Area (EVD Study). The EVD Study provides information on the industry sectors within the distribution and logistics industry, job densities, salaries, revenue estimates and types of operations that produce spin-off economic impacts. The study was based on interviews with 67 different firms to collect data on job densities, induced job effects, wages and salaries and to produce an income multiplier for the value added benefits of the distribution industry. The information presented in this study is pertinent to the discussion of whether the region's land supply is adequate to meet the land needs of the warehouse and distribution sector which has been forecasted to consume up to 70 percent of the need for vacant industrial land.

The study found that there are nine key distribution sectors located in our region and they include: apparel, food products, local food distribution, beverage, paper/paper products, steel and metal, lumber/forest products, general retail/wholesale and miscellaneous bulk distribution. This shows the diversity of the distribution and logistics industry, confirms some of the land size requirements discussed in the Employment UGR and affirms how this industry is dispersed throughout the region depending upon the needs of a particular type of firm. These industries use both local and regional distribution transportation networks to transload, package and ship products within the region. Some of these firms take advantage of the region's port, air cargo, steamship service and rail networks.

Testimony During 2004 Expansion Process

No conditions of approval were imposed on areas brought into the UGB for industrial purposes to require that the areas specifically be used for this warehouse and distribution use. Rather, these areas will be permitted to respond to the needs of the market as the economy evolves over the planning period. Metro Council heard testimony from local governments, industry experts and economic development professionals that employment land needs and firm location decisions are changing quickly. The land and structure needs of a particular industry are responding to the demands of international business cycles and as a result the local land supply needs to be responsive.

How Land Meets Warehouse/Distribution Needs

Demand for warehouse and distribution purposes is generated by the need to support industrial users, suppliers and the wholesale distribution needs generated from localized population centers. This premise is supported by the findings from the Port of Portland's study, an examination of State 202 data and research conducted for the 2004 decision. The UGB contains approximately 10,589 gross vacant industrial acres or 60 percent of vacant industrial land that could be used for warehouse and distribution purposes due to the proximity to Port facilities and the freeway system discussed above (one-mile).¹⁰ This land combined with the land added to the UGB in 2002 and 2004 in the Damascus and

¹⁰ 2002, 2004 and proposed 2005 expansion areas.

Tualatin areas will be available to meet the need for vacant industrial land for warehouse and distribution purposes (3,204 gross vacant acres) at approximately 77.6 percent. The Damascus area (roughly 12,000 gross acres) is being concept planned for a full range of urban uses including residential, industrial and employment. An environmental impact statement (EIS) is being prepared to determine the best alignment for the first phase of the Sunrise Corridor to provide transportation access to this area. Phase I of the Sunrise Corridor extends from I-205 to 172nd Avenue and will increase accessibility to planned industrial areas. As this area urbanizes and a range of uses from residential, commercial and industrial locate in this area the demand for warehouse and distribution uses to serve both industrial uses and the derived demand from residential development at urban densities will increase. This assertion is confirmed through the examination of State Employment 202 data that demonstrated a strong correlation between population, highway access and an industry base and warehouse and distribution uses. The need for warehouse and distribution land is satisfied on all vacant land located within the UGB by establishing that 77.6 percent of the vacant industrial land supply is available for warehouse and distribution use.

5. Based on the analysis of items 1-4 above recalculate the total industrial supply and demand and compare with the identified land need of 1,180 net acres:

The total need for industrial demand is re-calculated at 331 net acres and is proposed to be met by including a portion of the Evergreen area in the UGB. The total industrial land need was calculated by meeting the shortfall in the need for industrial land of 133 acres and making up the reduction of net buildable land for public infrastructure of 198 net acres.

20-Year Land Supply and Demand

The UGB expansion completed in 2004 did not fully satisfy the requirements for a providing a 20-year supply of industrial land. The total net supply was short 133 acres of industrial land. With the proposed 2005 expansion the shortfall in the overall need for industrial land and the compensation for the reduction in buildable lands for streets a 20-year supply will be provided. Taking into account the deduction for public infrastructure including streets in all areas that have been added to the UGB in 2004 the total unsatisfied need for land is 331 net acres.¹¹ Table 3 describes the accounting of the demand for land, supply and deductions for infrastructure. With the proposed expansion of the UGB in the Evergreen area a 20-year supply of industrial land will be provided. Discussion of which study areas were considered, the Factors in State law (Goal 14) that must be addressed and a comparison with Metro policies follows.

Table 3. Reconciliation of Land Supply to Meet the Need for Industrial land

	Net Acres
<i>Demand for Industrial Land</i> ¹²	1,180
2004 UGB Amendments	(1,047)
Increase in the Demand for Land based on a reduction for streets ¹³	198
DEFICIT	133
TOTAL REMAINING DEMAND	(331)
Proposed 2005 UGB Expansion ¹⁴	348
NET DIFFERENCE BETWEEN SUPPLY AND DEMAND	17

Discussion of Areas Considered to Meet the 20 Year Supply of Industrial Land

In 2004 the Metro Council analyzed twelve resource land study areas that contain mostly Class II soils only after including suitable exception land areas and resource land areas of less capable soils (Class III & IV soils). The soil types in Table 4 are based on the total acreage in the study areas, including exception lands. After analysis of soil types the areas were evaluated according to Goal 14 and Metro Policies.

Table 4. Soil Class by Study Area

Area	Total Acres	Class I		Class II		Class III		Class IV		Except. Land	
		ac.	%	ac.	%	ac.	%	ac.	%	ac.	%
Cornelius (partial)	261	2	0	143	55	77	30	0	0	148	57
Cornelius (full area)	1,154	2	0	634	55	346	30	0	0	228	20
Evergreen (partial)	624	1	0	333	60	37	7	0	0	218	35
Evergreen (full area)	985	14	1	591	60	69	7	1	0	305	31
Farmington	690	0	0	568	82	90	13	0	0	102	15
Forest Grove East	836	11	1	691	83	134	16	0	0	74	9
Forest Grove West	477	0	0	340	71	128	27	0	0	0	0
Helvetia ¹⁵	1,273	192	15	719	56	353	28	0	0	76	6
Hillsboro South	715	36	5	526	74	152	21	0	0	0	0
Jackson School Rd	1,046	1	0	833	80	121	12	12	1	129	12
Noyer Creek	359	0	0	301	84	44	12	1	0	61	17
West Union	1,451	6	1	666	46	674	46	70	5	21	1
Wilsonville East	881	0	0	719	82	66	7	23	3	16	2
Wilsonville South	1,178	10	1	1,074	91	29	2	0	0	196	17

Statewide Planning Goals 14 and 2

The Metro Council compared the twelve resource land study areas with Class II soils using the “locational” factors in Goal 14 (factors 3-7) to address serviceability, environmental, social, economic, energy and agricultural impacts. Goal 14- Urbanization provides for an orderly and efficient transition from rural to urban use. The goal defines the use of urban growth boundaries as a tool to identify and separate urbanizable land

¹² 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.

¹³ 2004 expansion area reduction in buildable lands

¹⁴ The adjustment to the UGB at terminal 6 will not add any developable land to the regions industrial land supply.

¹⁵ 249 acres of land were added to the UGB and acknowledged by LCDC in 2005.

from rural lands. Changes the UGB shall be based upon the balancing of the following factors:

- demonstration of the need for land based on population and growth forecasts for housing, employment and livability purposes;
- maximizing the efficiency of land uses within and on the fringe of the existing urban area;
- evaluating the environmental, energy, economic and social consequences;
- retention of agricultural land with class I being the highest priority for retention and class VI being the lowest; and
- demonstration of compatibility or urban uses with nearby agricultural activities.

Goal 14 describes a number of requirements that must be met that may be in conflict with one another. The Goal does not contemplate satisfying all elements of those requirements but instead requires a balancing of impacts.

Goal 2 part II -Exceptions, governs land use planning and applies to the UGB amendment process because it establishes a land use planning process, a policy framework and a basis for taking exceptions to the goal. An exception can be taken if the land is physically developed or irrevocably committed to uses not permitted by the goal, as well as the policies in the Regional Framework Plan (RFP) and the Regional Transportation Plan (RTP). A comparison of study area by locational factors is shown in Table 4.

Table 4. Goal 14 Locational Factor Scores

Area	Locational Factor Scores						
	Trans.	Sewer	Water	Storm	Environ.	SEE	Agriculture
Cornelius (partial)	Easy	Easy	Easy	Easy	Moderate	Low	Moderate
Evergreen (partial)	Moderate	Difficult	Easy	Easy	Moderate	Moderate	Moderate
Farmington	Moderate	Difficult	Easy	Easy	Moderate	Moderate	High
Forest Grove East	Moderate	Easy	Moderate	Easy	Moderate	High	High
Forest Grove West	Moderate	Easy	Moderate	Easy	Moderate	High	High
Helvetia ¹⁶	Moderate	Moderate	Easy	Easy	Moderate	High	High
Hillsboro South	Moderate	Difficult	Easy	Easy	Low	Moderate	Moderate
Jackson School Rd	Moderate	Difficult	Easy	Easy	Low	High	High
Noyer Creek	Easy	Difficult	Moderate	Easy	Low	Moderate	Low
West Union	Moderate	Moderate	Moderate	Easy	High	High	High
Wilsonville East	Moderate	Difficult	Difficult	Moderate	Low	High	High
Wilsonville South	Difficult	Difficult	Difficult	Moderate	Low	High	High

Application of Metro Policies

In addition to weighing and balancing of the Goal 14 locational factors in Table 4 to determine which areas are able to satisfy the demand for land for industrial purposes most efficiently, with the least amount of impacts and for consistency with adopted Metro policies. Metro’s management of the UGB is guided by standards and procedures that are consistent with the policies identified in Sections 1 through 6 of the Regional Framework Plan (RFP) and the Regional Transportation Plan (RTP). These policies were formulated to guide the decision-making regarding expansion of the UGB, growth management, protection of natural resources, providing an efficient transportation system and to

¹⁶ 249 acres of land were added to the UGB and acknowledged by LCDC in 2005.

provide definition to the urban form for the region. The policies listed below do not take precedence over criteria in state law but can be applied within the decision-making process to lands that are similarly situated between soil classes. The twelve areas under consideration that are discussed above are similarly situated lands that may meet the region's need for industrial land. Metro policies are combined with the Goal 14 Factors in nine comprehensive factors in Table 5 to aid in balancing and choosing the areas for inclusion in the UGB. Applicable Metro policies are listed below and then summarized in Table 5.

Regional Framework Plan, Section 1: Land Use

This section contains specific goals and objectives adopted to guide Metro in future growth management land use planning. Listed below in full or in part are the policies that are expressly or implicitly apply to this UGB expansion decision.

Policy 1. Urban Form

The quality of life and the urban form of our region are closely linked. The Growth Concept is based on the belief that we can continue to grow and enhance livability by making the right choices for how we grow. The region's growth will be balanced by:

- Maintaining a compact urban form, with easy access to nature;
- Preserving existing stable and distinct neighborhoods by focusing commercial and residential growth in mixed-use centers and corridors at a pedestrian scale;
- Assuring affordability and maintaining a variety of housing choices with good access to jobs and assuring that market-based preferences are not eliminated by regulation; and
- Targeting public investments to reinforce a compact urban form.

Policy 1.2 Built Environment

Development in the region should occur in a coordinated and balanced fashion as evidenced by:

- Taking a regional "fair-share" approach to meeting the housing needs of the urban population.
- Providing infrastructure and critical public services concurrent with the pace of urban growth and that supports the 2040 Growth Concept.
- Continuing growth of regional economic opportunity, balanced so as to provide an equitable distribution of jobs, income, investment and tax capacity throughout the region and to support other regional goals and objectives.
- Coordinating public investment with local comprehensive and regional functional plans.
- Creating of a balanced transportation system, less dependent on the private automobile, supported by both the use of emerging technology and the location of jobs, housing, commercial activity, parks and open space.

Policy 1.4 Economic Opportunity

Metro should support public policy that maintains a strong economic climate through encouraging the development of a diverse and sufficient supply of jobs, especially family wage jobs, in appropriate locations throughout the region. In weighing and balancing various values, goals and objectives, the values, needs, choices and desires of consumers should also be taken into account. The values, needs and desires of consumers include:

- Low costs for goods and services;
- Convenience, including nearby and easily accessible stores; quick, safe, and readily available transportation by all modes;

- A wide and deep selection of goods and services;
- Quality service;
- Safety and security; and
- Comfort, enjoyment and entertainment.

Expansions of the UGB for industrial or commercial purposes shall occur in locations consistent with this plan and where, consistent with state statutes and statewide goals an assessment of the type, mix and wages of existing and anticipated jobs within subregions justifies such expansion. According to the Regional Industrial Land Study, economic expansion of the 1990s diminished the region’s inventory of land suitable for industries that offer the best opportunities for new family-wage jobs. Sites suitable for these industries should be identified and protected from incompatible uses.

Policy 1.4.1 Industrial Land

Metro, with the aid of leaders in the business and development community and local governments in the region, shall designate as Regionally Significant Industrial Areas those areas with site characteristics that make them especially suitable for the particular requirements of industries that offer the best opportunities for family-wage jobs.

Policy 1.4.2 Industrial Land

Metro, through the Urban Growth Management Functional Plan, and local governments shall exercise their comprehensive planning and zoning authorities to protect Regionally Significant Industrial Areas from incompatible uses.

Policy 1.6 Growth Management

The management of the urban land supply shall occur in a manner consistent with state law that:

- Encourages the evolution of an efficient urban growth form;
- Provides a clear distinction between urban and rural lands;
- Supports interconnected but distinct communities in the urban region;
- Recognizes the inter-relationship between development of vacant land and redevelopment objectives in all parts of the urban region; and
- Is consistent with the 2040 Growth Concept and helps attain the region’s objectives.

Policy 1.7 Urban/Rural Transition

This policy states “There should be a clear transition between urban and rural land that makes best use of natural and built landscape features and that recognizes the likely long-term prospects for regional urban growth.

- *Boundary Features* – The Metro UGB should be located using natural and built features, including roads, rivers, creeks, streams, drainage basin boundaries, floodplains, power lines, major topographic features and historic patterns of land use or settlement.”

Policy 1.9 Urban Growth Boundaries

It is the policy of Metro to ensure that expansions of the UGB help achieve the objectives of the 2040 Growth Concept. When Metro expands the boundary, it shall determine whether the expansion will enhance the roles of Centers and, to the extent practicable, ensure that it does. The regional UGB, a long-term planning tool, shall separate urbanizable from rural land and be based in aggregate on the region’s 20-year projected

need for urban land. The UGB shall be located consistent with statewide planning goals and these RUGGOs and adopted Metro Council procedures for UGB.

Policy 1.11 Neighbor Cities

This policy states “Growth in cities outside the Metro UGB, occurring in conjunction with the overall population and employment growth in the region, should be coordinated with Metro’s growth management activities through cooperative agreements which provide for:

- *Separation* – The communities within the Metro UGB, in neighbor cities and in the rural areas in between will all benefit from maintaining the separation between these places as growth occurs. Coordination between neighboring cities, counties and Metro about the location of rural reserves and policies to maintain separation should be pursued.”

Policy 1.12 Protection of Agriculture and Forest Resource Lands

This policy states “Agricultural and forest resource land outside the UGB shall be protected from urbanization and accounted for in regional economic and development plans consistent with this plan. However, Metro recognizes that all the statewide goals, including Statewide Planning Goal 10, Housing and Goal 14, Urbanization, are of equal importance to Goal 3 Agricultural Lands and Goal 4, Forest Lands which protect agriculture, and forest resource lands which protect agriculture and forest resource lands. These goals represent competing and, sometimes, conflicting policy interests which need to be balanced.

- *Choosing Among Resource Lands* – when the Metro Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Metro Council shall choose agricultural land deemed less important for the continuation of commercial agriculture in the region.
- *Rural Reserves* – Metro shall enter into agreements with neighboring cities and counties to carry out Council policy on protection of agricultural and forest resource policy through the designation of Rural Reserves and other measures.
- *Neighboring Counties* – Metro shall work with neighboring counties to provide a high degree of certainty for investment in agriculture and forestry and to reduce conflicts between urbanization and agricultural and forest practices.”

Policy 1.13 – 1.13.3 Citizen Participation

The following policies relate to participation of Citizens:

Metro will encourage public participation in Metro land use planning, follow and promote the citizen participation values inherent in RUGGO Goal 1, and encourage local governments to provide opportunities for public involvement in land use planning and delivery of recreational facilities and services.

Policy 2.1 Regional Transportation Plan, Inter-governmental Coordination

Coordinate among the local, regional and state jurisdictions that own and operate the region’s transportation system to better provide for state and regional transportation needs. These partners include the cities and counties of the region, Metro, the Oregon Department of Transportation (ODOT), the Oregon Department of Environmental Quality, the Port of Portland and Tri-Met. Metro also coordinates with RTC, C-Tran, the Washington Department of Transportation (Wash-DOT), the Southwest Washington Air Pollution Control Authority (SWWAPCA) and other Clark County Governments on bi-state issues.

Policy 3. Urban Form

“Facilitate implementation of the 2040 Growth Concept with specific strategies that address mobility and accessibility needs and use transportation investments to leverage the 2040 Growth Concept.”

Metro Code 3.01.020(b) through (e)

The code establishes criteria that are based upon the Goal 14 factors discussed on pages 11 and 12. These policies are applicable to the UGB expansion process and guide decision-making between similarly situated lands.¹⁷ Goal 14 requires a weighing and balancing of a number of different factors to decide which lands are most suitable for urbanization.

The following factors have been combined with RFP and RTP policies and factors cited in Goal 14 to compare areas under consideration in the decision to expand the UGB.

Combined Goal 14 and Analysis of Metro Policies

The Factors in Goal 14 were combined with Metro’s policies in the RFP and RTP into nine combined Factors for analysis purposes shown in Table 5. Based on the weighing of these nine Factors in the twelve study areas the recommendation includes parts of the Evergreen and Cornelius study areas. A discussion of the remaining ten areas that were not recommended to be included in the UGB follows the combined Factor analysis.

¹⁷ Similarly situated lands are those lands that are located within the same Tier classification. For example, if Metro Council was deliberating between exception lands (Tier 1) they would be able to apply Policy 1.1 that discusses neighboring cities and maintaining a physical separation of communities within the Metro UGB.

Table 5. Preliminary Combined Goal 14 and Metro Policy Factors¹⁸

Area	Policy Factors									
	Factor 1	Factor 2	Factor 3		Factor 4	Factor 5	Factor 6	Factor 7	Factor 8	Factor 9
	Efficient accommodation of identified land needs	Orderly & economic provision of public facilities & services	Comparative environmental energy, economics & social consequences ¹⁹		Compatibility of urban uses with farm & forest uses outside the UGB	Equitable & efficient distribution housing and employment throughout the region	Contribution to the purposes of centers	Protection of farmland to commercial agriculture in the region	Avoidance of conflicts with regionally significant fish and wild habitat	Separation of communities & a clear transition from rural to urban uses
		Adverse	Benefit							
Cornelius (partial)	High	high	moderate	high	low	high	high	low	moderate	moderate
Cornelius (remainder)	moderate	moderate	moderate	moderate	low	high	moderate	moderate	moderate	low
Evergreen (partial)	High	moderate	moderate	high	moderate	moderate	high	high	low	moderate
Farmington	Low	moderate	moderate	moderate	low	low	moderate	moderate	high	low
Forest Grove East	moderate	moderate	moderate	moderate	low	high	moderate	low	moderate	low
Forest Grove West	Low	moderate	moderate	moderate	low	high	moderate	low	moderate	low
Helvetia ²⁰	moderate	moderate	moderate	moderate	low	low	moderate	moderate	moderate	moderate
Hillsboro South	moderate	moderate	low	low	moderate	moderate	moderate	low	high	high
Jackson School Rd	moderate	moderate	low	moderate	low	low	moderate	moderate	moderate	low
Noyer Creek	Low	moderate	low	low	high	moderate	moderate	moderate	low	high
West Union	Low	moderate	high	low	low	low	moderate	high	low	moderate
Wilsonville East	Low	difficult	low	moderate	low	moderate	moderate	low	moderate	moderate
Wilsonville South	Low	difficult	low	low	low	low	low	low	moderate	low

Although no one area meets all of the combined factors in Table 5, the Evergreen and the Cornelius areas satisfy a greater number of the combined factors. The Noyer Creek area satisfied a number of the factors but is an unsatisfactory candidate for meeting the region’s industrial land need based on concept planning for the 12,000 acre area as a town center with a mix of uses including residential, commercial, employment and a small amount of land for industrial purposes.

¹⁸ Based on the evidence in the record as of October 13, 2005.

¹⁹ For details of the environmental, energy, economic and social consequences for individual areas see Table 4.

²⁰ 249 acres of land were added to the UGB and acknowledged by LCDC in 2005.

Ten Study Areas Rejected From Consideration

Ten of the twelve areas that were considered for UGB expansion were rejected after weighing the impact on agriculture, natural resources, ability to efficiently provide services, suitability for industrial purposes and conformance with Metro policies.²¹ A brief description of these areas and a locational factor comparison that includes ease of servicing and the impacts of urbanization are discussed below.

Noyer Creek

The Noyer Creek area was eliminated from consideration because this area is part of the secondary study area for the Damascus Boring Concept Plan effort and it is anticipated that it may become part of the Damascus town center which includes a range of uses including residential, commercial, employment and a small amount of industrial. This area is likely to contain very little land that is suitable for industrial development because of its distance from transportation facilities and lack of continuity with other planned industrial areas.

Wilsonville South and East

The Wilsonville South and East areas were identified by the City of Wilsonville as being difficult to serve with infrastructure. The City expressed a concern that the community has a disproportionate amount of employment and was seeking a better balance between jobs and housing. No portion of these areas is adjacent to industrial uses located inside of the UGB. Conflicts with adjoining residential neighborhoods (Wilsonville East) would reduce the efficiency of the area for industrial purposes. Wilsonville South intrudes into neighboring cities land and fails to establish a clear boundary between urban and rural uses. The Wilsonville South area is separated from the City by the Willamette River and is inconsistent with RFP policies 1 and 1.6 that require maintenance of a compact urban form. The Wilsonville South area contains some of the State's most productive agricultural lands, which would be adversely impacted by urbanization.

Farmington and Hillsboro South

The Farmington and Hillsboro South areas contain large parcels that are currently engaged in commercial agriculture and would have a high impact on farming. The shape of the Farmington area creates a long border between agricultural uses to the east and provides limited opportunities for buffers. The Farmington area includes most into the territory between the UGB and neighboring cities. A portion of the Hillsboro South area is located in the Tualatin Valley Irrigation District, which expands the viability for agriculture due to the increase in types of crops that can be grown.

Forest Grove East and West

Forest Grove East and West areas have very high impacts on nearby agricultural activities and both areas are located in the Tualatin Valley Irrigation district. The core agricultural area located to the north would be negatively impacted due to traffic and the intrusion of urbanization into the large agricultural area that extends north to Highway 26 and beyond. The majority of the Forest Grove East area is separated from the city by a natural resource area that makes the provision of urban services difficult. The majority of both of these areas (East and West) are not located within one mile of an industrial district making the viability of the area

²¹ Twelve areas that contained Class II soils were considered suitable industrial development in the 2002 Alternative Analysis Report: Evergreen, Cornelius, Farmington, Forest Grove East, Forest Grove West, Jackson School Road, Noyer Creek, Helvetia, Hillsboro South, West Union, Wilsonville East and Wilsonville South.

poor and will not improve the efficiency of the industrial land inside of the UGB. Both of these areas intrude into the territory of the neighboring cities.

Cornelius (remainder of the study area)

The remaining portion of the Cornelius study area (north of exception areas proposed for inclusion) that has not been proposed to be included in the UGB extends to the north into a large expanse of agricultural land. This land is in productive agricultural use and contains a number of larger parcels that are currently being farmed. This core agricultural area would be significantly impacted if this area were to be urbanized. The northern portion of the Cornelius site intrudes into the neighboring cities territory and do not establish a clear boundary between urban and rural uses.

Jackson School Road

The Jackson School Road area is disconnected from existing industrial areas within the UGB and urbanization of this area will have potential impacts on a large expanse of agricultural land located west and north of the site. This area contains large parcels of land that are currently in agricultural use. The area is located adjacent to a residential neighborhood to the south, which will cause conflicts with industrial users. This area would intrude into the territory between the neighboring cities.

Helvetia

Urbanization of the remaining portion of the Helvetia area not included in the UGB in 2004 would significantly impact a core agricultural area located to the north of Highway 26. There are no suitable buffers within or at the edge of the study area that can be established to limit impacts on the core agricultural area and also intrudes into the neighboring cities territory (North Plains).

West Union

The West Union does not contain enough usable acreage to make this area suitable for industrial development. The area is bi-sected by a large natural resource area and steeper slopes make this area difficult to develop for industrial use and as a result has been found to have the worst combination of adverse and beneficial consequences. A portion of the area contains Class III soils but this area is unsuitable for industrial development. An area of class I soils is located adjacent to the existing UGB and is the most developable portion of the site.

Conclusion of Factor Analysis

When the factors in Goal 14 and when Metro polices are applied the Evergreen and Cornelius areas clearly stand out as one of the best possible choices for inclusion in the UGB to meet the region's need for industrial land. The specific characteristics of how the Evergreen area is most suitable for industrial purposes is discussed below. A similar discussion on the Cornelius area is found on page 21.

Evergreen Expansion Area

The proposed UGB expansion in the Hillsboro area (portion of the Evergreen Study Area) would meet the overall demand for industrial land by including 348 net acres of land, shown in Attachment 2. This area can be more efficiently served with the fewest adverse consequences of any area considered for UGB expansion.

Pro's of Inclusion

- Meets short-term land needs for industrial
- Helps satisfy the need of large lots
- Has a natural feature that can be used as a buffer between farmland

- Located adjacent to an established industrial area
- Has fewer impacts to agricultural uses than other Class II farmlands
- Contains 218 acres exception lands (35 percent of the area)
- Easy to serve with water
- Eases conflicts between potential residential uses and the airport
- Identified by the Department of Agriculture to have the least impacts on agriculture

Con's of Inclusion

- Not likely to be used to meet the demand for warehouse and distribution uses unless it meets a localized need
- Has impacts on commercial agriculture by pushing urban development further into the agricultural base in Washington County and may isolate the area north of Gulch/Waible Creek
- Rated as difficult to serve for sanitary sewer

The Evergreen expansion area would address short-term land needs, it has a sufficient lotting pattern to meet the demand for large lots (50 to 100 acre parcels) with an aggregation condition, it has similar or fewer impacts on farmland compared to other suitable Class II farmlands areas under consideration and it is ideally suited for industrial use due to the proximity to an established industrial land base.

This area was supported by testimony from the City of Hillsboro for inclusion in the UGB in a letter received from the City dated September 2, 2005 in Attachment 3. This area is ideally situated due to its proximity to other industrial uses located south and west of the site and its location adjacent to the high-tech crescent that stretches from Hillsboro, along the Highway 217 through Tualatin and into Wilsonville. The letter also speaks to the progress the City has made in achieving 2040 Regional Center objectives to encourage development of housing at greater densities, balancing jobs and housing and the location of employment uses in areas with access to transit. The City discusses the synergistic effects of locating additional industrial land in the Evergreen area and the positive effects this would have on development in the Hillsboro Regional Center.

The proximity of this site to services is key for the short-term timely development of the site for industrial uses. Most major public facilities are available in Evergreen Road and are sized adequately for industrial development. The site has good access to Highway 26. ODOT submitted testimony that this development would have moderate impacts on the interchange at Shute and Highway 26. These impacts would be addressed during Title 11 planning for the area under Title 11 of the Urban Growth Management Functional Plan if it is included in the UGB.

The proposed area is located west and north of the Shute Road expansion area that was added to the UGB in 2002 making this a logical extension of this existing industrial area. The land is also best suited for industrial development due to its proximity to the Port of Portland airport facilities and the airport runway protection zone (RPZ) that is located to the west and southwest. Federal Aviation Authority (FAA) regulations favor industrial versus residential use in this area. The Port of Portland has acquired a number of parcels in this area for development purposes, protection of the RPZ and future airport expansion. The developable parcels currently under Port ownership are located west of Sewell Road along Evergreen Road.

Although the area contains some Class II farmland (333 gross acres) it is non-irrigated and is not within the Scoggins Irrigation District (SID). Irrigation allows cultivation of a wider variety of crops including nursery stock, which is one of Oregon's highest dollar per acre

agricultural products. Lack of irrigation reduces the viability of the proposed area for commercial agriculture, compared to other areas of Class II soils under consideration that do have irrigation rights. The Evergreen area (partial) contains 1 acre of Class I, 333 acres of Class II, 37 acres of Class III and 0 acres of Class IV farmland. The Evergreen area (partial) has the lowest percentages of the highest value soil classes (classes I and II) than all other areas except West Union.

The nearly surrounded nature of the agricultural lands in the Evergreen area (between the UGB on the east and south and exception lands to the west), potential for good edges, moderate level of small parcels and the and the fact that the area is not in an irrigation district are the primary reasons that this area received consideration.

Proposed Adjustment to the UGB

The Port of Portland has requested that the UGB be adjusted to become coterminous with the existing City Portland boundary that currently extends into the Columbia River to include a dock facility that serves Terminal 6. Terminal 6 is located adjacent to Kelley Point Park to the west and south of the western tip of Hayden Island. Extending the UGB from the top of bank into the river does not add industrial land to the UGB but facilitates providing services to the dock and enhances the capability of the deepwater port terminal. Making the UGB and the City line coterminous eliminates any potential conflicts with extending services to the dock facility.

With the addition of the proposed Evergreen expansion area and the proposed adjustment to the UGB at Terminal 6, the UGB would contain a 20-year supply of land for industrial purposes.

6. Refine the analysis that shows how Metro balanced the locational factors in Goal 14 (factors 3 through 7) in reaching the decision to add the Cornelius area into the UGB and also explain why the economic consequences outweigh the retention of agricultural land and compatibility with adjacent agricultural uses:

A portion of the Cornelius study area was included in the UGB in 2004 by the Metro Council after considerable study of similar areas and through the examination of applicable policies and agency objectives. New information has been prepared that supports our recommendation to include this area in the UGB for industrial purposes.

Cornelius

The proposed UGB expansion in the Cornelius area meets the need for industrial land by including 114 net acres of land. A portion of the area is located adjacent to the City's industrial park and can be efficiently provided urban services.

Pro's of Inclusion

- Contains 148 acres of exception lands (57 percent of the total land) which is the highest priority of land available for inclusion in the UGB
- Farmland located between exception area has been minimized and this land is needed to efficiently provide services to the exception areas
- Provide an increase to the City's tax base which will provide revenues for basic City services
- A portion of the area to be added is adjacent to an area that is already zoned for industrial development
- Area has been identified as easy to serve for water, sewer and storm water services and creates an efficient use of services inside the existing UGB and the proposed area

- Council Creek provides a buffer between farm uses to the north at the west end of the expansion area and further east it provides a buffer between residential uses

Con's of Inclusion

- The farmland located north of the Council Creek is an important agricultural area that could be negatively impacted by urban development

In 2004 the Metro Council analyzed study areas that contain Class II soils only after including in the UGB suitable exception land areas and resource land areas of less capable soils. The Council compared resource land study areas with Class II soils using the “locational” factors in Goal 14 (factors 3 through 7) and the policies in the Regional RFP to reach a decision to add a portion of the Cornelius study area to the UGB. The Cornelius area contains 2 acres of Class I, 143 acres of Class II, 77 acres of Class III, 0 acres of Class IV lands. The Cornelius area has the lowest percentages of the highest value soil classes (class I and II) than all other areas except West Union. See Table 6. on page 19 for a full comparison of soil types between areas that were considered for industrial expansion. Staff reports and findings that accompanied Ordinance No. 04-1040B, which added a portion of the Cornelius study area, contain the information and analysis to explain the Council’s decision. This section of the staff report will emphasize new information regarding the portion of the Cornelius study area included in the UGB. Based upon this information it is proposed that the Council once again include this area in the UGB.

The proposed portion of the Cornelius study area (261 acres) contains 148 acres of exception lands, the highest priority for lands for expansion of the UGB and 113 acres of farmland. A map of the proposed area has been included in Attachment 4. The Supplement to the Alternatives Analysis, in Attachment 5 notes that the resource lands included in this expansion area are either bordered by Council Creek on the north (western half of the area), which forms an excellent buffer between the proposed industrial use and agricultural activities, or is located between two exception areas that act as “bookends” for the farmland portion of the area that lies north of Council Creek (50 acres). The exception lands contain rural residential uses that reduce the viability of this farmland portion of the study area for commercial agriculture.

Inclusion of the farmland located between the two exception areas will make the provision of water, sewer transportation services more efficient for the entire expansion area. Extension of streets into the exception areas alone (if the intervening EFU area was not included in the UGB) would limit the accessibility of fire and life safety vehicles and place additional demands on the local street system to the south. Inclusion of the two resource land parcels would make the provision of public facilities and services to industrial areas in the two exception land portions more efficient and orderly. Looping water and sewer lines through the EFU area to serve exception areas is consistent with good engineering practices for service delivery and maintenance of systems. The western resource land portion of the area is located adjacent to an industrially zoned area inside the UGB, which allows for the efficient provision of services to the new industrial area outside the UGB.

The City of Cornelius has provided Metro with additional information regarding the availability of services and the planned infrastructure to serve the expansion area in a letter dated September 12, 2005 from the City in Attachment 5. The letter details transportation improvements water and sewer line efficiencies within the exception areas, intervening resource lands and within the existing UGB. Information was also provided on existing farm practices within the proposed area and the value of this area as industrially designated land to the City for both economic and social purposes. The letter states that with the construction of new OTIA funded bridges in 2006 and 2007 across Council Creek at Susbauer and Cornelius-

Schefflin Roads the proposed area will have all urban services available to the proposed area (streets, water, sanitary sewer and storm sewer).

Through the implementation of Title 11 planning by the City of Cornelius, natural resource impacts and level of service impacts on Tualatin Valley Highway will be addressed. In addition, the financially constrained and the priority system in Metro's RTP include several projects that will address congestion issues in this area.

In addition to meeting the demands for industrial land by including this area in the UGB the area has positive economic and social implications for the City of Cornelius. The close proximity to the City's main street will enhance existing development and provide additional employment opportunities for city residents. Adding jobs to a community that has more housing than jobs provides an opportunity to decrease trips to other parts of the region for employment. The City has the longest average commute in the region. The positive economic implications of including 261 acres of industrial land are significant for a community that ranks nearly last (23rd out of the 24 cities) in the region in total taxable real market value and real property value per capita.²² A city's tax base determines what resources are available for community services like police, fire, planning, libraries, social services and governance. The city's tax base is heavily weighted toward residential, which typically requires more services per dollar generated of tax revenue than industrial areas creating an even greater drain on municipal finances.

The RFP and statewide planning Goal 14 require the Council to weigh the consequences of inclusion of the proposed Cornelius area with RFP policies and Goal 14's "locational" factors and with other possible areas. This report recommends that the Council again include this part of the Cornelius study area rather than other Class II farmland under consideration, weighing Factors 1- Efficient Accommodation of Identified Land Needs, Factor 2- Orderly and Economic Provision of Services, Factor 3- Environmental, Energy, Economic and Social Consequences, Factor 4- Compatibility of Urban Uses with Farm Uses, Factor 5- Equitable Distribution of Housing and Employment, Factors 6- Contribution to Centers, Factor 7- Protection of Farmland to the Commercial Agriculture, Factor 8- Avoidance of Conflicts with Regionally Significant Fish and Wildlife and Factor 9- Separation of Communities. Likewise, the report recommends weighing RFP Policies 1.2.1(c) Regional Balance and Equity, 1.3.1(c) and 1.4.2 Balance of Jobs and Housing. The need for industrial development in this part of the region and the ability to bring development to the proposed area efficiently outweighs the small loss to the commercial agricultural base compared to other resource land areas that contain Class II soil.

The conclusions that are discussed above are based on new information submitted into the record by the City of Cornelius and resulting from additional staff analysis to reaffirming the decision to add this area to the UGB for industrial purposes. This action best supports the policies in the Regional Framework Plan, balances the community and the region's need to provide a sufficient land supply for the 20-year planning period and complies with State law.

Design Types for Proposed Areas

Both the Cornelius and the Evergreen areas are proposed to be assigned an industrial design type. An industrial design type is consistent with the stated need for industrial land.

²² 2004 Performance Measures Report, page 19 and 20.

Conditions of Approval

Several policy issues related to Ordinance 05-1070 have been raised following the release of the Chief Operating Officers recommendation to the Metro Council. In addition to the standard conditions that are included in Ordinance 05-1070 to address functional plan requirements the following issues have been raised and discussed as possible conditions of approval:

1. Include a fiscal sharing requirement between the City of Hillsboro and Washington County to address the tax base inequity between cities;
2. Direct all commercial uses including hospitals and schools to the Regional Center and Station areas to ensure that these areas will be used solely for industrial purposes;
3. Provide notice to all property owners within the expansion areas that Metro is considering adoption of a windfall tax that would apply to these areas in the future;
4. Designate all or a portion of the Evergreen expansion area as a Regionally Significant Area (RSIA) to ensure that the area will be protected for industrial purposes;
5. Require that the City of Hillsboro plan to accommodate a portion of the demand for housing that may be generated from adding the Evergreen area to the UGB;
6. Requirement that the habitat area adjacent to Waible/Gulch Creek be restored.

These possible conditions of approval will be discussed at the public hearing scheduled on November 10, 2005.

Known opposition:

Several property owners have expressed opposition to the proposed expansion area. 1000 Friends of Oregon and the Washington County Farm Bureau have expressed opposition to both the expansion adjacent to the City of Cornelius and the Evergreen Road expansion areas. The owners of the Langdon Farms area located south of Wilsonville have expressed opposition to Metro's failure to include the Langdon Farms area into the UGB for industrial purposes.

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.

Budget Impacts:

No budget impacts resulting from this decision are anticipated.

RECOMMENDED ACTION

Approval of Ordinance No. 05-1070 to expand the UGB and provide additional findings necessary to satisfy the conditions of the Remand Order 05-WKTASK -001673 received from LCDC.

Attachment 1: Addendum to the 2002-2022 Urban Growth Report: An Employment Land Needs Analysis, September 2005

Attachment 2: Map of Proposed Evergreen Expansion Area

Attachment 3: Letter from City of Hillsboro, dated September 2, 2005

Attachment 4: Map of Proposed Cornelius Expansion Area

Attachment 5: Addendum to the Alternatives Analysis, September 2005

Attachment 6: Letter from the City of Cornelius, dated September 12, 2005

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2002-2022 Urban Growth Report: An Employment Needs Analysis September 2005 Addendum

Background

In August 2002, the 2002-2022 Employment Urban Growth Report (Employment UGR) was prepared to assess supply and demand for employment uses for the period between 2002-2022 as part of Metro's periodic review of the urban growth boundary(UGB). This report was updated in December 2002 and was adopted by the Metro Council on June 24th as part of Ordinance 1040B to fulfill the agency's responsibility for maintaining a 20 year supply of land within the urban growth boundary.

The Land Conservation and Development Commission (LCDC) remanded a portion of Metro's decision that was part of Ordinance 1040B which adopted the Employment UGR and the commercial refill rate assumptions. Remand Order number 05-WKTASK-001673 required the 2002-2022 Employment UGR to be amended as necessary to incorporate any changes to assumptions to reconcile the change in the commercial refill rate to 52 percent. The reasons for the adjustment of the commercial refill rate from 50 to 52 percent are contained in this September 2005 Addendum to the Employment UGR. As part of the review of the information contained in the adopted Employment UGR and through testimony that was submitted into the record an adjustment was made to the commercial refill rate. This adjustment to the commercial refill rate has implications on how the demand for industrial demand is met.

Data Sources in the Employment UGR

The range of refill rates (50-52 percent) were estimated by using MetroScope, an integrated land use and transportation forecast model and by examining historical data. The refill rate is a forecast parameter that Metro policy makers and local governments can influence through policy and market incentives. An initial "base case" scenario was run in MetroScope to estimate future land needs and indicated an average refill rate of 50 percent through the year 2022. The "base case" scenario assumes land use and transportation policies in effect today will continue in future years. In other modeling scenarios completed prior to adoption of the Employment UGR several alternative growth scenarios suggested that commercial refill rates could fluctuate depending on the land use assumptions used in the MetroScope model.

Historical estimates of the commercial refill rate occurring in the Metro area were measured at a rate of 52 percent during the mid- 1990's. The historical refill rate is based on GIS information, county assessment records and building permit reports provided by local governments.

How Changes in Refill Rates Affect the Demand for Industrial Land

Refill occurs on land that Metro already considers already developed. The change in the commercial refill rate from 50 to 52 percent that is used in the Employment UGR has land supply affects. The supply or inventory of vacant land is unaffected by adjustments to the commercial refill rate.

Industrial land demand is unaffected by commercial refill rate changes, but the industrial need (i.e. shortages) can be satisfied by assuming a different refill rate. The Metro Council assumed that the excess commercial capacity or savings from assuming a higher commercial refill rate will offset a portion of the shortfall of industrial land. The adoption of the change to the refill assumptions was based on testimony by industry experts and economic development professionals. The nature of industrial jobs are changing and is moving towards a more knowledge based economy that has different space requirements. In the future more industrial users are expected to have more office type space requirements and as a result industrial jobs are

increasingly accommodated in buildings and spaces that are customarily associated with commercial office uses.¹

In general, the change in the commercial refill rate reduces the projected land demand for commercial users. In turn, the higher refill rate implies that both commercial and industrial users would conceivably find additional redevelopment opportunities in outmoded buildings. A slightly higher refill rate has the desired effect of reducing the demand for vacant land, potentially increases redevelopment in centers and increases job densities.

Changing the commercial refill rate to 52 percent lowers the demand for vacant commercial land by almost 200 net acres of land (174 acres). The 174 In 2004 the Metro Council study areas that contain Class II soils in priority only after including in the UGB suitable “exception areas” and areas of less capable soils. The Council compared study areas with Class II soils using the “locational” factors in Goal 14 (factors 3-7) and the policies in the Regional Framework Plan (RFP) to reach a decision to add a portion of the Cornelius study area to the UGB.² net acres of savings is transferred to accommodate a portion of the demand for industrial land.

As a result of this adjustment to the commercial refill rate the land demand estimates reported in the Employment UGR have been amended. The following tables replace tables found in the Employment UGR (pages 38 to 43) beginning in the Commercial Land Need Assessment section.

Table 19 summarizes the parcel size and demand estimates for commercial demand.

Table 19 Revised

Number of Tax Lots - Demand		Acres Demand (net acres)	
Net Demand adj. for Refill		Acres Demand adj. for Refill	
	Commercial		Commercial
under 1 acre	5,819	under 1 acre	2,909.4
1 to 5	241	1 to 5	665.1
5 to 10	28	5 to 10	212.0
10 to 25	19	10 to 25	326.5
25 to 50	6	25 to 50	211.9
50 to 100	5	50 to 100	375.0
100 or more	-	100 or more	0.0
	6,117		4,700.0

Table 20 shows a summary detail of commercial demand by building type – commercial, retail and institutional users. This table describes the breakdown by lot size and number of lots by building type.

¹ See “ A Review of Information Pertaining to regional Industrial Lands”, Ordinance 1040B, Appendix A, item p, and 2002-2022 Urban Growth Report: An Employment Lands Needs Analysis, June 24, 2004, Supplement.

² Twelve areas that contained class II soils were considered suitable industrial development in the 2002 Alternative Analysis Report: Evergreen, Cornelius, Farmington, Forest Grove East, Forest Grove West, Jackson School Road, Noyer Creek, Helvetia, Hillsboro South, West Union, Wilsonville East and Wilsonville South.

Table 20 Revised

NUMBER OF LOTS NEEDED BY PARCEL SIZE & BUILDING TYPE - 2000-2022				
	office	retail	med/gov	Total
under 1	3,581	1,395	842	5,819
1 to 5	81	103	58	241
5 to 10	9	6	13	28
10 to 25	4	1	13	19
25 to 50	1	0	5	6
50 to 100	2	0	3	5
100 plus	0	0	0	0
	3,678	1,505	934	6,117

Adjusted for Refill

In Chart 9, the commercial land demand is depicted in total – including the component of demand that is composed of refill. Note that demand that is accommodated through refill does not consume vacant land, so in later tables the commercial and industrial demand ignore any reference to refill. Chart 9 and Table 24 are shown for completeness purposes to illustrate the total demand that exists for commercial uses. Chart 10 nets out the refill component and shows only the net demand for vacant commercially zoned land.

Chart 9 Revised

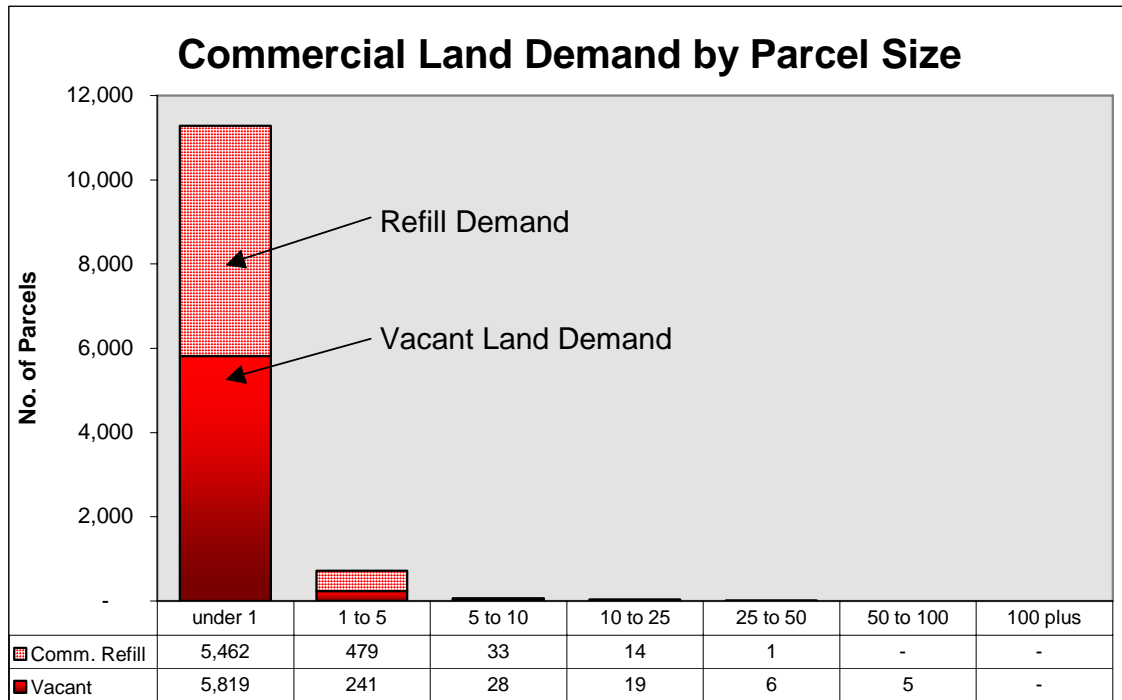


Chart 10 Revised

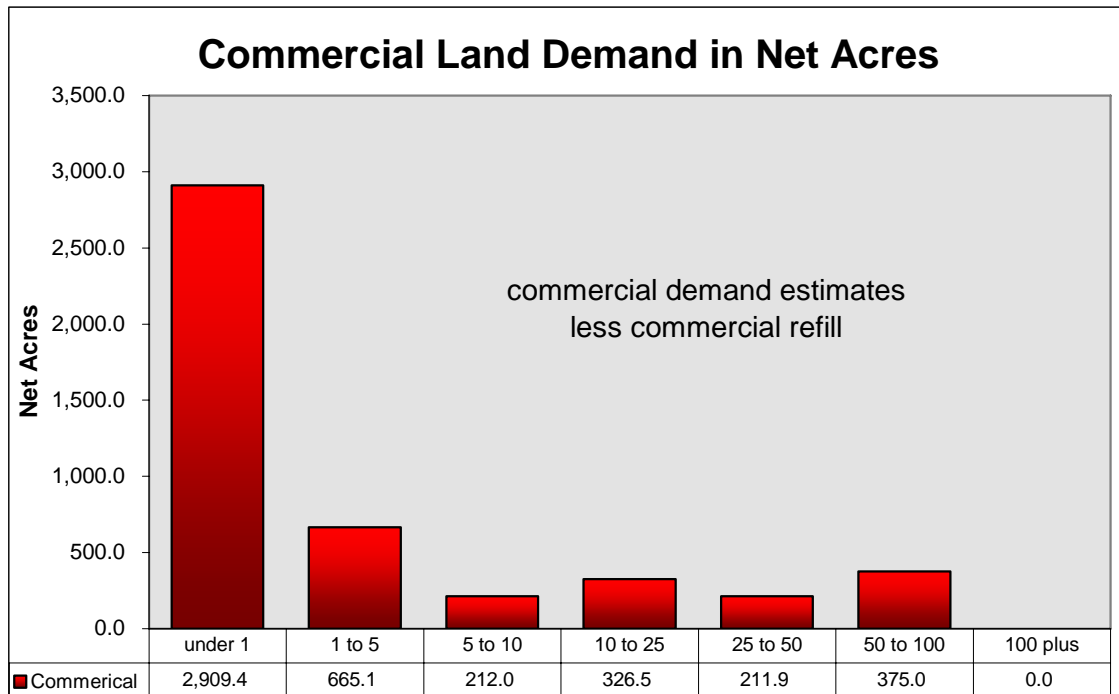


Table 24 Revised

Commercial Land Need Surplus								
COMMERCIAL by No. of Lots								
	under 1	1 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 plus	TOTAL
Vac. Supply	3,373	917	151	57	12	7		4,517
Demand	5,819	241	28	19	6	5		6,117
vacant	11,280	719	61	33	7	5		12,105
refill	(5,462)	(479)	(33)	(14)	(1)			(5,988)
net need	(2,446)	676	123	38	6	2	0	(1,600)

COMMERCIAL by Net Acres								
	under 1	1 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 plus	TOTAL
Vac. Supply	951.9	2,076.3	976.0	793.1	371.4	465.1	0.0	5,633.9
Demand	2,909.4	665.1	212.0	326.5	211.9	375.0		4,700.0
vacant	5,640.2	2,157.6	457.2	569.8	258.8	375.0		9,459
refill	(2,730.8)	(1,435.5)	(245.2)	(243.3)	(46.9)			(4,702)
net need	(1,957.5)	1,411.2	764.0	466.6	159.5	90.1	0.0	933.9







Conclusion

In the Addendum to the Employment UGR dated September 2005, the total commercial demand was adjusted from an estimated 4,874 net acres to 4,700 net acres due to the change in the commercial refill rate from 50 to 52 percent. The resulting surplus of 174 net acres has been applied to the industrial land deficit on a one to one basis. This change in the commercial refill rate recognizes changes that are taking place in the marketplace and does not result in a shortage in the supply of commercial land or comprise Metro's ability to meet the 20-year land supply requirement.

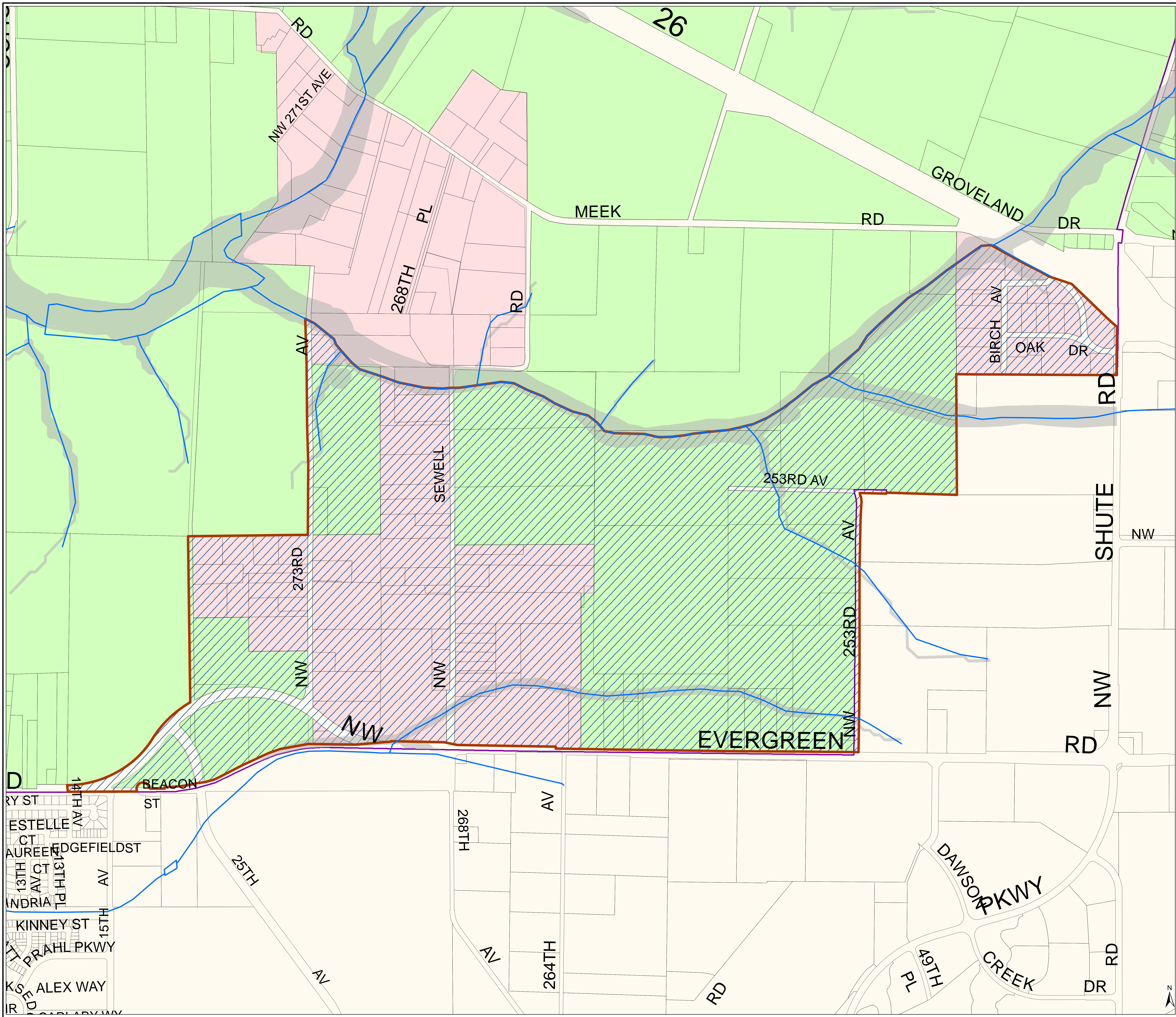
Ordinance 05-1070 Attachment 2

2005 UGB Expansion

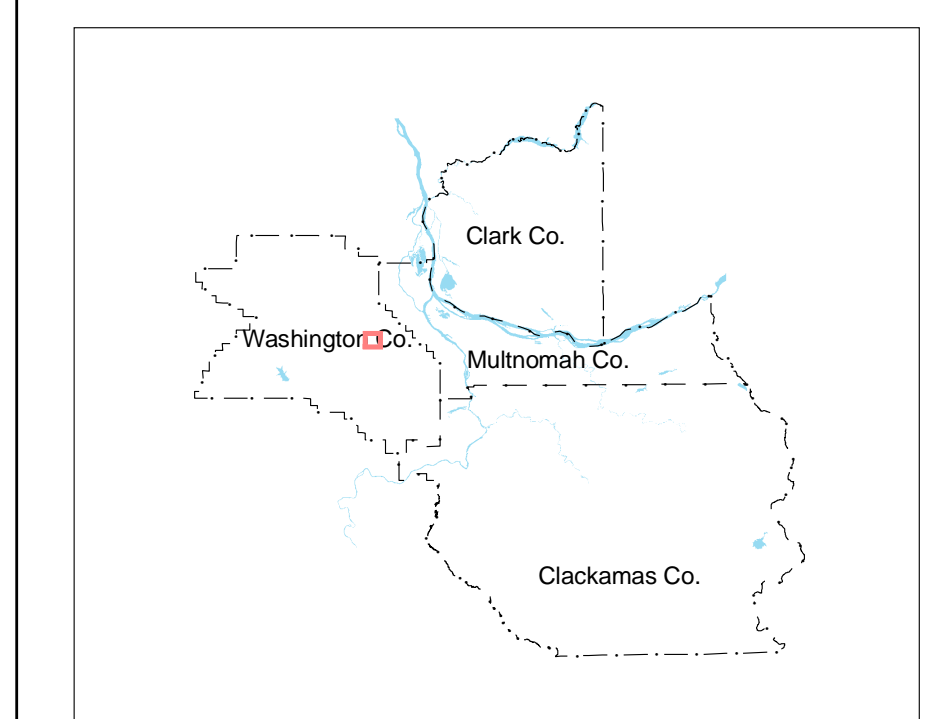
Evergreen with Stream Boundary

-  Evergreen Study Area
-  Modeled Title 3
-  Study Area Boundary
-  Resource Land
-  Exception Land
-  UGB

Total Acres = 624
 Exception Land = 218 ac.
 Resource Land = 374 ac.
 Gross Buildable Acres = 456
 Deduction for Future Streets = 108 ac.
 Net Buildable Acres = 348 ac.



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.



Location Map



METRO DATA RESOURCE CENTER
 600 NORTHEAST GRAND AVENUE PORTLAND, OREGON 97232-2736
 TEL: (503) 797-1742 FAX: (503) 797-1909
 dc@metro.dst.or.us www.metro-region.org

CITY OF HILLSBORO



Via: Electronic Transmission

September 2, 2005

Hon. David Bragdon, President
Hon. Brian Newman, Councilor
Metro Council
600 NE Grand Avenue
Portland, OR 97232

RE: City Program for 2040 Centers Development.

Gentlemen:

Thanks for visiting me yesterday at our new Civic Center. Our discussions of several matters, including some aspects of the 2004 LCDC UGB Remand Order were very informative and productive. We should have more such talks more often.

Yesterday, you asked about our progress toward achieving 2040 Regional Urban Center objectives that apply to Downtown Hillsboro and other parts of Hillsboro. I summarize below projects and actions we have taken in recent years toward Downtown Hillsboro revitalization and upcoming projects and actions we expect to take very soon toward that end.

1. In the early 1990s we adopted *Downtown Hillsboro Station Community* development policies and flexible mixed use development regulations. These measures increased the dwelling unit capacities and building height limits within the Regional Center to allow more than 2,000 additional housing units within this Center. (See Hillsboro 1998 Functional Plan Compliance Report.)
2. In 1997, a City-Downtown property owners/business working partnership completed a jointly-funded (est. \$12 million total value) *Downtown Core Area Local Improvement District (LID)*. This project widened sidewalks and simultaneously upgraded underground and street public infrastructure and utilities that now contain adequate capacities to support multi-story mixed uses within our Downtown Core Area.

3. Aided by a DLCD Technical Assistance Grant, we completed in 2002 a *Downtown Hillsboro Redevelopment Market Feasibility Analyses* jointly undertaken by the City and a Downtown stakeholders advisory committee. This project by E.D. Hovee and Co. identified and ranked six (6) "Priority Redevelopment Sites" within our Downtown Core (ranking the First Interstate Bank Site as No. 1 Priority). For each priority site, the project presented conceptually-designed mixed-use projects (and corresponding financial pro forma sheets) that a concurrent market study (also done as a part of this project) showed could be supported by the local and regional economy at that time. This project reported two major hurdles standing in the way of such Downtown redevelopment. These are inadequate downtown parking under existing land use codes and inadequate assessed property values of existing Downtown properties to support conventional redevelopment financing. Two upcoming projects listed below will address and, hopefully, find solutions to these hurdles.
4. Two years ago, the City completed a \$4 million renovation of a former church donated to the City which is now the *Glenn & Viola Walters Cultural Arts Center*. Located on Main Street, this Center anchors the east end of the Downtown Core Area. It provides a center for public and private arts and cultural exhibits and events.
5. The City acquired ownership of a building space on Main Street at the center of the Downtown Core that was the site of the *Town Theater* in the heyday of Downtown Hillsboro. Community-based uses are intended for this site provided severe structural limitations to building space renovations and remodeling can be overcome.
6. This year the City completed construction of the two largest projects in its *Civic Center Master Plan*: a \$36 million *City Civic Center* and the 90-units, affordable housing *City Center Apartments*. Located on Main Street, the Civic Center houses most of the City's agencies, a new *Starbucks* coffee shop and ground level, 20,000 sq. ft. space designed and targeted for *private restaurant* use. Development of a 30-unit, *Market Housing Project* on City Downtown property located across the street from the Civic Center and City Center Apartments is the only incomplete Civic Center Master Plan project.
7. Since 2000 weekly *Tuesday Markets and Saturday Markets* during the Spring and Summer take place on Main Street in the Downtown Core. These are sponsored primarily by the Downtown Hillsboro Business Association with weekly co-sponsors by other Downtown and community businesses.
8. Earlier this month, our City Council approved the immediate hiring a long-budgeted, full-time *Downtown Hillsboro Project Manager* and hiring of this position in the City's Economic Development Department will be advertised in September. The responsibilities of this Project are listed on the sheet accompanying this letter.

9. This month, the Cities of Hillsboro and Beaverton was informed that their joint application for an ODOT/TGM Grant to conduct and complete a *Beaverton/Hillsboro Downtown Parking Solutions* was approved for Grant funding. For both Cities, the main focus of this project is to develop effective alternative solutions to chronic inadequate downtown parking in both downtown core areas under existing land use codes. Such solutions likely will include, code adjustments, feasible shared parking facilities and/or structured parking facilities. For Downtown Hillsboro, this project hopefully will remove the greatest current barrier to private redevelopment, expansions and improvements to Downtown properties and business spaces.
10. After consultation with DLCD, the City is preparing a DLCD Technical Assistance Grant Application to fund a *Downtown Hillsboro Core Area Renaissance Project* which will prescribe how to generate Core Area economic revitalization to be driven in large part by a 24/7 presence in the Core Area of arts- and culture-related (broadly defined) commerce, public art and other like-kind places, activities and events. If funded, this Project will seek to emulate the successful steps taken by other Cities and urban places (i.e., Tacoma, WA, Austin, TX, and the Albina, Pearl District, NW 23rd and Hawthorne Blvd. communities in Portland) to spur urban center revitalization driven by creative businesses and activities.

In addition to our intensive efforts to revitalize the core of our Downtown Regional Center as the crucial initial, we have had significant success and progress in achieving 2040 Center objectives within our two Town Centers, Tanasbourne and Orenco. The successes of the *Orenco Town Center and Village* are widely known and need not be repeated here. Recently, our Tanasbourne Town Center has begun to take off.

Last year, *The Shops at Tanasbourne* retail center core of the Town Center open its door and has been economically successful to date. *Kaiser Medical* will build a major *medical clinic and outpatient medical center* next to its current clinic in the Town Center. *Standard Insurance, Inc.* has acquired existing flex offices and will build additional flex office buildings within the Tanasbourne Center to house some of its business sections to be relocated from its Downtown complex. Higher density housing and mixed use developments are being constructed in the "*Tanasbourne Center Superblock*" located directly across Cornell Road from the Shops at Tanasbourne in accordance with our acknowledged Tanasbourne Town Center Plan.

Finally, our *South Hillsboro Concept Plan*, which designs the development of another 2040 Town Center within the 1400-acre South Hillsboro Area, was completed several years to satisfy Metro Title 11 Concept Planning requirements upon inclusion of the entire South Hillsboro Area into the Metro UGB. A copy of that Plan is being transmitted to you along with a hard copy of this letter by courier. As described at p. 81 of the Plan, the overall South Hillsboro development concept incorporates four unique and distinct neighborhoods:

Hon. David Bragdon and Brian Newman

September 2, 2005

Page 4

- One town center known as Ladd-Reed in the northeast corner.
- One neighborhood/mainstreet center known as Gordon Creek, to the northwest.
- One neighborhood/mainstreet center known as Butternut Creek, to the southeast.
- One low density area known as Hazeldale to the south.
- Future implementation of the South Hillsboro Concept Plan, including Areas 69 and 71 which were added to the UGB in 2002, would provide approximately 6700 more residential units.

If the South Hillsboro Area were added to the Metro UGB, the area would provide additional residential capacity to accommodate housing demand generated within new industrial areas also added to the UGB and City. We have always said that jobs/housing imbalance in the City would be significantly reduced but not eliminated if housing were developed within the South Hillsboro Area. The imbalance is a natural and predictable outcome of Hillsboro's recognized role as a regional (and county) employment center that will likely always attract more workers than can be accommodated in housing units within the City.

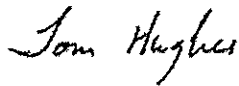
It is wrong to assume that, beyond the South Hillsboro Area, the City will pursue more residential UGB expansions to attain a perfect jobs/housing balance within our City limits. The actual "housing shed" for the regional and county-wide employment center in our City extends well beyond those limits. It encompasses existing residential areas throughout urban Washington County as well as newly-added UGB areas like the Bethany area which will add around 3500 additional units. It also encompasses existing and new residential areas in other Westside cities such as Forest Grove, North Plains, and Beaverton that also may have existing capacity. Recent employment studies (i.e., Joe Cortright, 2004) confirm that many residents in these jurisdictions work in the regional employment center in our City. It is reasonable to assume more of the same if new industrial sites are added to the UGB and regional employment center.

Continued investment in a multi-modal transportation system that connects these areas with the regional employment center is a strategy that merits added focus. The City continues to pursue efficiencies in development of neighborhoods, such as Witch Hazel Village, that will create vibrant pedestrian and bicycle friendly communities with an average density of 10 dwelling units per net acre, while providing adequate parks and open space and appropriate mixed use opportunities. We will continue to seek strategies that can reasonably provide housing choices for those who choose to live and work in Hillsboro, recognizing that attaining an equally balanced jobs/housing ratio is not a realistic (or perhaps even advisable) land use objective.

Hon. David Bragdon and Brian Newman
September 2, 2005
Page 5

I hope this information is helpful in your upcoming Council's Industrial UGB Remand deliberations as they may relate to our City. Please let me know if you need more information.

Sincerely,

A handwritten signature in cursive script that reads "Tom Hughes". The signature is written in dark ink and is positioned to the left of a vertical line.

Tom Hughes
Mayor

Attachment and Enclosure.

**Addendum to the Alternatives Analysis
September 2005**

Addendum to the Alternatives Analysis

Evergreen Expansion Area		Gross Vacant Buildable Acres 431	
Total Acres	587	Public Land Acres	0
Total Acres in Parcels	556	Total Developed Acres	90
Resource Land Acres	339	Total Constrained Acres	35

General Site Description

The Evergreen Expansion Area is located north of the City of Hillsboro, north of NW Evergreen Road. To the south and east is the UGB; to the north is Highway 26 and to the west is rural land. The Hillsboro Regional Center is approximately 4 miles southwest of the area via NW Evergreen Road and NW Glencoe Road. The expansion area is composed of two sections; a small 35 acre (parcels) section composed of rural residences focused on NW Oak Drive and NW Birch Avenue near the Shute Road interchange on Highway 26 and a large 521 acre (parcels) section north of NW Evergreen Road in the vicinity of NW Sewell Road, both of which provide access to the area. The two expansion areas total 587 acres in size (parcels and street right-of-way) and contain both non-resource land and resource land.

Parcelization, Building Values, Development Patterns

This study area of 587 acres contains 105 tax lots or portions of tax lots that vary in size from less than one acre to approximately 48 acres in size. There is one parcel greater than 40 acres in size, one between 30 and 40 acres, three between 20 and 30 acres, and eleven between 10 and 20 acres in size. Seventy-eight parcels, or seventy-four percent are less than 5 acres in size and twenty-three parcels or twenty-two percent are less than one acre in size. Many of these small parcels are located in the small expansion area section near Highway 26 and NW Shute Road and along NW Sewell Road in the larger section. Seventy-four of the one hundred and five parcels have residences ranging in value from \$40,000 to \$322,000 with twenty-one valued greater than \$150,000. In general, the entire area is open and involved in agricultural activity or functions as a pocket of rural residences.

Physical Attributes (Power lines, Easements, Airport Fly-over Zones)

A power line runs in an east west direction through the center of the larger section of expansion area. There are no other utility lines running through the area. The area is adjacent to the Hillsboro Airport runway protection zone.

Public Services Feasibility

The City of Hillsboro and Clean Water Services are the service providers for this area.

- **Water:** There is a 66-inch distribution line in NW Evergreen Road adjacent to the large expansion area. Pressure reducing valves are in place throughout the line to provide distribution capabilities. This expansion area is easy to serve.
- **Sewer:** Service to this area is separated into two districts. Existing 18 and 21-inch gravity sewers that are located approximately 1,400 feet to the south may serve the southeast corner of the larger expansion area. Serving the remaining portion of the expansion area by gravity would require extensive downstream improvements or construction of new sewers through a developed residential area, as there are no existing large diameter sewers available. This area would be difficult to serve.

- **Stormwater:** Stormwater from new development will be required to be treated with detention, water quality facilities or both. The responsibility for the required treatment will be with the developer, thus impacts to downstream facilities will be minimal. Water quality sensitive areas will have vegetated corridor standards applied to them. This area is easy to serve.

Transportation Services

This area received a moderate overall transportation rating due to a moderate availability level of transportation facilities, a relatively low expected volume to capacity ratio on adjacent arterials and major collectors, and moderate environmental factors. This area did receive a difficult score for a high potential trip generation rate. ODOT has expressed concerns that industrial expansion in the NW Shute Road area may affect the nature and cost of needed interchange improvements both at NW Shute Road and NW Cornelius Pass Road. ODOT would like to see an Interchange Area Management Plan for NW Shute Road be prepared as part of the Title 11 planning for the area. Additional widening of US 26 west of NW 185th Avenue may be needed in the future, but this is not currently identified in the Regional Transportation Plan.

Agricultural Analysis

Zoning

The small section of the expansion area is a pocket of exception land zoned AF 5. The larger area contains exception land zoned AF 5 along NW Sewell Road and resource land zoned EFU and AF 20 by Washington County. To the west is resource land zoned EFU and a pocket of exception land zoned AF10 near the intersection of NW Evergreen Road and NW Glencoe Road. To the north is Highway 26 that separates the area from a large expanse of EFU zoned land. The UGB is to the south and east.

Current Agricultural Activity

The small expansion area near the Shute Road interchange contains no agricultural activity. Over half of the larger expansion area is currently being used for field crop activities and there also are a few forested areas. Approximately 53 acres of exception land are actively farmed. Adjacent land to the east within the UGB is in agricultural production and is primarily field crops. To the west is a large area of field crops. To the north is Highway 26 that separates the area from a large expanse of agricultural land mostly in field crop production. There are seven place of use water permits identified by the Oregon Water Resources Department (WRD) within the expansion area. Six are for irrigation and one for nursery use. These seven places of use permits represent less than a quarter of the study area land. There are ten points of diversion water permits identified by the WRD within the expansion area. Nine of the diversions are for irrigation and one is for storage.

Agricultural Compatibility

Urbanization of this area for industrial uses would result in an increase in traffic on NW Evergreen Road and NW Sewell Road and to a lesser extent on NW Meek Road and possibly NW Jackson School Road. This increased traffic on NW Jackson School Road could have an effect on the transport of agricultural goods between the current UGB and US Highway 26 to the north as well as on NW Evergreen Road. This increase in traffic could also have an impact on the normal movement of farm equipment on these two roadways, although both roads currently carry a heavy load of non-farm vehicle trips that already impact the movement of goods and equipment. Urbanization of this area would bring new development directly adjacent to actively farmed areas to the north and west. Issues relating to complaints due to noise, odor, and the use of pesticides and fertilizers

may occur in these areas. Such complaints are less likely to arise however, from industrial areas than from residential areas. There is extensive farmland to the north across Highway 26, but the highway acts a buffer for this area. The adjacent agricultural activity within the UGB is expected to cease or continue on a smaller scale as the area urbanizes.

Gulch Creek flows east to west across the northern edge of the expansion area prior to flowing into Waible Reservoir to the west. A tributary to Gulch Creek flows briefly through the eastern edge and an unnamed stream flows west through the southern portion of the large expansion area. Beyond the expansion area the unnamed stream flows through agricultural land that is in the UGB on Port of Portland property associated with the Hillsboro Airport. Urbanization of this area will result in increased impervious surface area that may diminish water quality and increase the chance of flooding downstream however; Waible Reservoir may provide some flood control for the downstream farmland. Increased flow may affect the downstream agricultural activities on the Port of Portland property. Urbanization of this area may have an affect on the value of the adjacent land involved in agricultural activities to the north and west. Specifically, the land between the expansion area, Highway 26 and the remaining exception land may be the most threatened as it will be more isolated from the larger expanse of agricultural land to the west. Highway 26 provides a buffer for the agricultural land north of the highway and to a lesser extent the remaining exception land provides a buffer to the agricultural land to the west. In addition, the Hillsboro Airport runway protection zone may also provide a level of protection for the land to the west. The remaining adjacent land in agricultural production is already inside the UGB. Urbanization of this area may be perceived as a continued process of urbanization of the farming community north of NW Evergreen Road. Overall, urbanization of this area would have a moderate impact on adjacent agricultural activity to the north and west.

Environmental Social Energy Economic Analysis

General Character of the Area

The large section of the expansion area can be characterized as flat, open land with the vast majority in agricultural production. There are a number of rural residences along NW Sewell Road. A pocket of rural residences makes up the small section of expansion area near the Shute Road interchange.

Environmental

Gulch Creek flows east to west across the center of the study area toward Waible Reservoir to the west for approximately 0.5 miles. A tributary to Gulch Creek measures approximately 0.07 miles. An unnamed stream flows through the southern portion of the area for approximately 0.95 miles for a total of approximately 1.52 miles of streams. There are 2 small wetlands associated with Gulch Creek in the middle segment of the larger area and a portion of a larger wetland associated with Waible Reservoir, which totals approximately 2.3 acres of wetland in the expansion area. A floodplain follows the entire length of Gulch Creek and has an average width of 300 feet. Additionally, there is a floodplain associated with the Gulch Creek tributary and the unnamed stream for a total length of floodplain of 1.52 miles. There are very minimal areas of slopes greater than ten percent along Gulch Creek. There is no designated open space in this study area. All of Gulch Creek and the unnamed stream have been identified as a significant Water Area, Wetland and Fish and Wildlife Habitat on Washington County's Rural/Natural Resource Plan. Metro's Goal 5 Fish and Wildlife Habitat Inventory identifies 12 percent of the area land in the inventory. Urbanization of this would have a moderate impact on natural resources as outlined in the ESEE analysis described in the

2003 Industrial Land Alternatives Analysis Study based on the stream corridor length and the associated floodplain that are along the edges of the area.

Social Energy Economic

This expansion area is mid-sized, contains a medium number of parcels, the majority of which are less than 5 acres in size, although there are five parcels greater than 20 acres in size. The majority of the area is open and involved in agricultural activity and there are two concentrations of residential use. Negative economic impacts associated with loss of agricultural activity due to urbanization would be less than the potential economic benefits from development opportunities, especially for the larger parcels. The small parcels that contain residences may not realize an economic opportunity as industrial land based on the value of the existing home and land and the need to consolidate parcels. This is especially true for the small expansion area near the Shute Road interchange. Urbanization of this agricultural area may have a minimal economic impact on the agricultural lands directly to the north between the expansion area and highway 26 due to increased isolation from the larger expanse of agricultural land to the west. Urbanization of this area would result in an increase in vehicle miles traveled, the level of impact depending on the industrial use. This increase in vehicle miles traveled may also negatively affect movement on the Highway 26 corridor. Current residents and adjacent residents outside the UGB would realize negative social impacts from the urbanization of this farmland for industrial use. This is especially true for the residents of the exception land to the north centered on NW Sewell and NW Meek Roads. Due to the negative and positive consequences of including this mid-sized somewhat isolated agricultural area in the UGB, urbanization of this study area would result in a moderate energy/social/economic consequence.

Other Identified Resources

The Washington County Rural/Natural Resource Plan identifies the Shute Residence at 4825 NW 253rd as a historic property.

Cornelius Expansion Area		Gross Vacant Buildable Acres 137	
Total Acres	261	Public Land Acres	5
Total Acres in Parcels	253	Total Developed Acres	32
Resource Land Acres	107	Total Constrained Acres	79

General Site Description

The Cornelius Expansion Area is located on the north side of the City of Cornelius. To the north, east, and west is rural land. The area from The Cornelius Main Street area is approximately ¼ mile to the south and is accessed via N 10th and N 19th Avenues. The area is irregular in shape and Council Creek forms the northern edge of the expansion area on the west end. Access to the expansion area from the north is by NW Cornelius Schefflin Road and NW Susbauer Road, which turn into N 10th and N 19th Avenues respectively within the city limits. Additional access from the south is by NW Hobbs Road, which forms the eastern edge of the expansion area and N 4th Avenue, thus providing four transportation connections to Tualatin Valley Highway. The expansion area is 261 acres in size of which approximately 146 acres are exception land. The remaining 107 acres is resource land.

Parcelization, Building Values, Development Patterns

This expansion area of 261 acres contains 47 tax lots or portions of tax lots that vary in size from less than 1 acre to approximately 30 acres in size. There is one parcel just over 30 acres in size, five between 10 and 20 acres, and eleven between five and ten acres in size. Over half of the parcels (30) are less than five acres in size and five are less than one acre. Eighteen of the parcels, or forty percent have residences ranging in value from \$65,000 to \$259,000 however; all but five are valued less than \$150,000. In general the expansion area can be divided into three land use categories; agricultural activity, rural residences, most of which are not associated with large scale farming activities and vacant natural resource areas along Council Creek. The agricultural activity is occurring on resource and exception land and the natural resources and rural residences are mostly associated with the exception land. There is one rural industrial use located on exception land adjacent to NW Susbauer Road.

Physical Attributes (Power lines, Easements, Airport Fly-over Zones)

There are no power lines or public easements running through the area. Available data does not indicate that this area is within significant range of an airport flight zone.

Public Services Feasibility

The City of Cornelius and Clean Water Services are the service providers for this area.

- **Water:** There is a 72-inch water transmission main that runs east through the City of Cornelius, which has four direct connections to the line. Twelve-inch mainlines are located in N. 4th, 10th, 19th and 29th Avenues, which extend north to the edge of the study area and provide opportunities for looping water service required for fire protection. The City currently has one centrally located reservoir and a second centrally located reservoir is identified in the water CIP for construction in 2005-07. This area would be easy to serve.
- **Sewer:** This area can be served by gravity to an existing 36-inch gravity sewer line located along the entire southern boundary of the study area. The existing sewer line is currently scheduled for an upgrade; therefore any additional

capacity for this area could be easily included in the design of the planned upgrade. This area is easy to serve.

- **Stormwater:** Stormwater from new development will be required to be treated with detention, water quality facilities or both. The responsibility for the required treatment will be with the developer, thus impacts to downstream facilities will be minimal. Water quality sensitive areas will have vegetated corridor standards applied to them. This area is easy to serve.

Transportation Services

This area received an easy overall transportation rating due to a higher availability level of transportation facilities, a relatively low expected volume to capacity ratio on adjacent arterials and major collectors, and a relatively low potential trip generation rate based on the small size of the area. ODOT has expressed concerns that any industrial expansion in this area will have an impact on the NW Glencoe Road interchange on US 26 and add congestion to Tualatin Valley Highway. Safety improvements completed last year at the Glencoe Road interchange have added some capacity for the time being. Other more likely limiting factors may be NW Cornelius Shefflin and NW Susbauer Roads (Washington County roads) leading to US 26. The Washington County Transportation System Plan designates freight routes along NW Cornelius Shefflin Road to NW Zion Church Road to NW Glencoe Road to US 26.

Agricultural Analysis

Zoning

Generally the expansion area can be divided into four sections two each of exception land zoned AF5 and resource land zoned AF20 that form an alternating pattern (Map 1). Proceeding east to west, the area begins with a segment of exception land that extends to NW Susbauer Road with two parcels (one zoned RIND) of exception land protruding into the resource land segment on the west side of NW Susbauer Road. This resource land segment is composed of portions of two parcels and extends west to the end of NW Spiesschaert Road. The next exception land segment contains the parcels adjacent to NW Spiesschaert Road that extend to NW Cornelius Sheffelin Road. The final resource land segment is on the west side of NW Cornelius Sheffelin Road, south of Council Creek. The two exception land areas, which represent a majority of the acreage is zoned AF5. The resource land within the expansion area is zoned AF20 by Washington County. A portion of one parcel that is on the west side of NW Susbauer Road is zoned RIND with the remainder of the parcel zoned AF20. The majority of the land to the north is zoned EFU, but there is pocket of exception land zoned AF10 approximately one-half mile to the north along NW Cornelius Schefflin Road. To the south is the main street district of Cornelius. To the west is resource land zoned EFU and AF20 on the north side of Forest Grove and to the east is resource land zoned AF20 and a small pocket of exception land zoned AF5 directly adjacent to the expansion area.

Current Agricultural Activity

Over half of the expansion area is involved in agricultural activity that is composed primarily of field crops with a small amount of row crops and pastureland. Approximately 60 acres of exception land are actively being farmed. Adjacent to the north, east and west of the expansion area are large areas of agricultural activity that is a mixture of field and row crops, nursery stock and orchards. This area to the north, east and west is part of a very large expanse of agricultural land extending north to Highway 26. There are two places of use water permits identified by the Oregon Water Resources Department (WRD) within the expansion area that are for irrigation. These two places of use permits cover a very small portion of the western section of the expansion area. There is one

point of diversion water permit identified by the WRD within the expansion area for irrigation through the use of a stream. The entire area is within the boundary of the Tualatin Valley Irrigation District, although not all parcels have water rights.

Agricultural Compatibility

Urbanization of this area for industrial uses would result in an increase in traffic on NW Cornelius Schefflin Road and NW Susbauer Road. This increased traffic may have an effect on the transport of agricultural goods produced to the north, east and west as both roads lead to US Highway 26 via NW Zion Church Road and NW Glencoe Road. The Tualatin Valley Highway that runs east west through the center of Cornelius may also see an increase in traffic, which could affect the movement of goods from agricultural areas to the south and west of Cornelius and Forest Grove. The increased traffic north of Cornelius may also have an impact on the normal movement of farm equipment, as the area between the expansion area and Highway 26 has extensive agricultural operations. The Urbanization of this area would bring new development directly adjacent to actively farmed areas to the north and east. Issues relating to complaints due to noise, odor, and the use of pesticides and fertilizers may occur depending on the industrial use. Such complaints are less likely to arise however, from industrial areas than from residential areas.

Council Creek, which forms the northern edge of the western portion of the expansion area (west of NW Cornelius Schefflin Road), acts as a buffer between the expansion area and the adjacent agricultural activity reducing the likelihood of conflict between the two uses. East of NW Cornelius Schefflin Road Council Creek forms the southern edge of the expansion area prior to joining Dairy Creek east of the expansion area. Two unnamed tributaries to Council Creek flow south through the central portion of the area. Urbanization of this area will result in increased impervious surfaces that may diminish water quality and increase the chance of flooding downstream. Council Creek flows through a forested corridor along the southern edge of the area and then crosses agricultural lands to meet Dairy Creek. Increased flow may affect these downstream agricultural activities. Urbanization of this area may affect the value of nearby land involved in agricultural activities by encouraging land banking and speculation resulting in the inability of farmers to acquire parcels needed for agricultural production. However, the agricultural lands to the north are part of a larger expanse of farmland that stretches to Highway 26 and beyond and may be less affected by speculation, as the major portion of farming community would be intact. Alternatively, urbanization of this area may be perceived as a first step of urbanization into this farming community. Only 49 acres of resource land included in the expansion area would be directly adjacent to the actively farmed resource land to the north, thus reducing the potential for speculation and land banking. Overall, urbanization of this area would have a medium impact on adjacent agricultural activity to the north, east and west.

Environmental Social Energy Economic Analysis

General Character of the Area

The area is characterized by flat land in agricultural production, rural residences and natural resources along Council Creek and tributaries.

Environmental

Council Creek flows west to east along the expansion area edges for roughly 2.1 miles and two tributaries flow from north to south through the center of the area for approximately 0.5 miles, for a total of 2.6 miles of stream corridor. There are wetlands associated with Council Creek all along the stream corridor that total approximately 27

acres. There also is a floodplain associated with Council Creek that extends the entire length of the stream corridor and averages about 280 feet in width. Slopes greater than 10 percent can be found along all stream corridors. There is approximately 23 acres of Metro owned open space in this study area. A portion of Council Creek has been identified as a significant Water Area, Wetland and Fish and Wildlife Habitat on Washington County's Rural/Natural Resource Plan. Metro's Goal 5 Fish and Wildlife Habitat Inventory identifies 29 percent of the area land in the inventory. Urbanization of this area would have a moderate impact on these natural resources as outlined in the ESEE analysis described in the 2003 Industrial Land Alternatives Analysis Study, as the majority of the resources are concentrated along Council Creek, which would be protected under normal development scenarios, and not distributed throughout the study area. In addition a significant portion of Council Creek flows through Metro owned open space (23 acres) and the natural resources along this section would be protected and most likely enhanced.

Social Energy Economic

This area is small in size, contains a small number of parcels, most of which are less than 5 acres in size. The area is a mixture of rural residences, agricultural land and natural resource areas. Land in agricultural activity represents approximately half of the expansion area, the majority of which is to be found on the two resource land portions. There are two small pockets of rural residences that make up most of the home sites. The small residential parcels may not realize an economic opportunity as industrial land based on the value of the existing home, land and the difficulty in consolidating parcels. Negative economic impacts associated with loss of agricultural activity due to urbanization would be less than the potential economic benefits from development opportunities. Urbanization of this small amount of land in agricultural productivity would have a minimal economic impact on the adjacent agricultural lands to the north, east and west in terms of equipment and labor sharing. Urbanization of this small area would result in an increase in vehicle miles traveled, the actual impact depending on the future industrial use. Current residents, adjacent residential neighborhoods and adjacent farmers could realize negative social impacts from the urbanization of this farmland for industrial use. However, Council Creek provides a buffer to the adjacent residential areas to the south and the western portion of the area is adjacent to industrially zoned land, thus reducing social impacts to adjacent residential neighborhoods. Due to the negative and positive consequences of urbanizing a small area and the potential minor impacts on adjacent residential areas and agricultural land, urbanization of this study area would result in a low energy/social/economic consequence.



CITY OF CORNELIUS

September 12, 2005

Richard Benner, Metro Counsel
Metro
600 NE Grand Avenue
Portland, Oregon 97232

Re: Findings on Cornelius UGB Expansion for Industrial Use

Dear Mr. Benner:

On behalf of the City of Cornelius, I would like to add explanation to the findings of fact submitted and implied by last year's testimony supportive of Metro's recommended Urban Growth Boundary extension just north of our City limits. We want to clarify the importance of inclusion of the 42 acres of Class II farmland that appears to be central to the challenge of our 262 gross acres of UGB expansion.

Findings Corrections

First, I will correct inaccurate site information presented by 1000 Friends of Oregon that turned up in the findings and context of DLCD's remand order.

1. The portion of this expansion area that is north of Council Creek and designated Class II farmland is only 16% of the gross acreage of the site – 42 acres.
2. Part of these two tax lots totaling 42 acres is stream and not farmable, the rest is land that has not been irrigated in over 10 years, lost its water rights and is therefore limited to dry land farming that "barely pays the taxes". (See the Tualatin Irrigation Map & Margaret Lafollette Smith testimony.)
3. Far from a "protrusion" into the core of valuable farmland, these 42 acres are nearly surrounded (approx. 295 degrees of a circle) by urban and exception uses, and as a bridge between exception areas forms a dipping line across an area of existing suburban uses.
4. Industrial use access is good; the site is an extension of an existing high quality industrial park, is divided by a recently improved county freight route (with 2 new freight standard bridges funded for construction in 2006 and 2007, is only 1/2 mile from TV Highway (state freight route) and 5.6 miles, not "18 miles", from Sunset Highway via roads improved in 2005 and a planned new interchange.
5. This area's rating for environmental, energy, economic and social consequences should be high. The City of Cornelius' Goal 5 Natural Resources Plan, requirements and record are clearly stronger than Washington County's. Note Cornelius' ability and recent record of protecting and developing the environmental resources of Council Creek & tributaries, including requiring buffers, restoration and public trail space of residential & commercial

developments, and successful advocacy for Metro approval of a Council Creek Trail system and acquisition of greenspace along Council Creek.

Moreover, reducing commuter traffic along Susbauer and Cornelius-Schefflin roads from Cornelius, which has the longest average commute in the Metro region, by developing jobs within walking and biking distance of employee homes, will reduce energy used and pollution from inefficient auto use and dangerous traffic congestion. More local industry and jobs in a residential heavy area will of course improve the Cornelius economy, financial health, public services and the livability of residents.

Increased Efficiency of Services In Expansion Area

Second, I hope to make it more clear that development of these 42 acres of non-irrigated farmland will lead to more efficient urban service provision for both existing and future uses in the expansion area and uses within the existing urban growth boundary/city limits. Besides the well-known efficiency advantages of urban scale development over exception-scale development, the following specific efficiencies should be noted.

1. With construction of new OTIA funded bridges across Council Creek at Susbauer and Cornelius-Schefflin (bracketing the recommended expansion area and consistent with City industrial/pedestrian standards) in 2006 and 2007, all urban services – roads, water, sanitary sewer and storm water utilities will be developed to the edge of the recommended expansion area. That is to say urban service availability is excellent. (See the example City master plan map.)
2. All Cornelius Comprehensive Plan components are up-to-date (periodic review orders satisfied), including our Transportation Systems Plan and master plans for water, storm water and sanitary sewer systems, and project the efficiencies of service extension into this expanded urban area. (See the example City master plan map.)
3. Water lines particularly must be looped for safe circulation and efficient service. Cornelius currently provides water from Cornelius-Schefflin Road to residents along the 1,000 ft. long dead end Spieschart Road, within the exception area west of the 42-acre farmland parcels. Safer, more efficient and orderly provision of water to existing and future uses in this area and the exception area between Susbauer and Hobbs Road to the east will require extension of water lines from the Cornelius-Schefflin line through the two farmland parcels to the Susbauer line and on through the eastern exception area to the Hobbs Road line. Water line loops keep water fresh, provide adequate flow and backup for water line failure.
4. Transportation connection from the County freight arterial Cornelius-Schefflin to Susbauer between the two sizable exception areas is essential for safety and efficient service for existing and future uses in the expansion area, as well as existing and planned uses within the current UGB/City limits. This requires construction of a road through the two-parcel 42-acre farmland site.

Specifically, the one access to Spieschart Road, a substandard bridge in the Council Creek floodplain, will be moved north when the new Cornelius-Schefflin Bridge is constructed. Public safety standards require a second access, which most efficiently must extend to Susbauer Road (the other side of the two farmland parcels). Additionally, there exists a

meat packing plant on the north side of the farmland parcels that generates traffic that will best be expanded and handled by an industrial collector between Susbauer and Cornelius-Schefflin built to city standards, rather than the current driveway onto the unsignaled county maintained Susbauer Road.

5. Thus the entire recommended expansion area – exception areas and farm area – not only can be served more efficiently with water and transportation if served together, but must be served as a connected system to meet safe standards of construction and maintenance.
6. Both storm water and sanitary sewer systems, managed at the basin level by Clean Water Services, have major lines of service running along Council Creek north of Cornelius and Forest Grove. It will be relatively easy to access these services from the north, as it is from existing local lines from the south. (See the example master plan map.)

Increased Efficiency of Services Within Existing Urban Areas

Development of this recommended expansion area promises to increase the safety, efficiency, affordability and orderliness of urban service provision within the current UGB/City limits, as well. There are significant economies of scale inherent in developing on the north side of recent and current public and private improvements. The costs of base infrastructure improvements, including recent freight route widening, new bridges, storm water and sanitary sewer lines along Council Creek and the new 72" water line the length of Cornelius are the same with or without development along the north of these services. Local and county share of capital costs and system-scale maintenance costs are virtually the same. Additional development adds private system development fees to share in paying for system maintenance and more ongoing utility fees to pay for service. More development north of Council Creek will also tend to geographically center Clean Water Services infrastructure along Council Creek and thus spread out the cost/value of those major service investments to closer-in users.

Development of the recommended expanded area will increase the safety and reduce maintenance problems within the current UGB/City limits. Water line loops made possible by development of the expanded area will reduce the danger of back-up and contamination problems into existing development within the current City limits. (Inherent in the dead end water line along Spieschart Rd.) Alternatives to road access safety problems within the current UGB/City limits, including dangerous current accesses in the Council Creek floodplain and uncollected driveway accesses both inside and very near the City limits along Susbauer Road can be constructed only with the resources of private development and reviewed under City urban standards.

Industrial Land in Cornelius – Characterized

Much of Cornelius' industrial/commercial base supports the agricultural industries surrounding our community. New Seasons Food and Sabroso fruit processing plants, Hazelnut Growers of Oregon Coop, Pacific Harvest Supply Company, Fisher Implements and the new Coastal Farm Implements store are examples. Without nearby urban space for processing, supply and fueling businesses, and sustainable living areas for agricultural workers, agriculture industry costs go up and health goes down.

Only 9% of land within the UGB/Cornelius city limits is currently zoned for industry. Only 45 acres are vacant for industrial development. A combination of lots totaling 20 acres is the largest area

available for industry. There is a growing demand for agriculture supportive industry. The City is in great need for local jobs for our residents, many of which are agriculture workers, and for industry to increase our tax base to sustain our services.

Recent examples of demand for industrial space that we have not been able to meet include, Sabroso Fruit Processing Company which needed 20 acres to expand into, couldn't deal with the one package of 20 acres available, and moved to Woodburn in 2004. The Hazelnut Growers of Oregon want to move their processing plant from the center of our commercial area of town to twice their current 10 acres at the edge of a town. And there is commercial business demand for their central location.

Industrial uses are generally a good buffer between agriculture uses and higher density residential and commercial uses. The fact that industrial demands for transportation facilities are more similar (freight/farm equipment) to farm uses, than residential and commercial uses (autos & transit), supports the conclusion that this recommended UGB expansion would result in less conflict between farm and town uses than a future with no expansion.

In summary, use of the 42 acres of farmland in question for industrial development will be better for the agriculture industry than its continued use as an island of subsistence dry land farming, with fewer resources and unmet need for road improvements and effective buffers.

The recommended expansion of 262 gross acres on the north side of Cornelius will result in three efficiently served groups of parcels of over 50 acres each – an excellent resource for both urban and agricultural community. It will most importantly meet the six critical community and regional needs the City of Cornelius originally identified in its proposal for UGB expansion in 2002.

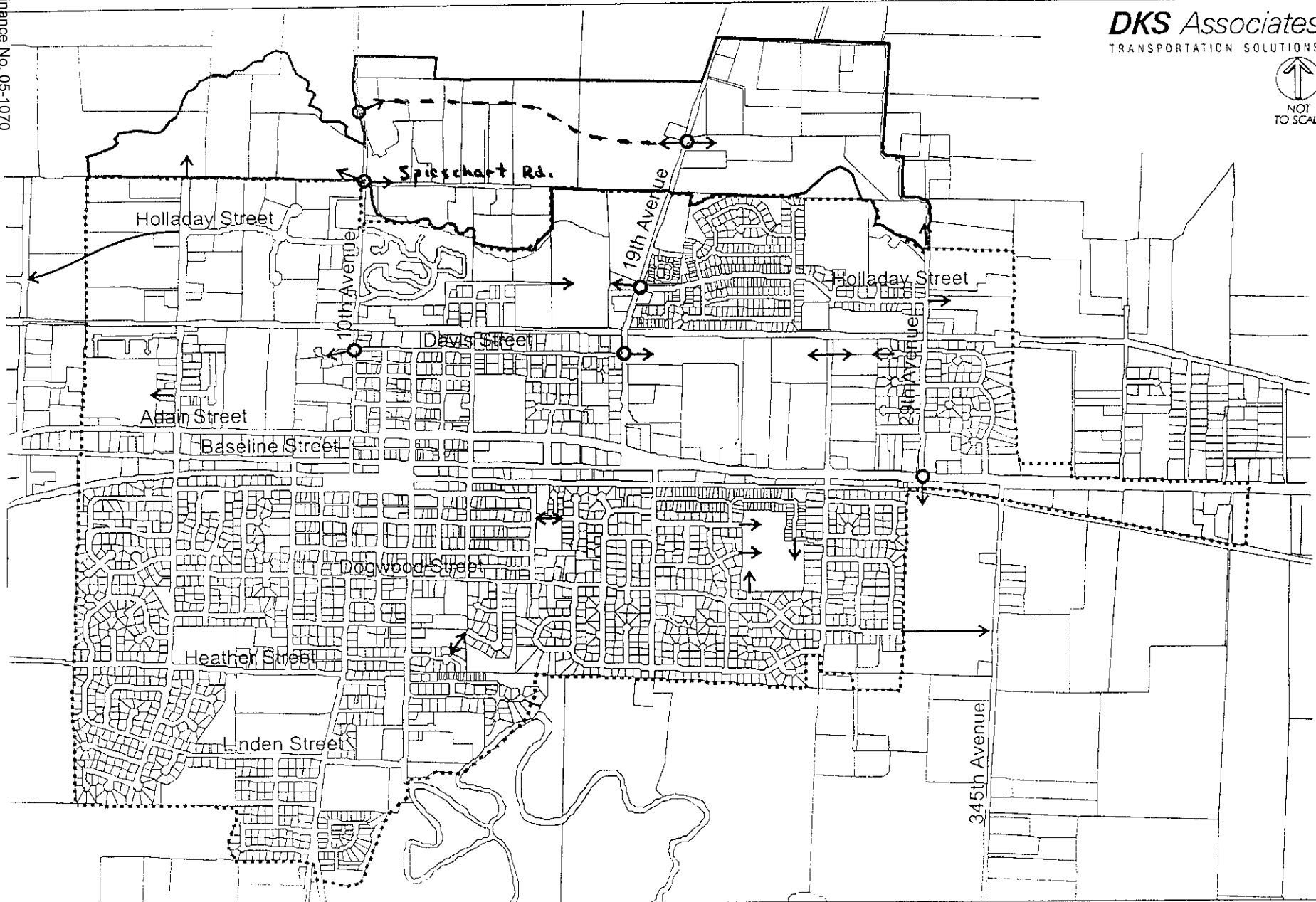
1. Increase the meager supply of medium-large lot industrial land
2. Support specific agriculture and high-tech industries that are regionally significant, locally based, publicly invested in and widely acclaimed
3. Provide efficient, cost-effective and safe urban services for existing & projected citizens & businesses, and for adjacent exception and rural lands
4. Sustain regionally significant natural resources, particularly along Council Creek
5. Provide local jobs for the community with the longest average commute in the region, thus saving time, energy and relieving traffic congestion
6. Make Cornelius a more complete, balanced and financially sustainable community

I hope, I have added clarity to these original objectives and our need for the 42 acres under special scrutiny. We have wanted from the start for this small UGB expansion for future industrial uses to be a proactive balancing of two important and interdependent super-objectives – protecting agricultural land in this rich Tualatin Valley and building a complete sustainable community in Cornelius.

Your partner in reaching all of Oregon's land use goals,


Richard Meyer
Development & Operations Director

Copy: Pam Berry & Amy Scheckla-Cox

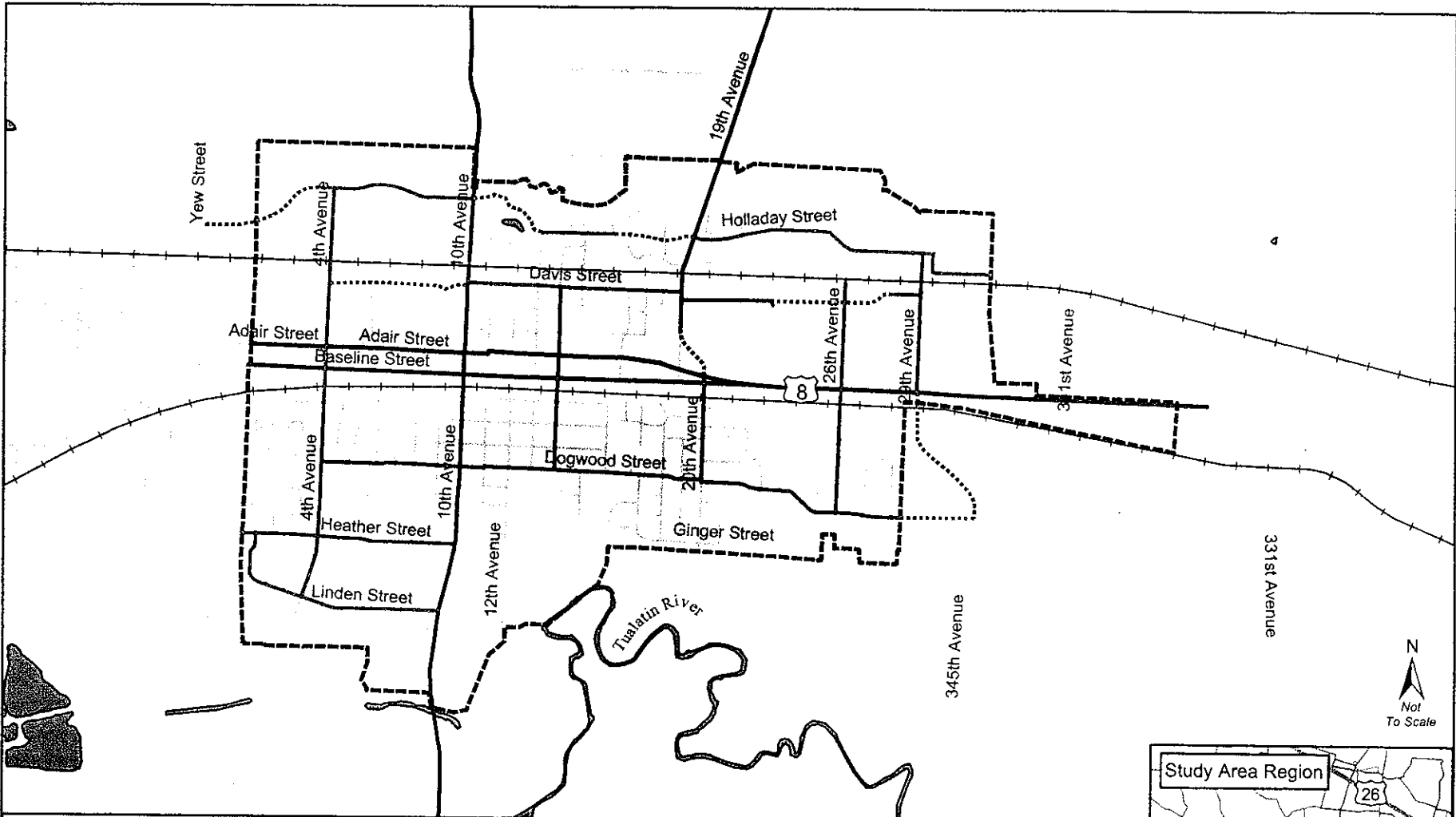


LEGEND

- - Access Point on Existing Arterial
- ↔ - Street Connection (Motor Vehicle/Ped/Bike)

NOTE: Connections are conceptual only, additional studies should be completed for specific alignments.

Figure 8-2
STREET CONNECTIVITY MAP
& WATER

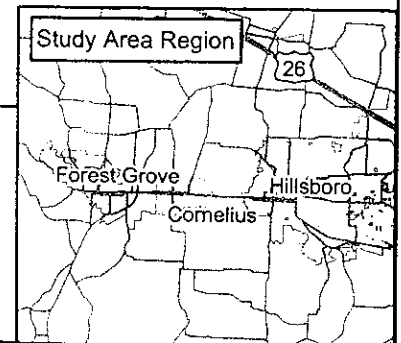


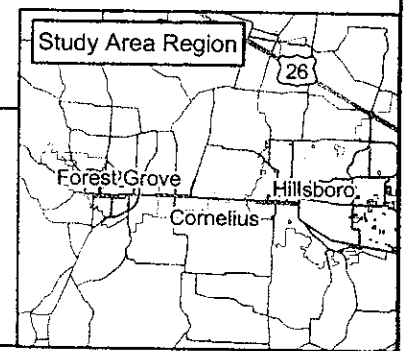
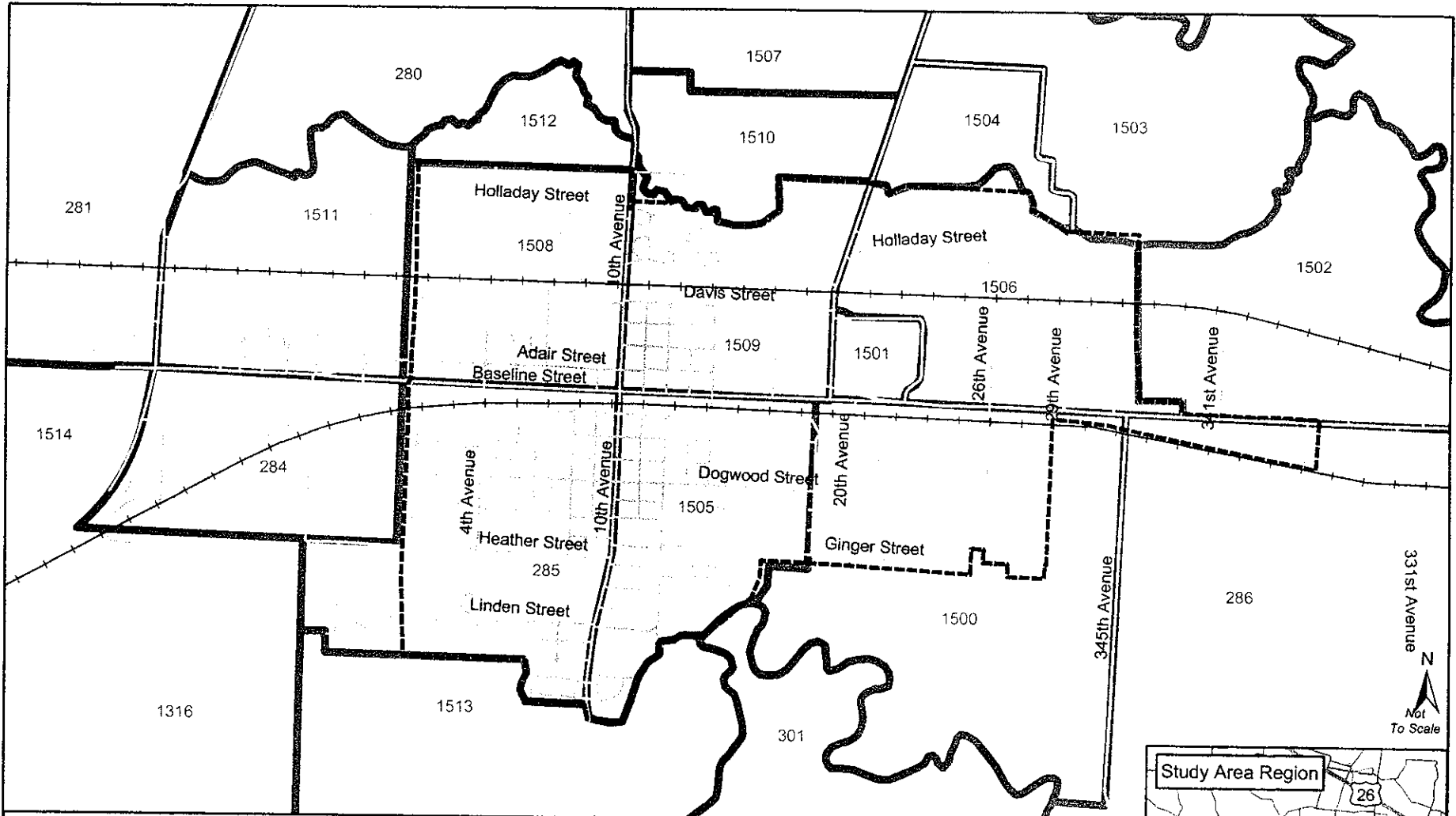
**Figure 8-3
PROPOSED
FUNCTIONAL CLASSIFICATION**

Sources:
- Metro RLIS - City of Cornelius
- TriMet - Washington County

LEGEND

- | | | |
|----------------------|------------------------|----------------------------|
| Existing Roadways | Proposed Roadways | UGB Expansion |
| — Arterial | ... Arterial | - - - Cornelius City Limit |
| — Collector | ... Collector | |
| — Neighborhood Route | ... Neighborhood Route | |



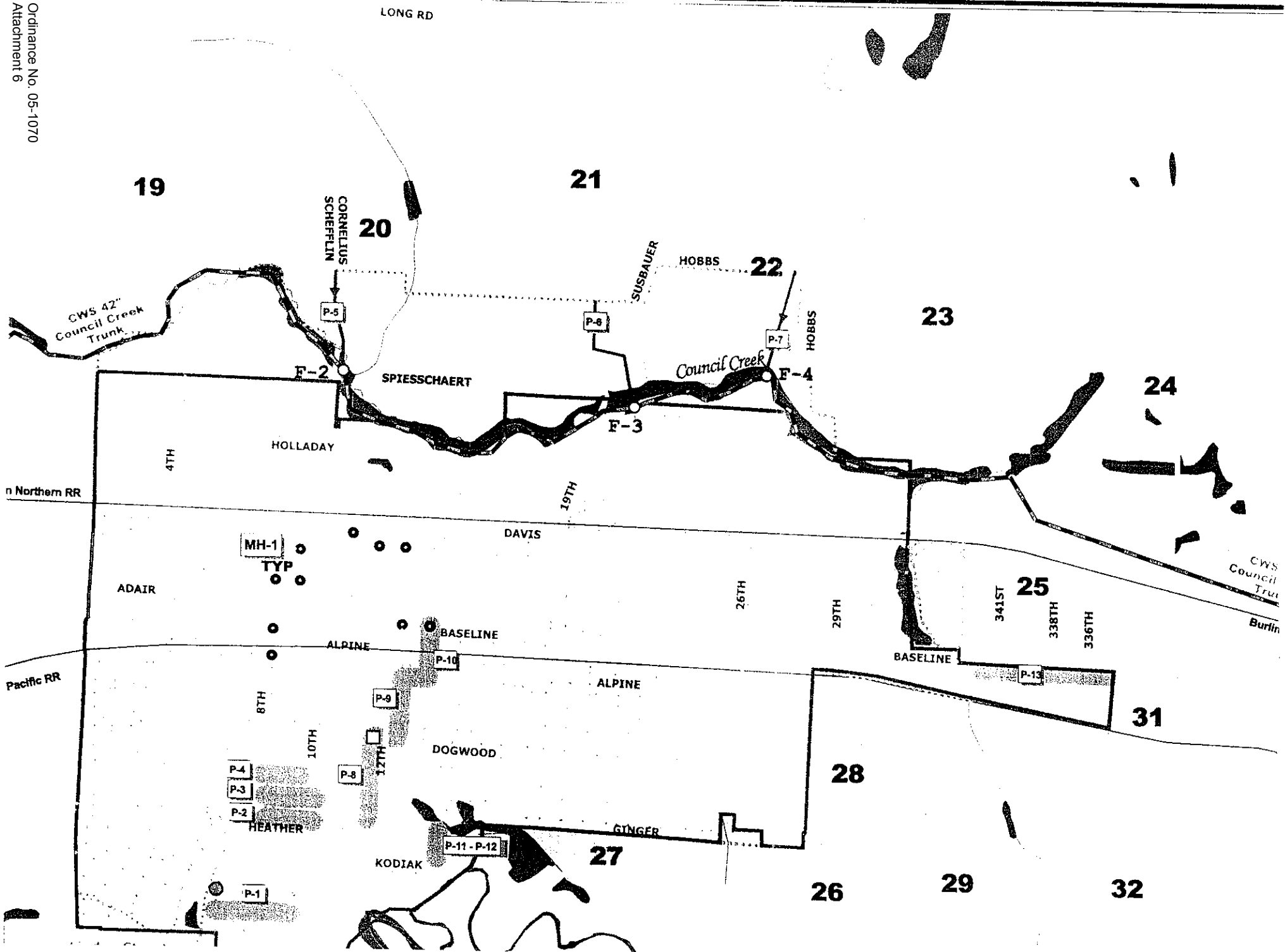


**Figure 4-1
TAZ**

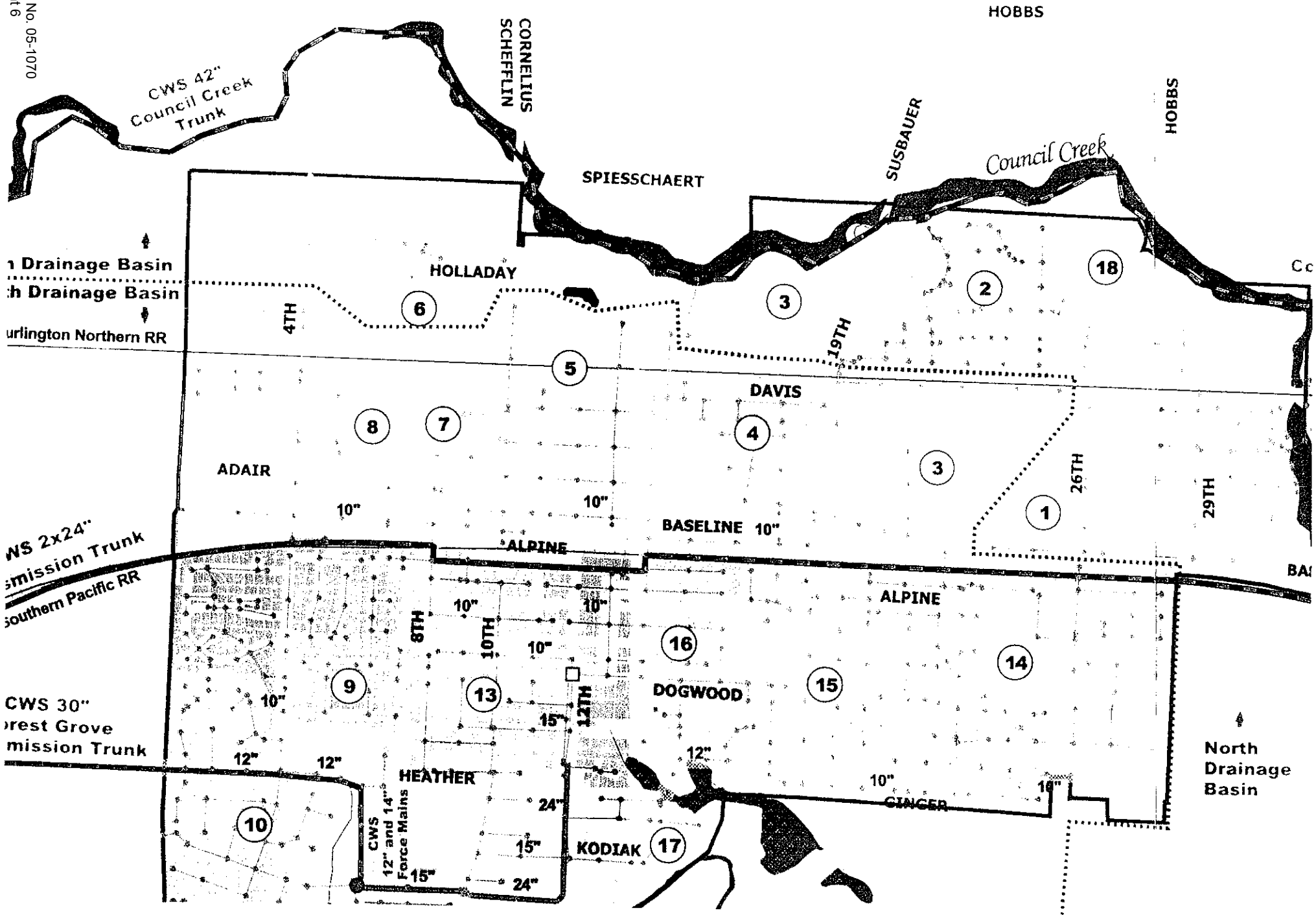
LEGEND

- Cornelius TAZ
- Rail Lines
- Cornelius City Limit
- UGB Expansion

Sources:
 - Metro RLIS - City of Cornelius
 - TriMet - Washington County



CWS
Council
Trunk



HOBBS

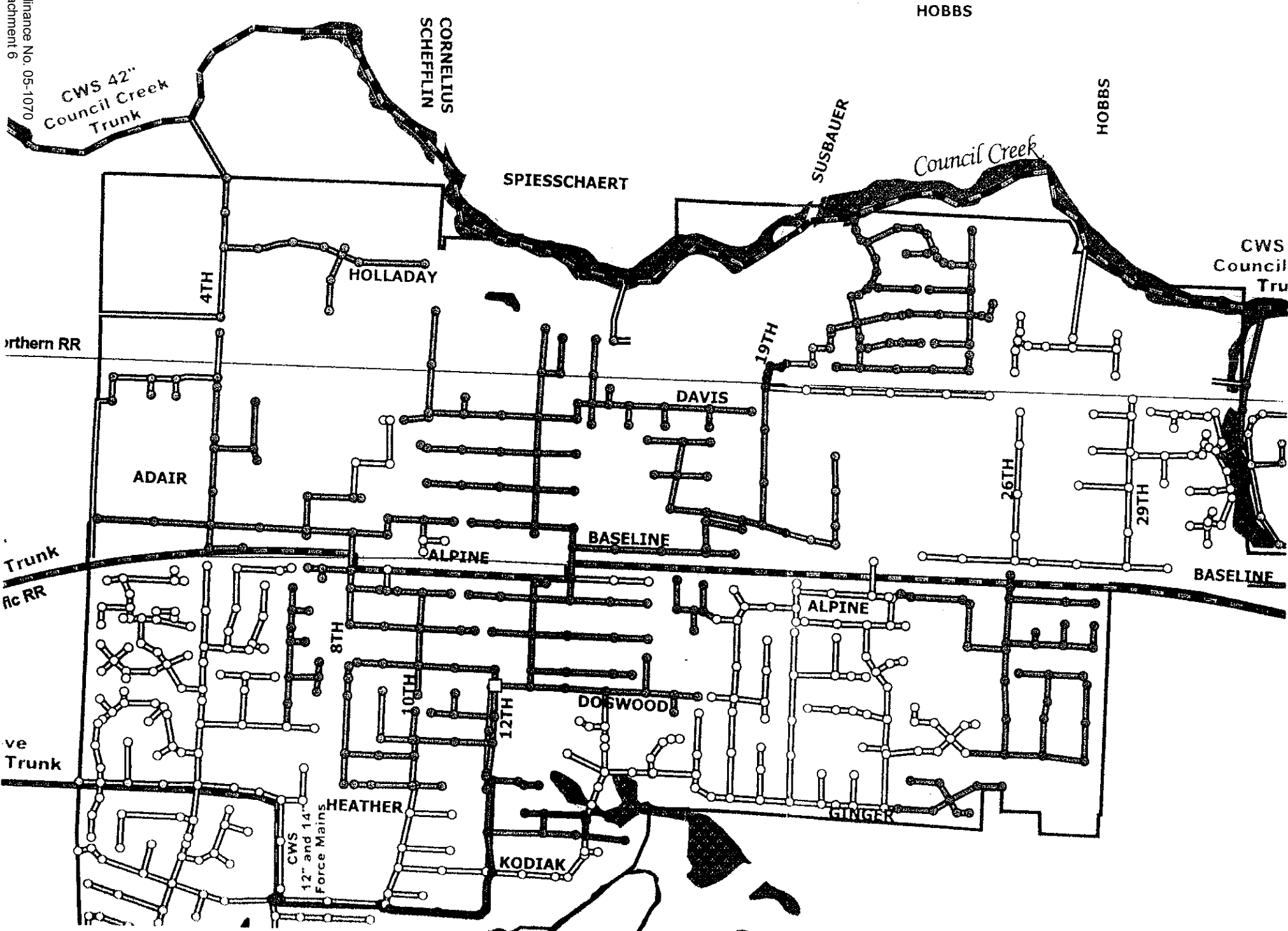
HOBBS

1 Drainage Basin
2 Drainage Basin
Burlington Northern RR

CWS 2x24"
Mission Trunk
Southern Pacific RR

CWS 30"
West Grove
Mission Trunk

North
Drainage
Basin



ve Trunk

Trunk

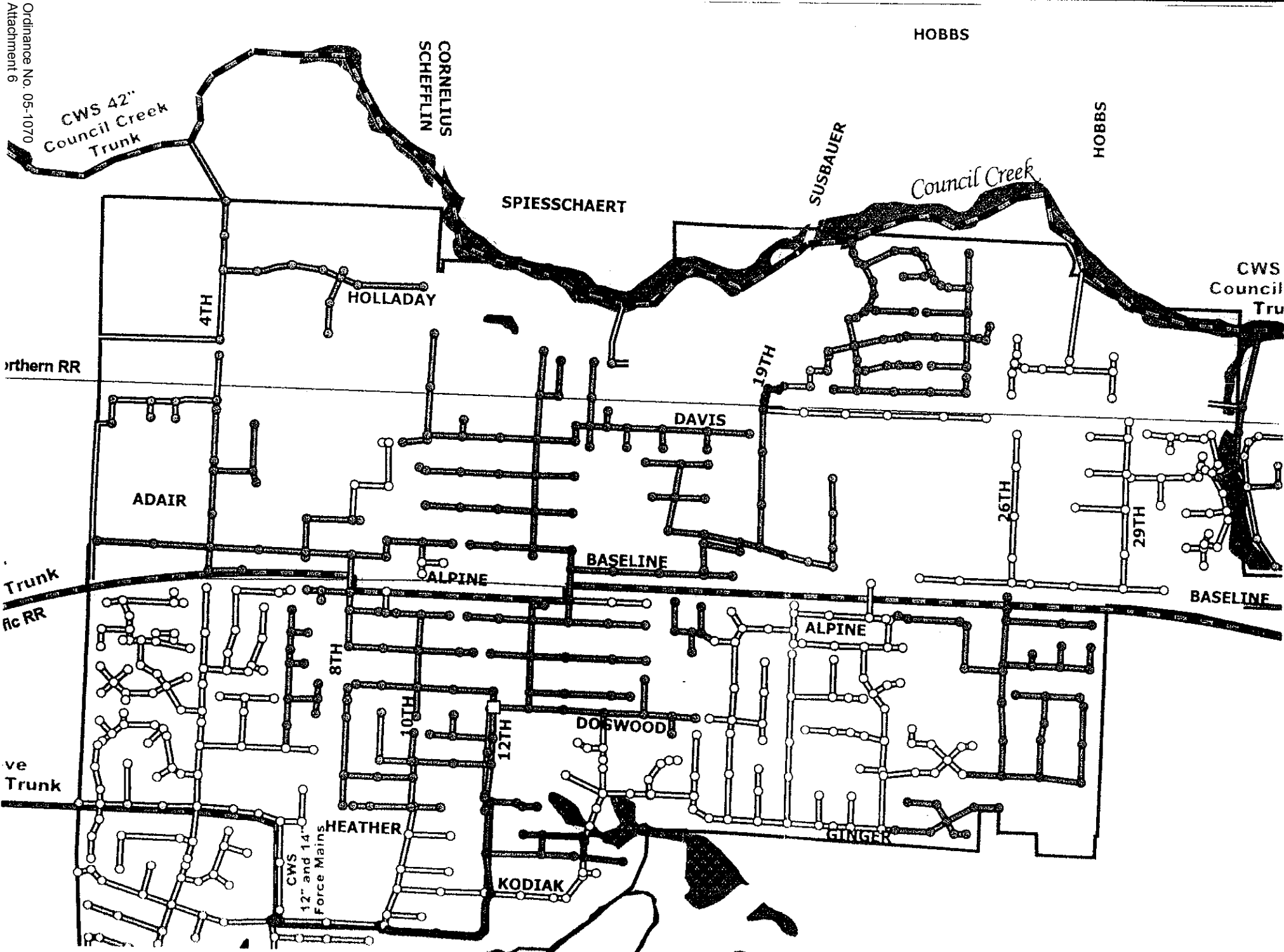
ic RR

orthern RR

CWS 42"
Council Creek
Trunk

CWS
12" and 14"
Force Mains

CWS
Council
Tru



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) ORDINANCE NO. 05-1070
METRO URBAN GROWTH BOUNDARY TO)
INCREASE CAPACITY TO ACCOMMODATE)
GROWTH IN INDUSTRIAL EMPLOYMENT IN)
RESPONSE TO REMAND FROM THE LAND)
CONSERVATION AND DEVELOPMENT)
COMMISSION) Introduced by the Metro Council

WHEREAS, the Metro Council added capacity to the regional urban growth boundary (“UGB”) to accommodate growth in industrial employment by Ordinances No. 02-969B (For the Purpose of Amending the Urban Growth Boundary, the Regional Framework Plan and the Metro Code in Order to Increase the Capacity of the Boundary to Accommodate Population Growth to the Year 2022), No. 02-983B (For the Purpose of Amending the Urban Growth Boundary to Add Land for a Specific Type of Industry Near Specialized Facilities North of Hillsboro), No. 02-990A (For the Purpose of Amending the Urban Growth Boundary to Add Land in Study Areas 47 and 48, Tigard Sand and Gravel Site) and No. 04-1040B (For the Purpose of Amending the Metro Urban Growth Boundary, the Regional Framework Plan and the Metro Code to Increase the Capacity of the Boundary to Accommodate Growth in Industrial Employment); and

WHEREAS, on July 22, 2005, LCDC issued its “Partial Approval and Remand Order 05-WKTASK-001673” that approved most of the Council’s decisions in Ordinance No. 04-1040B, but returned the matter to the Council for completion of several tasks; and

WHEREAS, the Council completed the analysis and evaluation required by LCDC’s order; and

WHEREAS, the Council consulted its Metropolitan Policy Advisory Committee and the 25 cities and three counties of the metropolitan region and considered comments and suggestions prior to making this decision; and

WHEREAS, prior to making this decision, the Council sent individual mailed notification to the owners and neighbors of properties considered for inclusion in the UGB, held a public hearing on November 10, 2005, and considered the public comment; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The Metro UGB is amended to include those lands shown on the package of maps Exhibit “A”, with the designated 2040 Growth Concept design type, subject to the conditions set forth in Exhibit “B”. Exhibits “A” and “B” are attached and incorporated into this ordinance by this reference.
2. The *2002-2022 Urban Growth Report: An Employment Land Need Analysis*, adopted by Ordinance No. 02-969B on December 5, 2002, and revised on June 24, 2004, is further revised and attached and incorporated into this ordinance as Exhibit “C”.

3. The Findings of Fact and Conclusions of Law in Exhibit “D”, attached and incorporated into this ordinance, explain how this ordinance complies with state law, the Regional Framework Plan and the Metro Code.

ADOPTED by the Metro Council this 17th day of November, 2005.

David Bragdon, Council President

Attest:

Approved as to form:

Christina Billington, Recording Secretary







Daniel B. Cooper, Metro Attorney

Ordinance 05-1070
Exhibit A - 1

2005 UGB Expansion

LCDC Remand Order
05-WKTASK 001673

Evergreen
with Stream Boundary

-  Evergreen Study Area
-  Modeled Title 3
-  Study Area Boundary
-  Resource Land
-  Exception Land
-  UGB

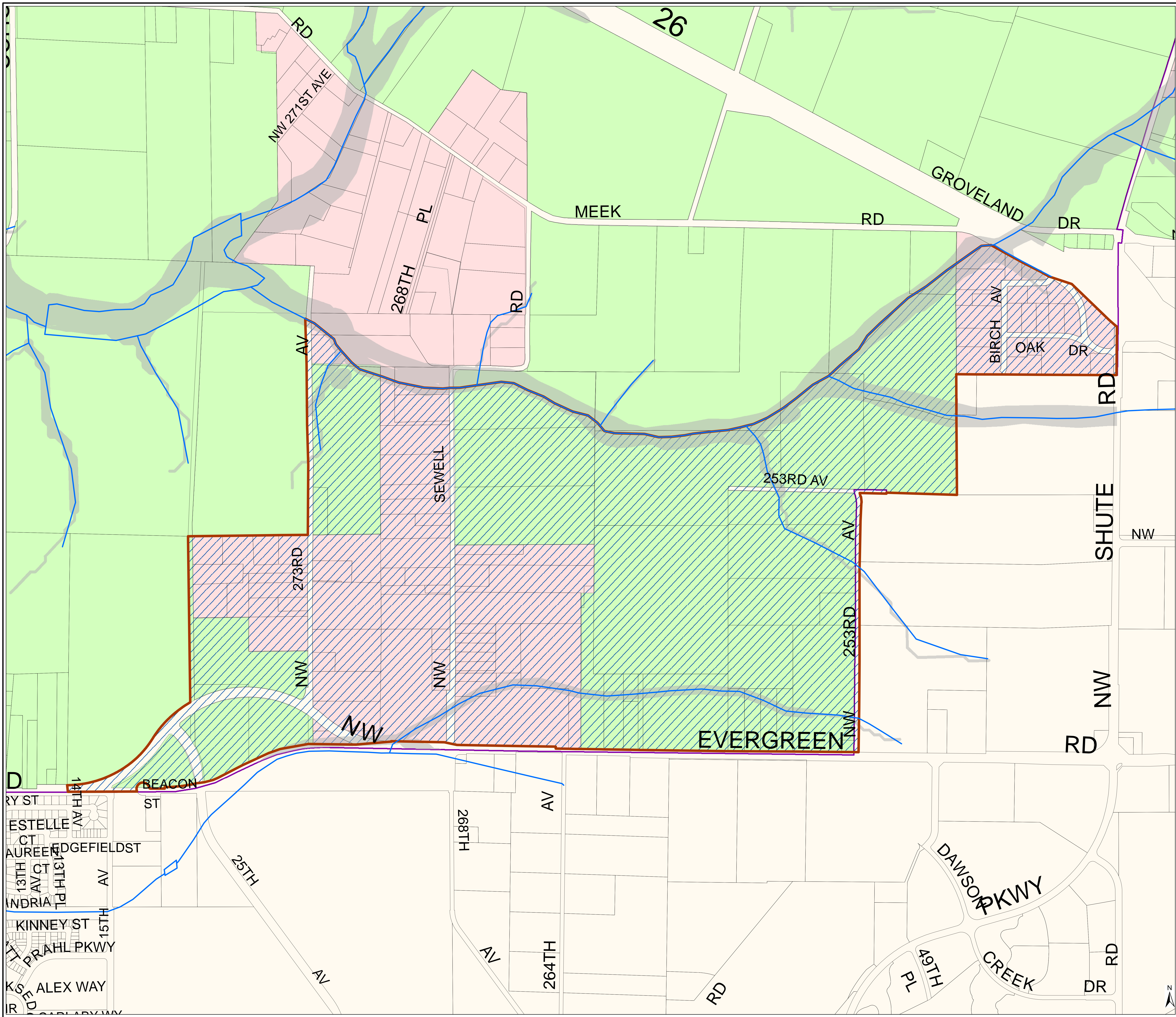
Total Acres = 624

Exception Land = 218 ac.
Resource Land = 374 ac.

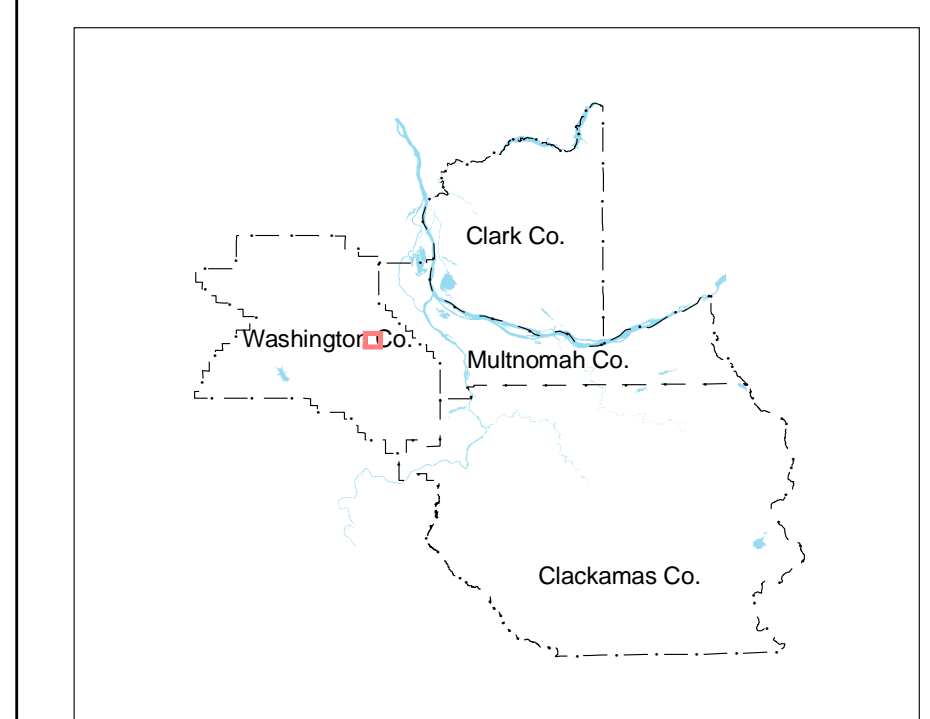
Gross Buildable Acres = 456

Deduction for Future Streets = 108 ac.

Net Buildable Acres = 348 ac.



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Ordinance 05-1070
Exhibit A-2

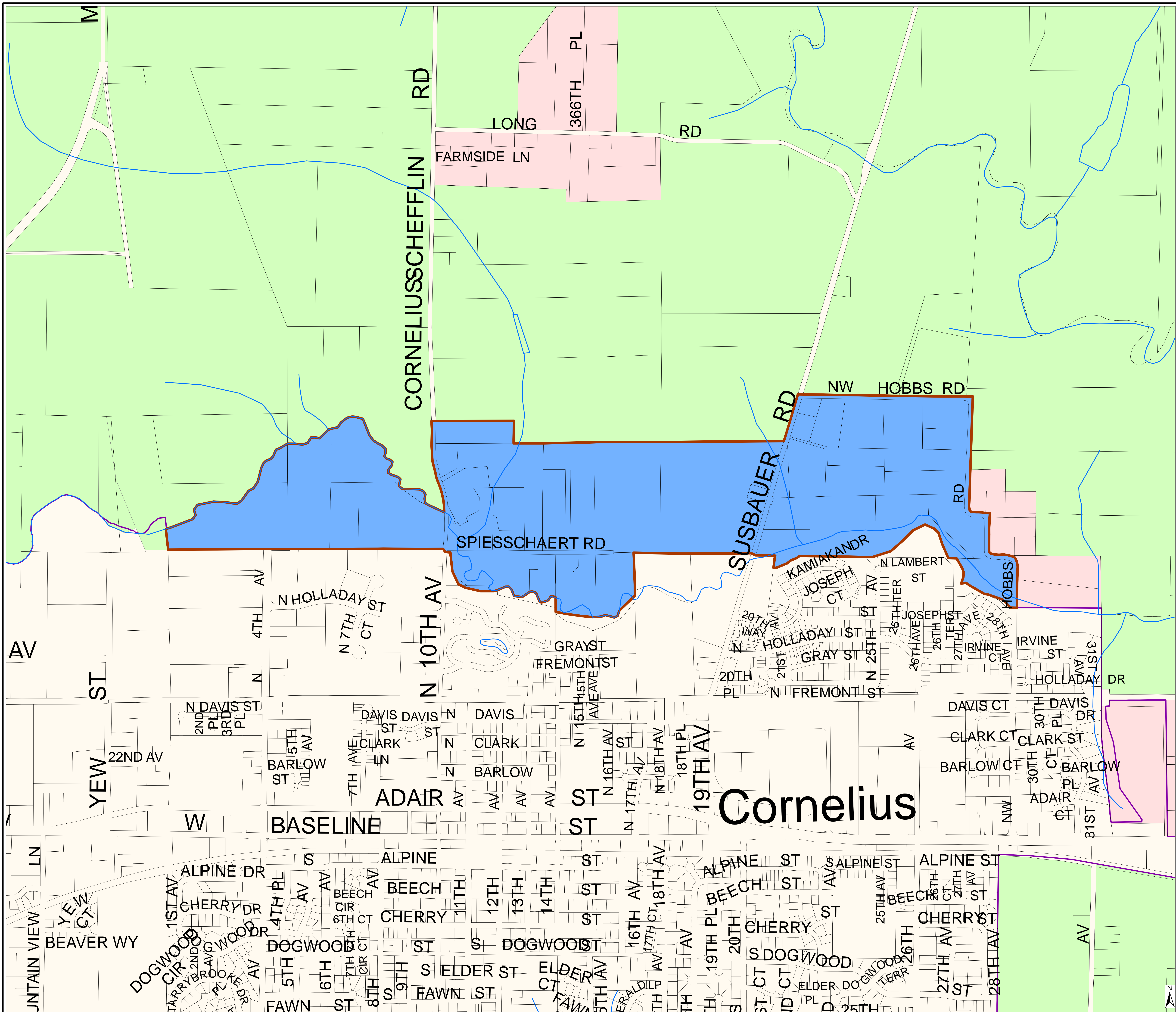
2005 UGB Expansion

LCDC Remand Order
05-WKTASK 001673

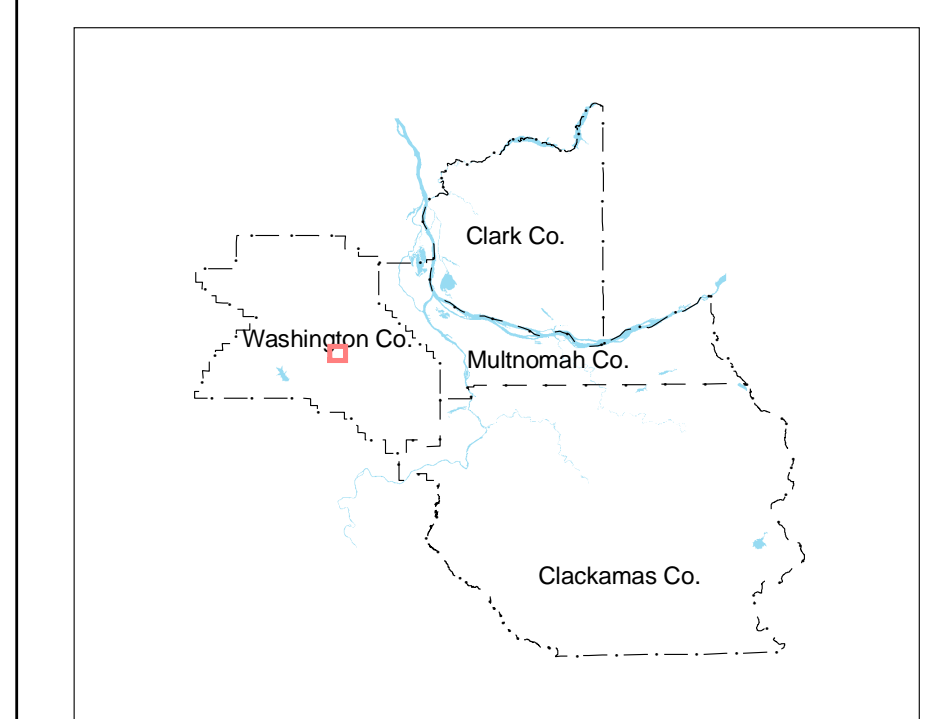
Cornelius

- Industrial Design Type
- Study Area Boundary
- Resource Land
- Exception Land
- UGB

Total Acres = 261
 Exception Land = 154 ac.
 Resource Land = 107 ac,
 Gross Buildable Acres = 137
 Deduction for Future Streets = 46 ac.
 Net Buildable Acres = 91 ac.



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Location Map

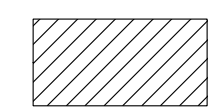
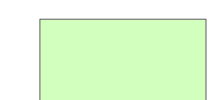




Ordinance 05-1070
Exhibit A-3

2005 UGB Expansion

LCDC Remand Order
05-WKTASK 001673

Cornelius

-  Cornelius
-  Resource Land
-  Exception Land
-  UGB

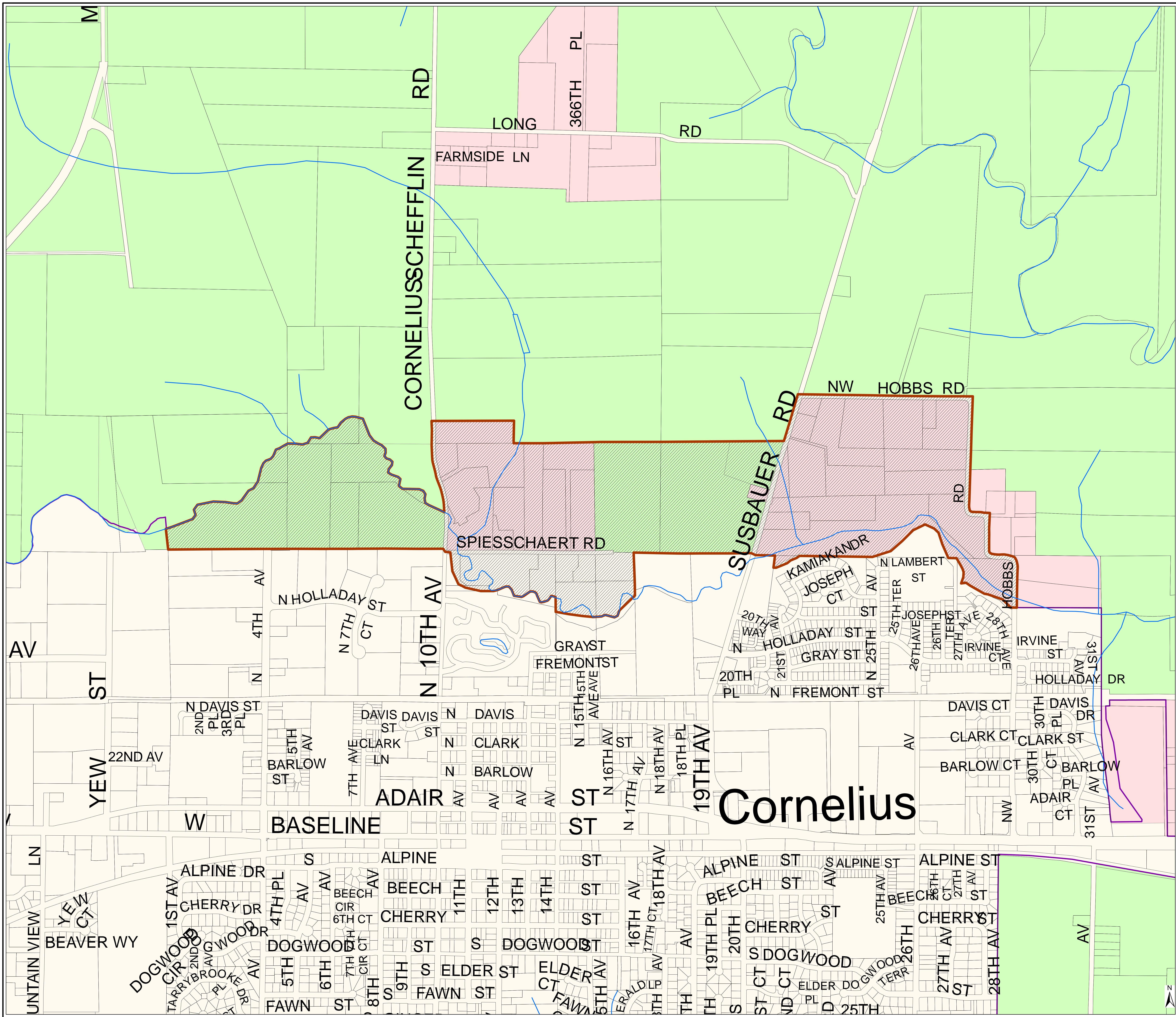
Total Acres = 261

Exception Land = 154 ac.
Resource Land = 107 ac,

Gross Buildable Acres = 137

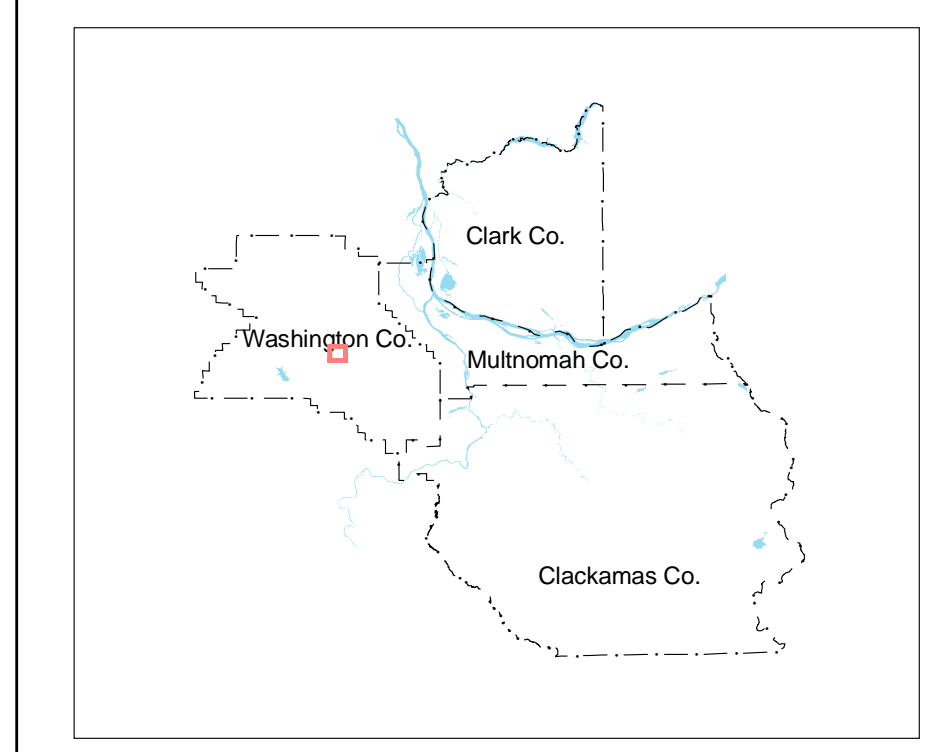
Deduction for Future Streets = 46 ac.

Net Buildable Acres = 91 ac.



Cornelius

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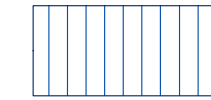


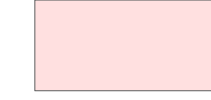

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Ordinance 05-1070 Exhibit A - 4

2005 UGB Expansion

LCDC Remand Order
05-WKTASK 001673

Hayden Island
Terminal 6

-  Industrial Design Type
-  Portland City Boundary
-  Resource Land
-  Exception Land
-  UGB

Total Acres = 261

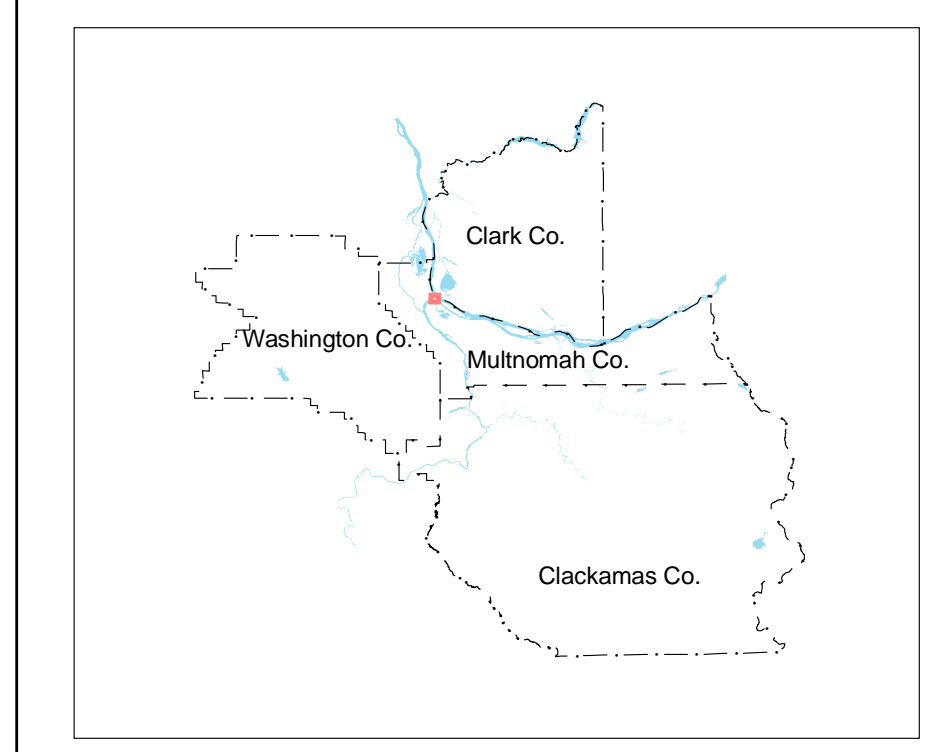
Exception Land = 154 ac.
Resource Land = 107 ac,

Gross Buildable Acres = 137

Deduction for Future Streets = 46 ac.

Net Buildable Acres = 91 ac.

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.



Location Map



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Exhibit B to Ordinance No. 05-1070
Conditions of Approval

A. Evergreen Area

1. The City of Hillsboro, in coordination with Washington County and Metro, shall complete the planning required by Metro Code Title 11, Urban Growth Management Functional Plan (“UGMFP”), section 3.07.1120 (“Title 11 Planning”) for the Evergreen area shown on Exhibit “A” to this ordinance. The city shall ensure that planning for the Evergreen area is coordinated with planning for the Helvetia area added to the UGB by Ordinance No. 04-1040B. The city or county shall complete Title 11 planning within ___ years after the effective date of this ordinance.

2. The city shall apply the 2040 Growth Concept design types shown on Exhibit “A” of this ordinance to the planning required by Title 11 for the study area.

3. The city shall apply the interim protection standards in Metro Code Title 11, UGMFP, section 3.07.1110, to the Evergreen area until the effective date of the comprehensive plan provisions and land use regulations are adopted to implement Title 11.

4. The city shall adopt provisions – such as setbacks, buffers and designated lanes for movement of slow-moving farm machinery – in its land use regulations to enhance compatibility between industrial uses in the Evergreen area and agricultural practices on adjacent land outside the UGB that is zoned for farm or forest use.

5. In the course of Title 11 planning, the city shall comply with the Regional Framework Plan, as implemented by Title 13 (“Nature in Neighborhoods”) of the UGMFP for the protection of fish and wildlife habitat in the Evergreen area.

6. In the course of Title 11 planning, the city shall develop a lot/parcel reconfiguration plan that results in at least one parcel in the Evergreen area that is 100 acres or larger in size. After reconfigurations, the parcel may be divided pursuant to the provision to the provision of section 3.07.420E or 3.07.430D, whichever is applicable.

B. Cornelius Area

1. The City of Cornelius, in coordination with Washington County and Metro, shall complete the planning required by Metro Code Title 11, UGFMP, section 3.07.1120 (“Title 11 Planning”) for the Cornelius area shown on Exhibit “A” to this ordinance. The city or county shall complete Title 11 planning within ___ years after the effective date of this ordinance.

2. The city shall apply the 2040 Growth Concept design types shown on Exhibit “A” of this ordinance to the planning required by Title 11 for the study area.

3. The city shall apply the interim protection standards in Metro Code Title 11, UGMFP, section 3.07.1110, to the Cornelius area until the effective date of the comprehensive plan provisions and land use regulations are adopted to implement Title 11.

4. The city shall adopt provisions – such as setbacks, buffers and designated lanes for movement of slow-moving farm machinery – in its land use regulations to enhance compatibility between industrial uses in the Cornelius area and agricultural practices on adjacent land outside the UGB that is zoned for farm or forest use.

5. In the course of Title 11 planning, the city shall comply with the Regional Framework Plan, as implemented by Title 13 (“Nature in Neighborhoods”) of the UGMFP for the protection of fish and wildlife habitat in the Cornelius area.

C. Hayden Island, Terminal 6 Area

1. The City of Portland shall complete the planning required by Metro Code Title 11, UGMFP, section 3.07.1120 (“Title 11 Planning”) for the Hayden Island, Terminal 6 area shown on Exhibit “A” to this ordinance. The city shall complete Title 11 planning within two years after the effective date of this ordinance.

2. The city shall apply the 2040 Growth Concept design type shown on Exhibit “A” of this ordinance to the planning required by Title 11 for the area.

STAFF REPORT

ORDINANCE NO. 05-1070, FOR THE PURPOSE OF AMENDING THE METRO URBAN GROWTH BOUNDARY TO INCREASE CAPACITY TO ACCOMMODATE GROWTH INDUSTRIAL EMPLOYMENT IN RESPONSE TO REMAND FROM THE LAND CONSERVATION AND DEVELOPMENT COMMISSION.

Date: October 13, 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 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 will be 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.

As part of the LCD's review and acknowledgement of these decisions made by the Metro Council the following Remand Order has been issued. Remand Order 05-WK TASK-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, Beaver Creek, 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.

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 to Satisfy the Remand

The proposed recommendation from the Chief Operating Officer satisfies each of these issues contained in the remand work order and will be satisfied by the following actions:

- Include an additional 198 acres to ensure that adequate land has been allotted for infrastructure (streets);
- 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;
- Add 348 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 198 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 the Cornelius area into the UGB.

¹ Future streets have been deducted from net acres.

Each of the tasks in the remand work order is discussed in more detail in the following Staff Report.

1. Ensure that the amount of land added to the UGB under Task 2 includes an adequate amount of land for public infrastructure including streets:

Metro applied a methodology to deduct for the loss of land due to the public infrastructure (streets). All other utilities such as sanitary sewer, domestic water, natural gas, cable phone and electric are accounted for and contained within the typical dedication for streets. This methodology for accounting for street right of way was consistent with that used in previous urban growth reports to account for streets and is based on lot size. The total reduction in buildable acres by accounting for street right of way is 198 acres.

The 2002 Alternative Analysis methodology did not include a deduction for streets on lands that were being considered purely for industrial purposes. This was due in part to the single purpose for which the land was being considered and because of the variability of building types and uses that might occur on this land which would make it difficult to assess an appropriate deduction. Metro has assumed that other public infrastructure including sanitary sewer, natural gas, electric, cable, phone and domestic water are accounted for within any dedications of public right of way for streets or in easements, which do not impact the buildable land, supply. Most development includes a standard seven-foot public utility easement along the frontage of all lots that is available if needed for electrical, water, cable, fiber optics and sanitary sewer. Because these easements are located within areas that are typically set aside for required building setbacks no deduction has been made in buildable lands for sanitary sewer or domestic water. Major public utility easements for BPA and natural gas transmission lines have been deducted from buildable lands because of the size of these easements and the restrictions on uses within these areas that are necessary due to safety concerns.

Methodology

To make an appropriate deduction for street right of way, which as the discussion above indicates that the land needs for other utilities are included and for consistency with previous UGB assessment work, the methodology adopted and acknowledged in the 1997 and 2002 Residential and Employment Urban Growth Reports (UGR's) will be replicated. The methodology used in the UGR (1997 and 2002) to determine net vacant buildable land included the following deductions for streets based on the size of the tax lot: lots under 3/8th of an acre at 0 percent, lots from 3/8th of an acre up to one acre at 10 percent; and all lots over one acre in size at 18.5 percent. Applying this methodology to the areas included in the UGB for industrial purposes in 2004 decreased the net buildable land available by 198 acres. This results in a need to add 198 net acres of additional buildable land to the UGB to meet the 20-year land supply requirement.

Table 1 contains the deductions necessary for streets based on the size of the lots located in each expansion area (2004 and 2005). The total acres lost to streets for the lands included in the UGB, in 2004 is based on the methodology discussed above, totals 198 net acres. Table 1 also shows that the same methodology, when applied to the Evergreen Study area results in a loss of 108 acres.

Table 1. Deductions for Streets in 2004 and 2005 Expansion Areas

EXPANSION AREAS	Total Acres	Net Acres²	Reduction for Streets	Tier and Designation	2040 Design Type
2004 Expansion Areas					
Damascus West	102	58	11	Tier 4 -Resource	Industrial
Tualatin	646	273	66	Tier 1-Exception	Industrial
Quarry (partial)	354	190	46	Tier 4 -Resource	Industrial
Beavercreek	63	25	5	Tier 4 -Resource	Industrial
Coffee Creek (partial)	264	78	19	Tier 1 - Exception	Industrial
Cornelius (partial)	261	114	23	Tiers 1 & 5 - Mixed	RSIA
Helvetia (partial)	249	121	28	Tiers 1 & 3 - Mixed	RSIA
TOTAL	1,939	859	198		
2005 Expansion Areas				Tier 1 & 5 Mixed	RSIA-partial
Evergreen (partial)	624	348	108		
TOTAL Including 2005 Areas	2,563	1,207	306		

2. Amend the Employment UGR as necessary to incorporate any changes to assumptions in the analysis to reconcile the change in the commercial refill rate to 52 percent from 50 percent:

After much policy discussion regarding emerging trends of the conversion of traditional manufacturing-based industrial jobs to a more knowledge based economy that relies on building types and densities that more closely resemble commercial office, the Metro Council adopted a commercial refill rate of 52 percent. As a result, the Employment UGR has been amended to reflect the adoption of a 52 percent refill rate.

Refill Data

The Employment UGR uses both MetroScope modeling data and historic data to define a range of assumptions to assess the capacity of land available in the UGB to accommodate population and employment growth. The Employment UGR discusses both the results of MetroScope modeling and the observed historic average for refill activity. MetroScope is an integrated land use and transportation model that incorporates historic data to estimate the effects of policy changes and land additions to the UGB. In modeling of a base case scenario, which is an estimate of applying existing policies, MetroScope indicated an average commercial refill rate of 50 percent. The refill rate is the share of region’s demand for employment land that is met by infill and redevelopment.

The observed refill rate, computed from several studies on refill activity during the 1990’s, was an average of 52 percent. The difference between the 50 percent rate in the UGR and the observed rate of 52 percent is minimal and can be understood by examining market activity and policies that are currently in place. Using the observed refill rate (52 percent) rather than the modeled rate means that effectively there is more commercial

² Net acres include: deductions for streets, Title 3, floodplain and slopes.

land available to satisfy the portion of industrial demand that is most similar to commercial office.

Applying the Refill Rate

Assuming an increased refill rate is consistent with regional policies and programs that encourage development in the region's regional and town centers. Typically, town and regional center redevelopment is at greater densities that result in a compact urban form. Metro has developed several new programs to encourage development in centers, urban investment and redevelopment of brownfield sites. All of these actions support more efficient utilization of the region's land supply and higher refill rates over time.

The conversion of older industrial areas to higher density uses and the cross-consumption of industrial areas for commercial uses were well documented in the MetroScope base case modeling and also in observed building permit activity. In addition, the Metro Council received testimony from industrial users and real estate professionals that trends indicate that future industrial users will use and occupy building space differently from the past. In today's market, Industrial operations are more likely to contain more office and product development type functions rather than traditional manufacturing that requires raw material storage and the use of heavy equipment.

After much discussion regarding emerging trends of the conversion of traditional manufacturing-based industrial jobs to a more knowledge based economy that relies on building types and densities that more closely resemble commercial office, the Metro Council adopted commercial refill rate of 52 percent. As a result, the Employment UGR has been amended to reflect the adoption of a 52 percent refill rate. The amendment to the Employment UGR is provided in Attachment 1. As indicated in the Supplemental Staff Report, June 21, 2004, adopted by Ordinance No. 04-1040B, applying the observed refill rate of 52 percent to the total adjusted demand for commercial land, which was estimated at 4,757 net acres results in a surplus of 178 net acres of land that has been applied to reduce the industrial land deficit.

3. Demonstrate the supply of large lots inside of the UGB is sufficient to meet the demand for large lots identified in the Employment UGR and either demonstrate how the need can be accommodated within the existing UGB or whether additional parcels are obtained by adding land to the UGB:

The need for large lots (50 to 100 plus acre categories) has been met by examining the land supply in the UGB including the expansion areas added in 2002, 2004 and a condition to form a 100 acre lot in the 2005 expansion areas. This study included an examination of all adjoining tax lots under the same ownership and compared the size of these lots to the demand for lots in the 50 to 100 acre categories. The result is that the 100-acre category demand has been met and there is a surplus of four lots in the 50 to 100 acre category.

Lot Size by Sector

Metro examined the need for large lots of industrial land to meet the warehouse/distribution, tech-flex and manufacturing sectors for expansion and retention purposes. The Employment UGR discussed the need for industrial land in terms of lot size, building types, employment sectors and densities. The need for large lots for industrial purposes in the region has been discussed and examined in great length over the last several years. As a result of this work including studies such as the Regional

Industrial Land Study completed in 1999 the methodology for assessing the industrial land supply was modified in the Employment UGR.

The Employment UGR indicated a need for 10 lots within the 50 to 100 acre range and 4 lots in the 100 plus acre size range. The demand for these large lots (50 acres and greater) can be satisfied on existing land located within the UGB or on new land that was added to the UGB in 2002, 2004 and 2005 expansions.

2005 Study of Lots Under the Same Ownership

Metro completed an aggregation study of tax lots that were located in the Alternative Analysis study and the 2002, 2004 expansion areas that were most suitable for industrial development.³ Additional analysis was performed in 2005 to consider the likelihood of consolidation to produce larger lots for development based upon the existing ownership patterns in the 2002, 2004 and 2005 expansion areas. The study used Regional Land Information System (RLIS) data that included size of parcels, location and ownership based on information provided by the county tax assessor's offices. The most conservative approach considered only contiguous tax lots under the same ownership. All contiguous tax lots under the same ownership were considered to be available to be consolidated for development purposes.

Using this method most likely under-estimates the possibility of forming larger parcels for development because some aggregation will undoubtedly occur on lots under different ownership as well. This analysis is considered a surrogate for the status of legal lots for development purposes because this information is not obtainable for a study of this size. Obtaining legal lot status would require a title research for every tax lot in the study. Tax lots may be created or split only for tax purposes and not necessarily for sale which may give the impression that there are actually fewer large legal lots of record available.

Table 2 below assessed the available land supply by lot size and demonstrated that the supply for lots within the 50 to 100 acre size range exceeded the need when contiguous lots under the same ownership were examined. The supply in the 100 plus acre size range will be met with a condition proposed for the 2005 expansion areas to form at least one 100-acre lot for development through consolidation. Table 2 compares the available land supply by lot size and year with the demand for large lot industrial land.

³ Industrial Land Aggregation Methodology, Test and Results, September 24, 2003, Ordinance No. 04-1040B, Appendix Item m.

Table 2. Demand and Supply Comparison to Meet Need for Large Lots

Supply-Availability of Land	50-100 acre lots	100 plus acre lots
2000 UGB ⁴	3	0
2002 Expansion areas ⁵	6	2
2004 Expansion areas ⁶	3	1
2005 Expansion Areas⁷	2	1
<i>Total</i>	14	4
DEMAND FOR LAND	10	4
<i>Surplus</i>	4	0

In addition to meeting the need for large lots by examining tax lots under common ownership the potential for aggregation between separate owners was considered but the results were not included in Table 2. In the 2002, 2004 and 2005 expansion areas there are numerous parcels of land that exceed 30 acres in size that are located adjacent to large lots. These situations provide good opportunities to form larger development areas to supplement the need for large lots.

The conditions applied to the Evergreen area include a consolidation requirement as a condition of approval to form at least one 100-acre development area to satisfy the 100 plus acre large lot requirement. The study area contains a number of medium to large tax lots (between 20 to 50 acres). The area contains one 48 acre and 36-acre tax lots. The area also contains five 20-acre tax lots that could be consolidated into larger lots. The majority of the medium to large tax lots are either vacant or contain single-family residential uses and low value agricultural outbuildings.

Table 2 illustrates that the demand for large parcels will be met through land available inside of the UGB in 2000 and through UGB expansions in 2002, 2004 and 2005.

4. Clarify whether 70 percent of the land for warehousing and distribution uses applies to all vacant industrial land or only to the need to add land to the UGB:

Based on an examination of the land supply inside of the UGB (including the 2002, 2004 and proposed 2005 expansion areas) there is sufficient land available to demonstrate that 70 percent of the total need for warehouse and distribution uses has been satisfied. A total of 77.6 percent of the land inside of the UGB is available for warehouse and distribution use.

⁴ See Employment UGR page 32, Table 17- Metro UGB Industrial Inventory Less Commercial Development (Potentially Available Industrial Land). Page 34, footnote 23. The supply was adjusted for commercial consumption of industrial land, for the consumption of land from the 2000 vacant land inventory to the beginning of the forecast period (2002) and land consumed up to the point where this report was published.

⁵ The 2004 expansion areas had conditions of approval that required aggregation to form larger lots for development. The three areas contain the following conditions: 1) Springwater- form the largest number of parcels 50 acres or larger, 2) Shute Road- form at least one 100 acre or larger lot or three 50 acre or larger lots and 3) Tigard Sand and Gravel- form at least one 100 acre or two 50 acre lots. These conditions have been included in the estimates for providing large lots.

⁶ A 96.20 acre lot under a single ownership is assumed to satisfy the 100-acre lot size requirement.

⁷ The 2005 expansion areas have conditions of approval requiring consolidation of lots to form at least one 100-acre development area in order to meet the need for large lots. A 48-acre lot is assumed to meet the 50 to 100 acre lot size requirement.

The Employment UGR segregated the demand for industrial land into three sectors; 1) warehouse/distribution, 2) tech flex and 3) general manufacturing. The Employment UGR forecasted that 70 percent of the total vacant industrial land need is for warehouse and distribution type industries. The 2004 Industrial Land Alternatives Analysis study areas were examined based on the following locational factors: 1) transportation access within two miles of an interchange; 2) location within one mile of other industrial areas and; 3) a minimum size of 300 acres for the formation of new industrial areas. Different industries have different needs for access or proximity to suppliers. Because of the nature of the warehouse and distribution industry good access to major arterials, highways and freeways on transportation routes that are located adjacent to non-residential uses is key. Access to these types of facilities through residential areas is not desirable due to potential conflicts and travel patterns.

2005 Analysis of Warehouse and Distribution Opportunities

A more specific analysis was conducted to identify the key site characteristics necessary for location of warehouse and distribution uses. This analysis consisted of examining several studies that have been conducted to understand the value of the distribution industry to the regional economy and a GIS based study of employment data and industrial land and infrastructure locations.

State Employment 202 Data

An examination of the covered State Employment 202 data reveals that there are concentrations of distribution and logistics firms (warehouse/distribution and wholesale trade) inside the existing UGB along I-5, I-84, Highway 217, Highway 212/224, Highway 30, adjacent to Port Terminal facilities, Columbia Boulevard and on marine Drive.⁸ This data was mapped and compared to the region's industrial and vacant land base and arterial/highway base to indicate where existing firms have chosen to locate. The patterns and concentrations of wholesale trade and warehouse and distribution firms reveals information on the importance of transportation, zoning requirements and some suppliers are needed to serve the population base. Wholesale trade firms are located throughout the region but are heavily concentrated in the same locations as distribution and logistics firms. It is estimated that 75.4 percent of firms of these types are located within a distance of one-mile from the transportation corridors discussed above. The one-mile limit was selected for analysis because of the concentration of existing firms around interchange locations and Port facilities instead of a two-mile limit that was recommended in interviews conducted with industrial users as part of a locational and siting study.⁹

Freight movement is generally concentrated along I-5, I-84 and I-205 within two miles of an interchange. Highway 26 is much less desirable for regional warehouse/distribution uses because of congestion and distance from Port facilities, except for localized warehouse and distribution functions are important for serving the population located west of the Willamette River as well as the industrial base that stretches from Hillsboro to the Tualatin/Wilsonville area.

Localized warehouse and distribution functions serve firms located in existing industrial areas in key transportation corridors (I-5, I-84 and I-205) or adjacent to Port facilities but

⁸ Port terminal facilities: terminal 2, 4, 5 and 6.

⁹ Industrial Land and Siting Factors memorandum included in Metro Ordinance 04-1040B, Appendix A, item o.

they may also provide support for commercial users and the population base located throughout the UGB. Warehouse and distribution functions may include movement of goods from local suppliers, product shipments and retail/wholesale activities. This demand for localized warehouse and distribution services (firms) corresponds to the demand for a relatively high number of lots in the under one to 10 acre category range. In fact, 93 percent of the overall demand for warehouse and distribution land is expected to be satisfied on smaller lots (under 10 acres).

Port of Portland Study on Economics of the Distribution Industry

The Port of Portland conducted a study titled The Economic Impacts of the Value Added Regional Distribution Industry In The Portland Area (EVD Study). The EVD Study provides information on the industry sectors within the distribution and logistics industry, job densities, salaries, revenue estimates and types of operations that produce spin-off economic impacts. The study was based on interviews with 67 different firms to collect data on job densities, induced job effects, wages and salaries and to produce an income multiplier for the value added benefits of the distribution industry. The information presented in this study is pertinent to the discussion of whether the region's land supply is adequate to meet the land needs of the warehouse and distribution sector which has been forecasted to consume up to 70 percent of the need for vacant industrial land.

The study found that there are nine key distribution sectors located in our region and they include: apparel, food products, local food distribution, beverage, paper/paper products, steel and metal, lumber/forest products, general retail/wholesale and miscellaneous bulk distribution. This shows the diversity of the distribution and logistics industry, confirms some of the land size requirements discussed in the Employment UGR and affirms how this industry is dispersed throughout the region depending upon the needs of a particular type of firm. These industries use both local and regional distribution transportation networks to transload, package and ship products within the region. Some of these firms take advantage of the region's port, air cargo, steamship service and rail networks.

Testimony During 2004 Expansion Process

No conditions of approval were imposed on areas brought into the UGB for industrial purposes to require that the areas specifically be used for this warehouse and distribution use. Rather, these areas will be permitted to respond to the needs of the market as the economy evolves over the planning period. Metro Council heard testimony from local governments, industry experts and economic development professionals that employment land needs and firm location decisions are changing quickly. The land and structure needs of a particular industry are responding to the demands of international business cycles and as a result the local land supply needs to be responsive.

How Land Meets Warehouse/Distribution Needs

Demand for warehouse and distribution purposes is generated by the need to support industrial users, suppliers and the wholesale distribution needs generated from localized population centers. This premise is supported by the findings from the Port of Portland's study, an examination of State 202 data and research conducted for the 2004 decision. The UGB contains approximately 10,589 gross vacant industrial acres or 60 percent of vacant industrial land that could be used for warehouse and distribution purposes due to the proximity to Port facilities and the freeway system discussed above (one-mile).¹⁰ This land combined with the land added to the UGB in 2002 and 2004 in the Damascus and

¹⁰ 2002, 2004 and proposed 2005 expansion areas.

Tualatin areas will be available to meet the need for vacant industrial land for warehouse and distribution purposes (3,204 gross vacant acres) at approximately 77.6 percent. The Damascus area (roughly 12,000 gross acres) is being concept planned for a full range of urban uses including residential, industrial and employment. An environmental impact statement (EIS) is being prepared to determine the best alignment for the first phase of the Sunrise Corridor to provide transportation access to this area. Phase I of the Sunrise Corridor extends from I-205 to 172nd Avenue and will increase accessibility to planned industrial areas. As this area urbanizes and a range of uses from residential, commercial and industrial locate in this area the demand for warehouse and distribution uses to serve both industrial uses and the derived demand from residential development at urban densities will increase. This assertion is confirmed through the examination of State Employment 202 data that demonstrated a strong correlation between population, highway access and an industry base and warehouse and distribution uses. The need for warehouse and distribution land is satisfied on all vacant land located within the UGB by establishing that 77.6 percent of the vacant industrial land supply is available for warehouse and distribution use.

5. Based on the analysis of items 1-4 above recalculate the total industrial supply and demand and compare with the identified land need of 1,180 net acres:

The total need for industrial demand is re-calculated at 331 net acres and is proposed to be met by including a portion of the Evergreen area in the UGB. The total industrial land need was calculated by meeting the shortfall in the need for industrial land of 133 acres and making up the reduction of net buildable land for public infrastructure of 198 net acres.

20-Year Land Supply and Demand

The UGB expansion completed in 2004 did not fully satisfy the requirements for a providing a 20-year supply of industrial land. The total net supply was short 133 acres of industrial land. With the proposed 2005 expansion the shortfall in the overall need for industrial land and the compensation for the reduction in buildable lands for streets a 20-year supply will be provided. Taking into account the deduction for public infrastructure including streets in all areas that have been added to the UGB in 2004 the total unsatisfied need for land is 331 net acres.¹¹ Table 3 describes the accounting of the demand for land, supply and deductions for infrastructure. With the proposed expansion of the UGB in the Evergreen area a 20-year supply of industrial land will be provided. Discussion of which study areas were considered, the Factors in State law (Goal 14) that must be addressed and a comparison with Metro policies follows.

Table 3. Reconciliation of Land Supply to Meet the Need for Industrial land

	Net Acres
<i>Demand for Industrial Land</i> ¹²	1,180
2004 UGB Amendments	(1,047)
Increase in the Demand for Land based on a reduction for streets ¹³	198
DEFICIT	133
TOTAL REMAINING DEMAND	(331)
Proposed 2005 UGB Expansion ¹⁴	348
NET DIFFERENCE BETWEEN SUPPLY AND DEMAND	17

Discussion of Areas Considered to Meet the 20 Year Supply of Industrial Land

In 2004 the Metro Council analyzed twelve resource land study areas that contain mostly Class II soils only after including suitable exception land areas and resource land areas of less capable soils (Class III & IV soils). The soil types in Table 4 are based on the total acreage in the study areas, including exception lands. After analysis of soil types the areas were evaluated according to Goal 14 and Metro Policies.

Table 4. Soil Class by Study Area

Area	Total Acres	Class I		Class II		Class III		Class IV		Except. Land	
		ac.	%	ac.	%	ac.	%	ac.	%	ac.	%
Cornelius (partial)	261	2	0	143	55	77	30	0	0	148	57
Cornelius (full area)	1,154	2	0	634	55	346	30	0	0	228	20
Evergreen (partial)	624	1	0	333	60	37	7	0	0	218	35
Evergreen (full area)	985	14	1	591	60	69	7	1	0	305	31
Farmington	690	0	0	568	82	90	13	0	0	102	15
Forest Grove East	836	11	1	691	83	134	16	0	0	74	9
Forest Grove West	477	0	0	340	71	128	27	0	0	0	0
Helvetia ¹⁵	1,273	192	15	719	56	353	28	0	0	76	6
Hillsboro South	715	36	5	526	74	152	21	0	0	0	0
Jackson School Rd	1,046	1	0	833	80	121	12	12	1	129	12
Noyer Creek	359	0	0	301	84	44	12	1	0	61	17
West Union	1,451	6	1	666	46	674	46	70	5	21	1
Wilsonville East	881	0	0	719	82	66	7	23	3	16	2
Wilsonville South	1,178	10	1	1,074	91	29	2	0	0	196	17

Statewide Planning Goals 14 and 2

The Metro Council compared the twelve resource land study areas with Class II soils using the “locational” factors in Goal 14 (factors 3-7) to address serviceability, environmental, social, economic, energy and agricultural impacts. Goal 14- Urbanization provides for an orderly and efficient transition from rural to urban use. The goal defines the use of urban growth boundaries as a tool to identify and separate urbanizable land

¹² 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.

¹³ 2004 expansion area reduction in buildable lands

¹⁴ The adjustment to the UGB at terminal 6 will not add any developable land to the regions industrial land supply.

¹⁵ 249 acres of land were added to the UGB and acknowledged by LCDC in 2005.

from rural lands. Changes the UGB shall be based upon the balancing of the following factors:

- demonstration of the need for land based on population and growth forecasts for housing, employment and livability purposes;
- maximizing the efficiency of land uses within and on the fringe of the existing urban area;
- evaluating the environmental, energy, economic and social consequences;
- retention of agricultural land with class I being the highest priority for retention and class VI being the lowest; and
- demonstration of compatibility or urban uses with nearby agricultural activities.

Goal 14 describes a number of requirements that must be met that may be in conflict with one another. The Goal does not contemplate satisfying all elements of those requirements but instead requires a balancing of impacts.

Goal 2 part II -Exceptions, governs land use planning and applies to the UGB amendment process because it establishes a land use planning process, a policy framework and a basis for taking exceptions to the goal. An exception can be taken if the land is physically developed or irrevocably committed to uses not permitted by the goal, as well as the policies in the Regional Framework Plan (RFP) and the Regional Transportation Plan (RTP). A comparison of study area by locational factors is shown in Table 4.

Table 4. Goal 14 Locational Factor Scores

Area	Locational Factor Scores						
	Trans.	Sewer	Water	Storm	Environ.	SEE	Agriculture
Cornelius (partial)	Easy	Easy	Easy	Easy	Moderate	Low	Moderate
Evergreen (partial)	Moderate	Difficult	Easy	Easy	Moderate	Moderate	Moderate
Farmington	Moderate	Difficult	Easy	Easy	Moderate	Moderate	High
Forest Grove East	Moderate	Easy	Moderate	Easy	Moderate	High	High
Forest Grove West	Moderate	Easy	Moderate	Easy	Moderate	High	High
Helvetia ¹⁶	Moderate	Moderate	Easy	Easy	Moderate	High	High
Hillsboro South	Moderate	Difficult	Easy	Easy	Low	Moderate	Moderate
Jackson School Rd	Moderate	Difficult	Easy	Easy	Low	High	High
Noyer Creek	Easy	Difficult	Moderate	Easy	Low	Moderate	Low
West Union	Moderate	Moderate	Moderate	Easy	High	High	High
Wilsonville East	Moderate	Difficult	Difficult	Moderate	Low	High	High
Wilsonville South	Difficult	Difficult	Difficult	Moderate	Low	High	High

Application of Metro Policies

In addition to weighing and balancing of the Goal 14 locational factors in Table 4 to determine which areas are able to satisfy the demand for land for industrial purposes most efficiently, with the least amount of impacts and for consistency with adopted Metro policies. Metro’s management of the UGB is guided by standards and procedures that are consistent with the policies identified in Sections 1 through 6 of the Regional Framework Plan (RFP) and the Regional Transportation Plan (RTP). These policies were formulated to guide the decision-making regarding expansion of the UGB, growth management, protection of natural resources, providing an efficient transportation system and to

¹⁶ 249 acres of land were added to the UGB and acknowledged by LCDC in 2005.

provide definition to the urban form for the region. The policies listed below do not take precedence over criteria in state law but can be applied within the decision-making process to lands that are similarly situated between soil classes. The twelve areas under consideration that are discussed above are similarly situated lands that may meet the region's need for industrial land. Metro policies are combined with the Goal 14 Factors in nine comprehensive factors in Table 5 to aid in balancing and choosing the areas for inclusion in the UGB. Applicable Metro policies are listed below and then summarized in Table 5.

Regional Framework Plan, Section 1: Land Use

This section contains specific goals and objectives adopted to guide Metro in future growth management land use planning. Listed below in full or in part are the policies that are expressly or implicitly apply to this UGB expansion decision.

Policy 1. Urban Form

The quality of life and the urban form of our region are closely linked. The Growth Concept is based on the belief that we can continue to grow and enhance livability by making the right choices for how we grow. The region's growth will be balanced by:

- Maintaining a compact urban form, with easy access to nature;
- Preserving existing stable and distinct neighborhoods by focusing commercial and residential growth in mixed-use centers and corridors at a pedestrian scale;
- Assuring affordability and maintaining a variety of housing choices with good access to jobs and assuring that market-based preferences are not eliminated by regulation; and
- Targeting public investments to reinforce a compact urban form.

Policy 1.2 Built Environment

Development in the region should occur in a coordinated and balanced fashion as evidenced by:

- Taking a regional "fair-share" approach to meeting the housing needs of the urban population.
- Providing infrastructure and critical public services concurrent with the pace of urban growth and that supports the 2040 Growth Concept.
- Continuing growth of regional economic opportunity, balanced so as to provide an equitable distribution of jobs, income, investment and tax capacity throughout the region and to support other regional goals and objectives.
- Coordinating public investment with local comprehensive and regional functional plans.
- Creating of a balanced transportation system, less dependent on the private automobile, supported by both the use of emerging technology and the location of jobs, housing, commercial activity, parks and open space.

Policy 1.4 Economic Opportunity

Metro should support public policy that maintains a strong economic climate through encouraging the development of a diverse and sufficient supply of jobs, especially family wage jobs, in appropriate locations throughout the region. In weighing and balancing various values, goals and objectives, the values, needs, choices and desires of consumers should also be taken into account. The values, needs and desires of consumers include:

- Low costs for goods and services;
- Convenience, including nearby and easily accessible stores; quick, safe, and readily available transportation by all modes;

- A wide and deep selection of goods and services;
- Quality service;
- Safety and security; and
- Comfort, enjoyment and entertainment.

Expansions of the UGB for industrial or commercial purposes shall occur in locations consistent with this plan and where, consistent with state statutes and statewide goals an assessment of the type, mix and wages of existing and anticipated jobs within subregions justifies such expansion. According to the Regional Industrial Land Study, economic expansion of the 1990s diminished the region’s inventory of land suitable for industries that offer the best opportunities for new family-wage jobs. Sites suitable for these industries should be identified and protected from incompatible uses.

Policy 1.4.1 Industrial Land

Metro, with the aid of leaders in the business and development community and local governments in the region, shall designate as Regionally Significant Industrial Areas those areas with site characteristics that make them especially suitable for the particular requirements of industries that offer the best opportunities for family-wage jobs.

Policy 1.4.2 Industrial Land

Metro, through the Urban Growth Management Functional Plan, and local governments shall exercise their comprehensive planning and zoning authorities to protect Regionally Significant Industrial Areas from incompatible uses.

Policy 1.6 Growth Management

The management of the urban land supply shall occur in a manner consistent with state law that:

- Encourages the evolution of an efficient urban growth form;
- Provides a clear distinction between urban and rural lands;
- Supports interconnected but distinct communities in the urban region;
- Recognizes the inter-relationship between development of vacant land and redevelopment objectives in all parts of the urban region; and
- Is consistent with the 2040 Growth Concept and helps attain the region’s objectives.

Policy 1.7 Urban/Rural Transition

This policy states “There should be a clear transition between urban and rural land that makes best use of natural and built landscape features and that recognizes the likely long-term prospects for regional urban growth.

- *Boundary Features* – The Metro UGB should be located using natural and built features, including roads, rivers, creeks, streams, drainage basin boundaries, floodplains, power lines, major topographic features and historic patterns of land use or settlement.”

Policy 1.9 Urban Growth Boundaries

It is the policy of Metro to ensure that expansions of the UGB help achieve the objectives of the 2040 Growth Concept. When Metro expands the boundary, it shall determine whether the expansion will enhance the roles of Centers and, to the extent practicable, ensure that it does. The regional UGB, a long-term planning tool, shall separate urbanizable from rural land and be based in aggregate on the region’s 20-year projected

need for urban land. The UGB shall be located consistent with statewide planning goals and these RUGGOs and adopted Metro Council procedures for UGB.

Policy 1.11 Neighbor Cities

This policy states “Growth in cities outside the Metro UGB, occurring in conjunction with the overall population and employment growth in the region, should be coordinated with Metro’s growth management activities through cooperative agreements which provide for:

- *Separation* – The communities within the Metro UGB, in neighbor cities and in the rural areas in between will all benefit from maintaining the separation between these places as growth occurs. Coordination between neighboring cities, counties and Metro about the location of rural reserves and policies to maintain separation should be pursued.”

Policy 1.12 Protection of Agriculture and Forest Resource Lands

This policy states “Agricultural and forest resource land outside the UGB shall be protected from urbanization and accounted for in regional economic and development plans consistent with this plan. However, Metro recognizes that all the statewide goals, including Statewide Planning Goal 10, Housing and Goal 14, Urbanization, are of equal importance to Goal 3 Agricultural Lands and Goal 4, Forest Lands which protect agriculture, and forest resource lands which protect agriculture and forest resource lands. These goals represent competing and, sometimes, conflicting policy interests which need to be balanced.

- *Choosing Among Resource Lands* – when the Metro Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Metro Council shall choose agricultural land deemed less important for the continuation of commercial agriculture in the region.
- *Rural Reserves* – Metro shall enter into agreements with neighboring cities and counties to carry out Council policy on protection of agricultural and forest resource policy through the designation of Rural Reserves and other measures.
- *Neighboring Counties* – Metro shall work with neighboring counties to provide a high degree of certainty for investment in agriculture and forestry and to reduce conflicts between urbanization and agricultural and forest practices.”

Policy 1.13 – 1.13.3 Citizen Participation

The following policies relate to participation of Citizens:

Metro will encourage public participation in Metro land use planning, follow and promote the citizen participation values inherent in RUGGO Goal 1, and encourage local governments to provide opportunities for public involvement in land use planning and delivery of recreational facilities and services.

Policy 2.1 Regional Transportation Plan, Inter-governmental Coordination

Coordinate among the local, regional and state jurisdictions that own and operate the region’s transportation system to better provide for state and regional transportation needs. These partners include the cities and counties of the region, Metro, the Oregon Department of Transportation (ODOT), the Oregon Department of Environmental Quality, the Port of Portland and Tri-Met. Metro also coordinates with RTC, C-Tran, the Washington Department of Transportation (Wash-DOT), the Southwest Washington Air Pollution Control Authority (SWWAPCA) and other Clark County Governments on bi-state issues.

Policy 3. Urban Form

“Facilitate implementation of the 2040 Growth Concept with specific strategies that address mobility and accessibility needs and use transportation investments to leverage the 2040 Growth Concept.”

Metro Code 3.01.020(b) through (e)

The code establishes criteria that are based upon the Goal 14 factors discussed on pages 11 and 12. These policies are applicable to the UGB expansion process and guide decision-making between similarly situated lands.¹⁷ Goal 14 requires a weighing and balancing of a number of different factors to decide which lands are most suitable for urbanization.

The following factors have been combined with RFP and RTP policies and factors cited in Goal 14 to compare areas under consideration in the decision to expand the UGB.

Combined Goal 14 and Analysis of Metro Policies

The Factors in Goal 14 were combined with Metro’s policies in the RFP and RTP into nine combined Factors for analysis purposes shown in Table 5. Based on the weighing of these nine Factors in the twelve study areas the recommendation includes parts of the Evergreen and Cornelius study areas. A discussion of the remaining ten areas that were not recommended to be included in the UGB follows the combined Factor analysis.

¹⁷ Similarly situated lands are those lands that are located within the same Tier classification. For example, if Metro Council was deliberating between exception lands (Tier 1) they would be able to apply Policy 1.1 that discusses neighboring cities and maintaining a physical separation of communities within the Metro UGB.

Table 5. Preliminary Combined Goal 14 and Metro Policy Factors¹⁸

Area	Policy Factors									
	Factor 1	Factor 2	Factor 3		Factor 4	Factor 5	Factor 6	Factor 7	Factor 8	Factor 9
	Efficient accommodation of identified land needs	Orderly & economic provision of public facilities & services	Comparative environmental energy, economics & social consequences ¹⁹		Compatibility of urban uses with farm & forest uses outside the UGB	Equitable & efficient distribution housing and employment throughout the region	Contribution to the purposes of centers	Protection of farmland to commercial agriculture in the region	Avoidance of conflicts with regionally significant fish and wild habitat	Separation of communities & a clear transition from rural to urban uses
		Adverse	Benefit							
Cornelius (partial)	High	high	moderate	high	low	high	high	low	moderate	moderate
Cornelius (remainder)	moderate	moderate	moderate	moderate	low	high	moderate	moderate	moderate	low
Evergreen (partial)	High	moderate	moderate	high	moderate	moderate	high	high	low	moderate
Farmington	Low	moderate	moderate	moderate	low	low	moderate	moderate	high	low
Forest Grove East	moderate	moderate	moderate	moderate	low	high	moderate	low	moderate	low
Forest Grove West	Low	moderate	moderate	moderate	low	high	moderate	low	moderate	low
Helvetia ²⁰	moderate	moderate	moderate	moderate	low	low	moderate	moderate	moderate	moderate
Hillsboro South	moderate	moderate	low	low	moderate	moderate	moderate	low	high	high
Jackson School Rd	moderate	moderate	low	moderate	low	low	moderate	moderate	moderate	low
Noyer Creek	Low	moderate	low	low	high	moderate	moderate	moderate	low	high
West Union	Low	moderate	high	low	low	low	moderate	high	low	moderate
Wilsonville East	Low	difficult	low	moderate	low	moderate	moderate	low	moderate	moderate
Wilsonville South	Low	difficult	low	low	low	low	low	low	moderate	low

Although no one area meets all of the combined factors in Table 5, the Evergreen and the Cornelius areas satisfy a greater number of the combined factors. The Noyer Creek area satisfied a number of the factors but is an unsatisfactory candidate for meeting the region’s industrial land need based on concept planning for the 12,000 acre area as a town center with a mix of uses including residential, commercial, employment and a small amount of land for industrial purposes.

¹⁸ Based on the evidence in the record as of October 13, 2005.

¹⁹ For details of the environmental, energy, economic and social consequences for individual areas see Table 4.

²⁰ 249 acres of land were added to the UGB and acknowledged by LCDC in 2005.

Ten Study Areas Rejected From Consideration

Ten of the twelve areas that were considered for UGB expansion were rejected after weighing the impact on agriculture, natural resources, ability to efficiently provide services, suitability for industrial purposes and conformance with Metro policies.²¹ A brief description of these areas and a locational factor comparison that includes ease of servicing and the impacts of urbanization are discussed below.

Noyer Creek

The Noyer Creek area was eliminated from consideration because this area is part of the secondary study area for the Damascus Boring Concept Plan effort and it is anticipated that it may become part of the Damascus town center which includes a range of uses including residential, commercial, employment and a small amount of industrial. This area is likely to contain very little land that is suitable for industrial development because of its distance from transportation facilities and lack of continuity with other planned industrial areas.

Wilsonville South and East

The Wilsonville South and East areas were identified by the City of Wilsonville as being difficult to serve with infrastructure. The City expressed a concern that the community has a disproportionate amount of employment and was seeking a better balance between jobs and housing. No portion of these areas is adjacent to industrial uses located inside of the UGB. Conflicts with adjoining residential neighborhoods (Wilsonville East) would reduce the efficiency of the area for industrial purposes. Wilsonville South intrudes into neighboring cities land and fails to establish a clear boundary between urban and rural uses. The Wilsonville South area is separated from the City by the Willamette River and is inconsistent with RFP policies 1 and 1.6 that require maintenance of a compact urban form. The Wilsonville South area contains some of the State's most productive agricultural lands, which would be adversely impacted by urbanization.

Farmington and Hillsboro South

The Farmington and Hillsboro South areas contain large parcels that are currently engaged in commercial agriculture and would have a high impact on farming. The shape of the Farmington area creates a long border between agricultural uses to the east and provides limited opportunities for buffers. The Farmington area includes most into the territory between the UGB and neighboring cities. A portion of the Hillsboro South area is located in the Tualatin Valley Irrigation District, which expands the viability for agriculture due to the increase in types of crops that can be grown.

Forest Grove East and West

Forest Grove East and West areas have very high impacts on nearby agricultural activities and both areas are located in the Tualatin Valley Irrigation district. The core agricultural area located to the north would be negatively impacted due to traffic and the intrusion of urbanization into the large agricultural area that extends north to Highway 26 and beyond. The majority of the Forest Grove East area is separated from the city by a natural resource area that makes the provision of urban services difficult. The majority of both of these areas (East and West) are not located within one mile of an industrial district making the viability of the area

²¹ Twelve areas that contained Class II soils were considered suitable industrial development in the 2002 Alternative Analysis Report: Evergreen, Cornelius, Farmington, Forest Grove East, Forest Grove West, Jackson School Road, Noyer Creek, Helvetia, Hillsboro South, West Union, Wilsonville East and Wilsonville South.

poor and will not improve the efficiency of the industrial land inside of the UGB. Both of these areas intrude into the territory of the neighboring cities.

Cornelius (remainder of the study area)

The remaining portion of the Cornelius study area (north of exception areas proposed for inclusion) that has not been proposed to be included in the UGB extends to the north into a large expanse of agricultural land. This land is in productive agricultural use and contains a number of larger parcels that are currently being farmed. This core agricultural area would be significantly impacted if this area were to be urbanized. The northern portion of the Cornelius site intrudes into the neighboring cities territory and do not establish a clear boundary between urban and rural uses.

Jackson School Road

The Jackson School Road area is disconnected from existing industrial areas within the UGB and urbanization of this area will have potential impacts on a large expanse of agricultural land located west and north of the site. This area contains large parcels of land that are currently in agricultural use. The area is located adjacent to a residential neighborhood to the south, which will cause conflicts with industrial users. This area would intrude into the territory between the neighboring cities.

Helvetia

Urbanization of the remaining portion of the Helvetia area not included in the UGB in 2004 would significantly impact a core agricultural area located to the north of Highway 26. There are no suitable buffers within or at the edge of the study area that can be established to limit impacts on the core agricultural area and also intrudes into the neighboring cities territory (North Plains).

West Union

The West Union does not contain enough usable acreage to make this area suitable for industrial development. The area is bi-sected by a large natural resource area and steeper slopes make this area difficult to develop for industrial use and as a result has been found to have the worst combination of adverse and beneficial consequences. A portion of the area contains Class III soils but this area is unsuitable for industrial development. An area of class I soils is located adjacent to the existing UGB and is the most developable portion of the site.

Conclusion of Factor Analysis

When the factors in Goal 14 and when Metro polices are applied the Evergreen and Cornelius areas clearly stand out as one of the best possible choices for inclusion in the UGB to meet the region's need for industrial land. The specific characteristics of how the Evergreen area is most suitable for industrial purposes is discussed below. A similar discussion on the Cornelius area is found on page 21.

Evergreen Expansion Area

The proposed UGB expansion in the Hillsboro area (portion of the Evergreen Study Area) would meet the overall demand for industrial land by including 348 net acres of land, shown in Attachment 2. This area can be more efficiently served with the fewest adverse consequences of any area considered for UGB expansion.

Pro's of Inclusion

- Meets short-term land needs for industrial
- Helps satisfy the need of large lots
- Has a natural feature that can be used as a buffer between farmland

- Located adjacent to an established industrial area
- Has fewer impacts to agricultural uses than other Class II farmlands
- Contains 218 acres exception lands (35 percent of the area)
- Easy to serve with water
- Eases conflicts between potential residential uses and the airport
- Identified by the Department of Agriculture to have the least impacts on agriculture

Con's of Inclusion

- Not likely to be used to meet the demand for warehouse and distribution uses unless it meets a localized need
- Has impacts on commercial agriculture by pushing urban development further into the agricultural base in Washington County and may isolate the area north of Gulch/Waible Creek
- Rated as difficult to serve for sanitary sewer

The Evergreen expansion area would address short-term land needs, it has a sufficient lotting pattern to meet the demand for large lots (50 to 100 acre parcels) with an aggregation condition, it has similar or fewer impacts on farmland compared to other suitable Class II farmlands areas under consideration and it is ideally suited for industrial use due to the proximity to an established industrial land base.

This area was supported by testimony from the City of Hillsboro for inclusion in the UGB in a letter received from the City dated September 2, 2005 in Attachment 3. This area is ideally situated due to its proximity to other industrial uses located south and west of the site and its location adjacent to the high-tech crescent that stretches from Hillsboro, along the Highway 217 through Tualatin and into Wilsonville. The letter also speaks to the progress the City has made in achieving 2040 Regional Center objectives to encourage development of housing at greater densities, balancing jobs and housing and the location of employment uses in areas with access to transit. The City discusses the synergistic effects of locating additional industrial land in the Evergreen area and the positive effects this would have on development in the Hillsboro Regional Center.

The proximity of this site to services is key for the short-term timely development of the site for industrial uses. Most major public facilities are available in Evergreen Road and are sized adequately for industrial development. The site has good access to Highway 26. ODOT submitted testimony that this development would have moderate impacts on the interchange at Shute and Highway 26. These impacts would be addressed during Title 11 planning for the area under Title 11 of the Urban Growth Management Functional Plan if it is included in the UGB.

The proposed area is located west and north of the Shute Road expansion area that was added to the UGB in 2002 making this a logical extension of this existing industrial area. The land is also best suited for industrial development due to its proximity to the Port of Portland airport facilities and the airport runway protection zone (RPZ) that is located to the west and southwest. Federal Aviation Authority (FAA) regulations favor industrial versus residential use in this area. The Port of Portland has acquired a number of parcels in this area for development purposes, protection of the RPZ and future airport expansion. The developable parcels currently under Port ownership are located west of Sewell Road along Evergreen Road.

Although the area contains some Class II farmland (333 gross acres) it is non-irrigated and is not within the Scoggins Irrigation District (SID). Irrigation allows cultivation of a wider variety of crops including nursery stock, which is one of Oregon's highest dollar per acre

agricultural products. Lack of irrigation reduces the viability of the proposed area for commercial agriculture, compared to other areas of Class II soils under consideration that do have irrigation rights. The Evergreen area (partial) contains 1 acre of Class I, 333 acres of Class II, 37 acres of Class III and 0 acres of Class IV farmland. The Evergreen area (partial) has the lowest percentages of the highest value soil classes (classes I and II) than all other areas except West Union.

The nearly surrounded nature of the agricultural lands in the Evergreen area (between the UGB on the east and south and exception lands to the west), potential for good edges, moderate level of small parcels and the and the fact that the area is not in an irrigation district are the primary reasons that this area received consideration.

Proposed Adjustment to the UGB

The Port of Portland has requested that the UGB be adjusted to become coterminous with the existing City Portland boundary that currently extends into the Columbia River to include a dock facility that serves Terminal 6. Terminal 6 is located adjacent to Kelley Point Park to the west and south of the western tip of Hayden Island. Extending the UGB from the top of bank into the river does not add industrial land to the UGB but facilitates providing services to the dock and enhances the capability of the deepwater port terminal. Making the UGB and the City line coterminous eliminates any potential conflicts with extending services to the dock facility.

With the addition of the proposed Evergreen expansion area and the proposed adjustment to the UGB at Terminal 6, the UGB would contain a 20-year supply of land for industrial purposes.

6. Refine the analysis that shows how Metro balanced the locational factors in Goal 14 (factors 3 through 7) in reaching the decision to add the Cornelius area into the UGB and also explain why the economic consequences outweigh the retention of agricultural land and compatibility with adjacent agricultural uses:

A portion of the Cornelius study area was included in the UGB in 2004 by the Metro Council after considerable study of similar areas and through the examination of applicable policies and agency objectives. New information has been prepared that supports our recommendation to include this area in the UGB for industrial purposes.

Cornelius

The proposed UGB expansion in the Cornelius area meets the need for industrial land by including 114 net acres of land. A portion of the area is located adjacent to the City's industrial park and can be efficiently provided urban services.

Pro's of Inclusion

- Contains 148 acres of exception lands (57 percent of the total land) which is the highest priority of land available for inclusion in the UGB
- Farmland located between exception area has been minimized and this land is needed to efficiently provide services to the exception areas
- Provide an increase to the City's tax base which will provide revenues for basic City services
- A portion of the area to be added is adjacent to an area that is already zoned for industrial development
- Area has been identified as easy to serve for water, sewer and storm water services and creates an efficient use of services inside the existing UGB and the proposed area

- Council Creek provides a buffer between farm uses to the north at the west end of the expansion area and further east it provides a buffer between residential uses

Con's of Inclusion

- The farmland located north of the Council Creek is an important agricultural area that could be negatively impacted by urban development

In 2004 the Metro Council analyzed study areas that contain Class II soils only after including in the UGB suitable exception land areas and resource land areas of less capable soils. The Council compared resource land study areas with Class II soils using the “locational” factors in Goal 14 (factors 3 through 7) and the policies in the Regional RFP to reach a decision to add a portion of the Cornelius study area to the UGB. The Cornelius area contains 2 acres of Class I, 143 acres of Class II, 77 acres of Class III, 0 acres of Class IV lands. The Cornelius area has the lowest percentages of the highest value soil classes (class I and II) than all other areas except West Union. See Table 6. on page 19 for a full comparison of soil types between areas that were considered for industrial expansion. Staff reports and findings that accompanied Ordinance No. 04-1040B, which added a portion of the Cornelius study area, contain the information and analysis to explain the Council’s decision. This section of the staff report will emphasize new information regarding the portion of the Cornelius study area included in the UGB. Based upon this information it is proposed that the Council once again include this area in the UGB.

The proposed portion of the Cornelius study area (261 acres) contains 148 acres of exception lands, the highest priority for lands for expansion of the UGB and 113 acres of farmland. A map of the proposed area has been included in Attachment 4. The Supplement to the Alternatives Analysis, in Attachment 5 notes that the resource lands included in this expansion area are either bordered by Council Creek on the north (western half of the area), which forms an excellent buffer between the proposed industrial use and agricultural activities, or is located between two exception areas that act as “bookends” for the farmland portion of the area that lies north of Council Creek (50 acres). The exception lands contain rural residential uses that reduce the viability of this farmland portion of the study area for commercial agriculture.

Inclusion of the farmland located between the two exception areas will make the provision of water, sewer transportation services more efficient for the entire expansion area. Extension of streets into the exception areas alone (if the intervening EFU area was not included in the UGB) would limit the accessibility of fire and life safety vehicles and place additional demands on the local street system to the south. Inclusion of the two resource land parcels would make the provision of public facilities and services to industrial areas in the two exception land portions more efficient and orderly. Looping water and sewer lines through the EFU area to serve exception areas is consistent with good engineering practices for service delivery and maintenance of systems. The western resource land portion of the area is located adjacent to an industrially zoned area inside the UGB, which allows for the efficient provision of services to the new industrial area outside the UGB.

The City of Cornelius has provided Metro with additional information regarding the availability of services and the planned infrastructure to serve the expansion area in a letter dated September 12, 2005 from the City in Attachment 5. The letter details transportation improvements water and sewer line efficiencies within the exception areas, intervening resource lands and within the existing UGB. Information was also provided on existing farm practices within the proposed area and the value of this area as industrially designated land to the City for both economic and social purposes. The letter states that with the construction of new OTIA funded bridges in 2006 and 2007 across Council Creek at Susbauer and Cornelius-

Schefflin Roads the proposed area will have all urban services available to the proposed area (streets, water, sanitary sewer and storm sewer).

Through the implementation of Title 11 planning by the City of Cornelius, natural resource impacts and level of service impacts on Tualatin Valley Highway will be addressed. In addition, the financially constrained and the priority system in Metro's RTP include several projects that will address congestion issues in this area.

In addition to meeting the demands for industrial land by including this area in the UGB the area has positive economic and social implications for the City of Cornelius. The close proximity to the City's main street will enhance existing development and provide additional employment opportunities for city residents. Adding jobs to a community that has more housing than jobs provides an opportunity to decrease trips to other parts of the region for employment. The City has the longest average commute in the region. The positive economic implications of including 261 acres of industrial land are significant for a community that ranks nearly last (23rd out of the 24 cities) in the region in total taxable real market value and real property value per capita.²² A city's tax base determines what resources are available for community services like police, fire, planning, libraries, social services and governance. The city's tax base is heavily weighted toward residential, which typically requires more services per dollar generated of tax revenue than industrial areas creating an even greater drain on municipal finances.

The RFP and statewide planning Goal 14 require the Council to weigh the consequences of inclusion of the proposed Cornelius area with RFP policies and Goal 14's "locational" factors and with other possible areas. This report recommends that the Council again include this part of the Cornelius study area rather than other Class II farmland under consideration, weighing Factors 1- Efficient Accommodation of Identified Land Needs, Factor 2- Orderly and Economic Provision of Services, Factor 3- Environmental, Energy, Economic and Social Consequences, Factor 4- Compatibility of Urban Uses with Farm Uses, Factor 5- Equitable Distribution of Housing and Employment, Factors 6- Contribution to Centers, Factor 7- Protection of Farmland to the Commercial Agriculture, Factor 8- Avoidance of Conflicts with Regionally Significant Fish and Wildlife and Factor 9- Separation of Communities. Likewise, the report recommends weighing RFP Policies 1.2.1(c) Regional Balance and Equity, 1.3.1(c) and 1.4.2 Balance of Jobs and Housing. The need for industrial development in this part of the region and the ability to bring development to the proposed area efficiently outweighs the small loss to the commercial agricultural base compared to other resource land areas that contain Class II soil.

The conclusions that are discussed above are based on new information submitted into the record by the City of Cornelius and resulting from additional staff analysis to reaffirming the decision to add this area to the UGB for industrial purposes. This action best supports the policies in the Regional Framework Plan, balances the community and the region's need to provide a sufficient land supply for the 20-year planning period and complies with State law.

Design Types for Proposed Areas

Both the Cornelius and the Evergreen areas are proposed to be assigned an industrial design type. An industrial design type is consistent with the stated need for industrial land.

²² 2004 Performance Measures Report, page 19 and 20.

Conditions of Approval

Several policy issues related to Ordinance 05-1070 have been raised following the release of the Chief Operating Officers recommendation to the Metro Council. In addition to the standard conditions that are included in Ordinance 05-1070 to address functional plan requirements the following issues have been raised and discussed as possible conditions of approval:

1. Include a fiscal sharing requirement between the City of Hillsboro and Washington County to address the tax base inequity between cities;
2. Direct all commercial uses including hospitals and schools to the Regional Center and Station areas to ensure that these areas will be used solely for industrial purposes;
3. Provide notice to all property owners within the expansion areas that Metro is considering adoption of a windfall tax that would apply to these areas in the future;
4. Designate all or a portion of the Evergreen expansion area as a Regionally Significant Area (RSIA) to ensure that the area will be protected for industrial purposes;
5. Require that the City of Hillsboro plan to accommodate a portion of the demand for housing that may be generated from adding the Evergreen area to the UGB;
6. Requirement that the habitat area adjacent to Waible/Gulch Creek be restored.

These possible conditions of approval will be discussed at the public hearing scheduled on November 10, 2005.

Known opposition:

Several property owners have expressed opposition to the proposed expansion area. 1000 Friends of Oregon and the Washington County Farm Bureau have expressed opposition to both the expansion adjacent to the City of Cornelius and the Evergreen Road expansion areas. The owners of the Langdon Farms area located south of Wilsonville have expressed opposition to Metro's failure to include the Langdon Farms area into the UGB for industrial purposes.

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.

Budget Impacts:

No budget impacts resulting from this decision are anticipated.

RECOMMENDED ACTION

Approval of Ordinance No. 05-1070 to expand the UGB and provide additional findings necessary to satisfy the conditions of the Remand Order 05-WKTASK -001673 received from LCDC.

Attachment 1: Addendum to the 2002-2022 Urban Growth Report: An Employment Land Needs Analysis, September 2005

Attachment 2: Map of Proposed Evergreen Expansion Area

Attachment 3: Letter from City of Hillsboro, dated September 2, 2005

Attachment 4: Map of Proposed Cornelius Expansion Area

Attachment 5: Addendum to the Alternatives Analysis, September 2005

Attachment 6: Letter from the City of Cornelius, dated September 12, 2005

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2002-2022 Urban Growth Report: An Employment Needs Analysis September 2005 Addendum

Background

In August 2002, the 2002-2022 Employment Urban Growth Report (Employment UGR) was prepared to assess supply and demand for employment uses for the period between 2002-2022 as part of Metro's periodic review of the urban growth boundary(UGB). This report was updated in December 2002 and was adopted by the Metro Council on June 24th as part of Ordinance 1040B to fulfill the agency's responsibility for maintaining a 20 year supply of land within the urban growth boundary.

The Land Conservation and Development Commission (LCDC) remanded a portion of Metro's decision that was part of Ordinance 1040B which adopted the Employment UGR and the commercial refill rate assumptions. Remand Order number 05-WKTASK-001673 required the 2002-2022 Employment UGR to be amended as necessary to incorporate any changes to assumptions to reconcile the change in the commercial refill rate to 52 percent. The reasons for the adjustment of the commercial refill rate from 50 to 52 percent are contained in this September 2005 Addendum to the Employment UGR. As part of the review of the information contained in the adopted Employment UGR and through testimony that was submitted into the record an adjustment was made to the commercial refill rate. This adjustment to the commercial refill rate has implications on how the demand for industrial demand is met.

Data Sources in the Employment UGR

The range of refill rates (50-52 percent) were estimated by using MetroScope, an integrated land use and transportation forecast model and by examining historical data. The refill rate is a forecast parameter that Metro policy makers and local governments can influence through policy and market incentives. An initial "base case" scenario was run in MetroScope to estimate future land needs and indicated an average refill rate of 50 percent through the year 2022. The "base case" scenario assumes land use and transportation policies in effect today will continue in future years. In other modeling scenarios completed prior to adoption of the Employment UGR several alternative growth scenarios suggested that commercial refill rates could fluctuate depending on the land use assumptions used in the MetroScope model.

Historical estimates of the commercial refill rate occurring in the Metro area were measured at a rate of 52 percent during the mid- 1990's. The historical refill rate is based on GIS information, county assessment records and building permit reports provided by local governments.

How Changes in Refill Rates Affect the Demand for Industrial Land

Refill occurs on land that Metro already considers already developed. The change in the commercial refill rate from 50 to 52 percent that is used in the Employment UGR has land supply affects. The supply or inventory of vacant land is unaffected by adjustments to the commercial refill rate.

Industrial land demand is unaffected by commercial refill rate changes, but the industrial need (i.e. shortages) can be satisfied by assuming a different refill rate. The Metro Council assumed that the excess commercial capacity or savings from assuming a higher commercial refill rate will offset a portion of the shortfall of industrial land. The adoption of the change to the refill assumptions was based on testimony by industry experts and economic development professionals. The nature of industrial jobs are changing and is moving towards a more knowledge based economy that has different space requirements. In the future more industrial users are expected to have more office type space requirements and as a result industrial jobs are

increasingly accommodated in buildings and spaces that are customarily associated with commercial office uses.¹

In general, the change in the commercial refill rate reduces the projected land demand for commercial users. In turn, the higher refill rate implies that both commercial and industrial users would conceivably find additional redevelopment opportunities in outmoded buildings. A slightly higher refill rate has the desired effect of reducing the demand for vacant land, potentially increases redevelopment in centers and increases job densities.

Changing the commercial refill rate to 52 percent lowers the demand for vacant commercial land by almost 200 net acres of land (174 acres). The 174 In 2004 the Metro Council study areas that contain Class II soils in priority only after including in the UGB suitable “exception areas” and areas of less capable soils. The Council compared study areas with Class II soils using the “locational” factors in Goal 14 (factors 3-7) and the policies in the Regional Framework Plan (RFP) to reach a decision to add a portion of the Cornelius study area to the UGB.² net acres of savings is transferred to accommodate a portion of the demand for industrial land.

As a result of this adjustment to the commercial refill rate the land demand estimates reported in the Employment UGR have been amended. The following tables replace tables found in the Employment UGR (pages 38 to 43) beginning in the Commercial Land Need Assessment section.

Table 19 summarizes the parcel size and demand estimates for commercial demand.

Table 19 Revised

Number of Tax Lots - Demand		Acres Demand (net acres)	
Net Demand adj. for Refill		Acres Demand adj. for Refill	
	Commercial		Commercial
under 1 acre	5,819	under 1 acre	2,909.4
1 to 5	241	1 to 5	665.1
5 to 10	28	5 to 10	212.0
10 to 25	19	10 to 25	326.5
25 to 50	6	25 to 50	211.9
50 to 100	5	50 to 100	375.0
100 or more	-	100 or more	0.0
	6,117		4,700.0

Table 20 shows a summary detail of commercial demand by building type – commercial, retail and institutional users. This table describes the breakdown by lot size and number of lots by building type.

¹ See “ A Review of Information Pertaining to regional Industrial Lands”, Ordinance 1040B, Appendix A, item p, and 2002-2022 Urban Growth Report: An Employment Lands Needs Analysis, June 24, 2004, Supplement.

² Twelve areas that contained class II soils were considered suitable industrial development in the 2002 Alternative Analysis Report: Evergreen, Cornelius, Farmington, Forest Grove East, Forest Grove West, Jackson School Road, Noyer Creek, Helvetia, Hillsboro South, West Union, Wilsonville East and Wilsonville South.

Table 20 Revised

NUMBER OF LOTS NEEDED BY PARCEL SIZE & BUILDING TYPE - 2000-2022				
	office	retail	med/gov	Total
under 1	3,581	1,395	842	5,819
1 to 5	81	103	58	241
5 to 10	9	6	13	28
10 to 25	4	1	13	19
25 to 50	1	0	5	6
50 to 100	2	0	3	5
100 plus	0	0	0	0
	3,678	1,505	934	6,117

Adjusted for Refill

In Chart 9, the commercial land demand is depicted in total – including the component of demand that is composed of refill. Note that demand that is accommodated through refill does not consume vacant land, so in later tables the commercial and industrial demand ignore any reference to refill. Chart 9 and Table 24 are shown for completeness purposes to illustrate the total demand that exists for commercial uses. Chart 10 nets out the refill component and shows only the net demand for vacant commercially zoned land.

Chart 9 Revised

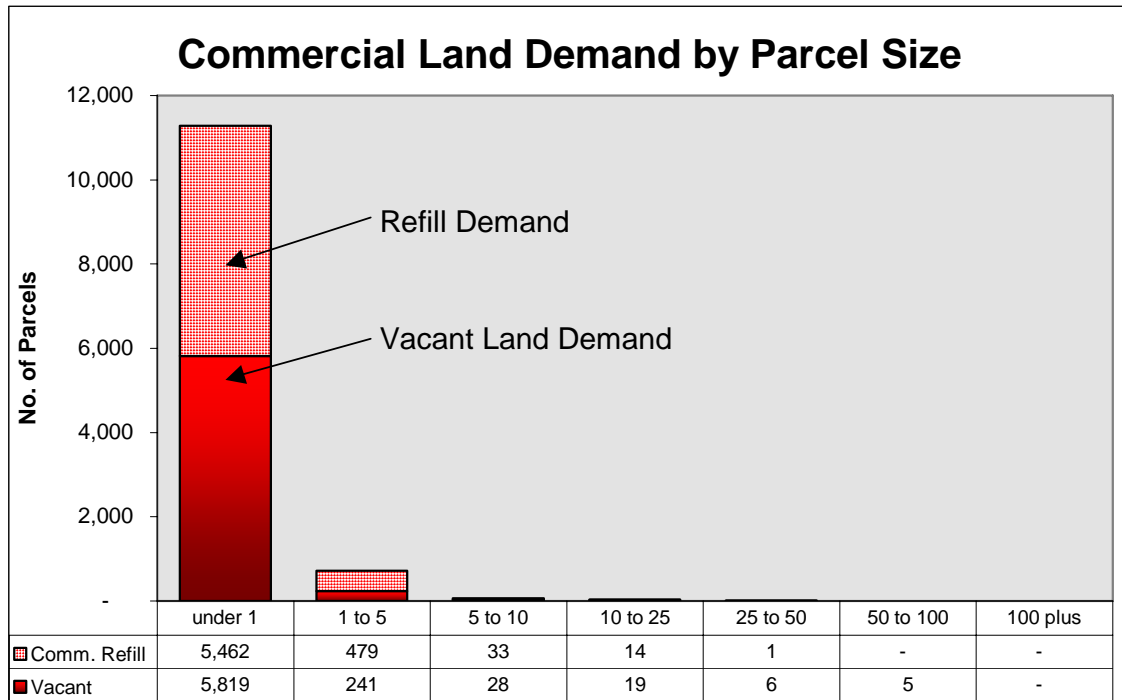


Chart 10 Revised

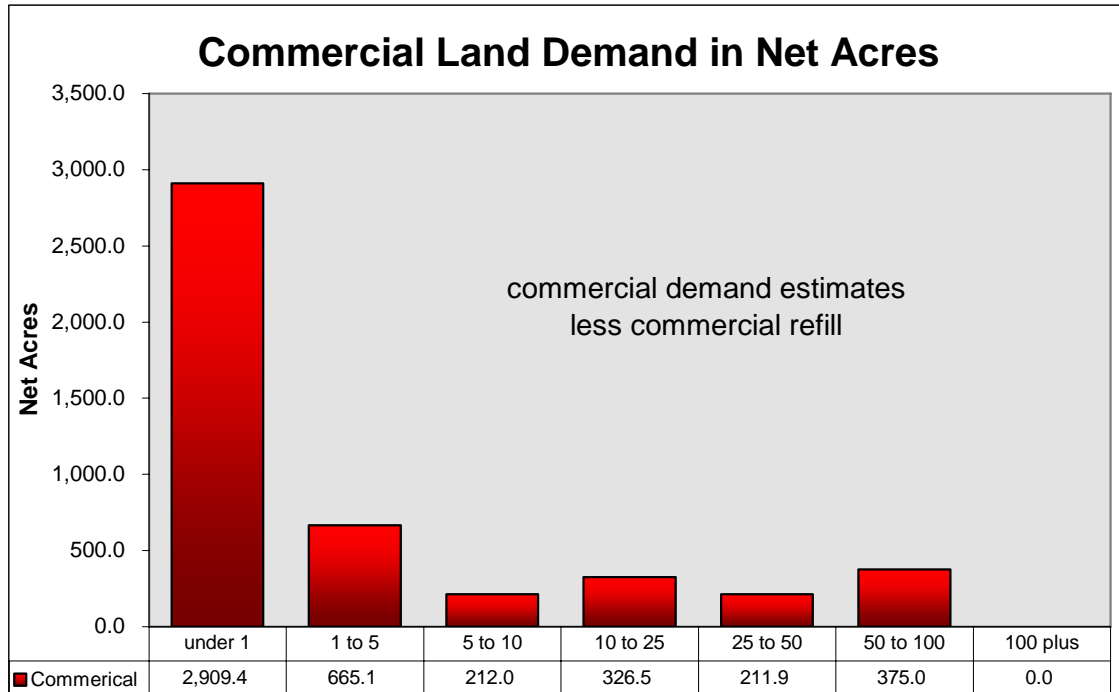


Table 24 Revised

Commercial Land Need Surplus								
COMMERCIAL by No. of Lots								
	under 1	1 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 plus	TOTAL
Vac. Supply	3,373	917	151	57	12	7		4,517
Demand	5,819	241	28	19	6	5		6,117
vacant	11,280	719	61	33	7	5		12,105
refill	(5,462)	(479)	(33)	(14)	(1)			(5,988)
net need	(2,446)	676	123	38	6	2	0	(1,600)

COMMERCIAL by Net Acres								
	under 1	1 to 5	5 to 10	10 to 25	25 to 50	50 to 100	100 plus	TOTAL
Vac. Supply	951.9	2,076.3	976.0	793.1	371.4	465.1	0.0	5,633.9
Demand	2,909.4	665.1	212.0	326.5	211.9	375.0		4,700.0
vacant	5,640.2	2,157.6	457.2	569.8	258.8	375.0		9,459
refill	(2,730.8)	(1,435.5)	(245.2)	(243.3)	(46.9)			(4,702)
net need	(1,957.5)	1,411.2	764.0	466.6	159.5	90.1	0.0	933.9







Conclusion

In the Addendum to the Employment UGR dated September 2005, the total commercial demand was adjusted from an estimated 4,874 net acres to 4,700 net acres due to the change in the commercial refill rate from 50 to 52 percent. The resulting surplus of 174 net acres has been applied to the industrial land deficit on a one to one basis. This change in the commercial refill rate recognizes changes that are taking place in the marketplace and does not result in a shortage in the supply of commercial land or comprise Metro's ability to meet the 20-year land supply requirement.

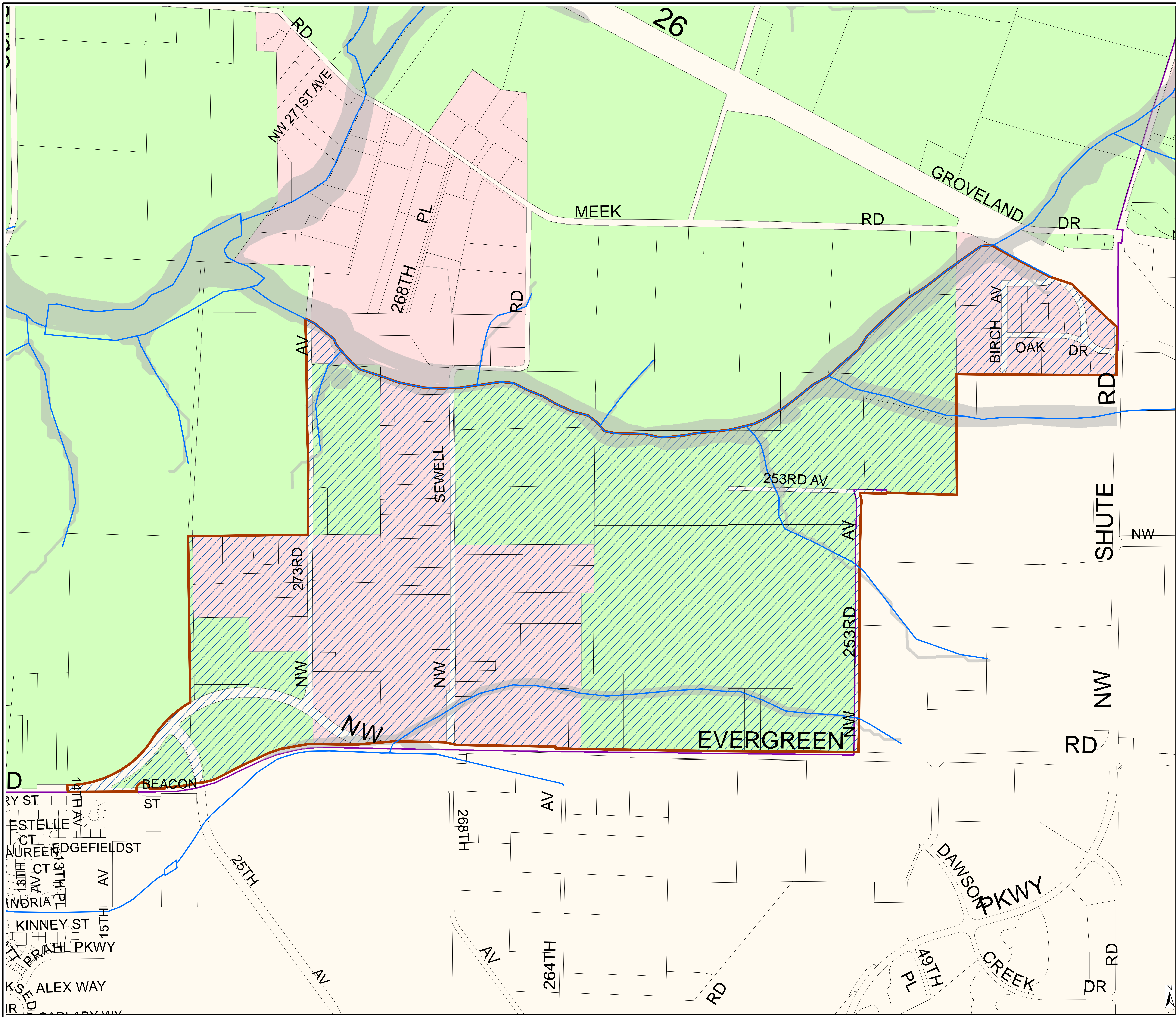
Ordinance 05-1070 Attachment 2

2005 UGB Expansion

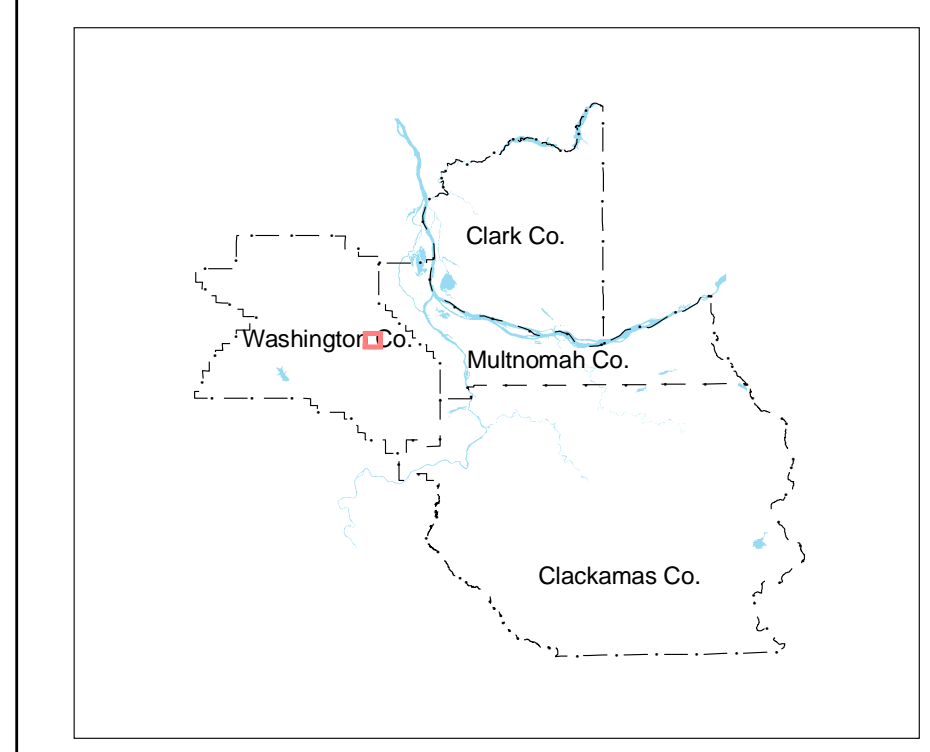
Evergreen with Stream Boundary

-  Evergreen Study Area
-  Modeled Title 3
-  Study Area Boundary
-  Resource Land
-  Exception Land
-  UGB

Total Acres = 624
 Exception Land = 218 ac.
 Resource Land = 374 ac.
 Gross Buildable Acres = 456
 Deduction for Future Streets = 108 ac.
 Net Buildable Acres = 348 ac.



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.



Location Map



METRO DATA RESOURCE CENTER
 600 NORTHEAST GRAND AVENUE PORTLAND, OREGON 97232-2736
 TEL: (503) 797-1742 FAX: (503) 797-1909
 dc@metro.dst.or.us www.metro-region.org

CITY OF HILLSBORO



Via: Electronic Transmission

September 2, 2005

Hon. David Bragdon, President
Hon. Brian Newman, Councilor
Metro Council
600 NE Grand Avenue
Portland, OR 97232

RE: City Program for 2040 Centers Development.

Gentlemen:

Thanks for visiting me yesterday at our new Civic Center. Our discussions of several matters, including some aspects of the 2004 LCDC UGB Remand Order were very informative and productive. We should have more such talks more often.

Yesterday, you asked about our progress toward achieving 2040 Regional Urban Center objectives that apply to Downtown Hillsboro and other parts of Hillsboro. I summarize below projects and actions we have taken in recent years toward Downtown Hillsboro revitalization and upcoming projects and actions we expect to take very soon toward that end.

1. In the early 1990s we adopted *Downtown Hillsboro Station Community* development policies and flexible mixed use development regulations. These measures increased the dwelling unit capacities and building height limits within the Regional Center to allow more than 2,000 additional housing units within this Center. (See Hillsboro 1998 Functional Plan Compliance Report.)
2. In 1997, a City-Downtown property owners/business working partnership completed a jointly-funded (est. \$12 million total value) *Downtown Core Area Local Improvement District (LID)*. This project widened sidewalks and simultaneously upgraded underground and street public infrastructure and utilities that now contain adequate capacities to support multi-story mixed uses within our Downtown Core Area.

3. Aided by a DLCD Technical Assistance Grant, we completed in 2002 a *Downtown Hillsboro Redevelopment Market Feasibility Analyses* jointly undertaken by the City and a Downtown stakeholders advisory committee. This project by E.D. Hovee and Co. identified and ranked six (6) "Priority Redevelopment Sites" within our Downtown Core (ranking the First Interstate Bank Site as No. 1 Priority). For each priority site, the project presented conceptually-designed mixed-use projects (and corresponding financial pro forma sheets) that a concurrent market study (also done as a part of this project) showed could be supported by the local and regional economy at that time. This project reported two major hurdles standing in the way of such Downtown redevelopment. These are inadequate downtown parking under existing land use codes and inadequate assessed property values of existing Downtown properties to support conventional redevelopment financing. Two upcoming projects listed below will address and, hopefully, find solutions to these hurdles.
4. Two years ago, the City completed a \$4 million renovation of a former church donated to the City which is now the *Glenn & Viola Walters Cultural Arts Center*. Located on Main Street, this Center anchors the east end of the Downtown Core Area. It provides a center for public and private arts and cultural exhibits and events.
5. The City acquired ownership of a building space on Main Street at the center of the Downtown Core that was the site of the *Town Theater* in the heyday of Downtown Hillsboro. Community-based uses are intended for this site provided severe structural limitations to building space renovations and remodeling can be overcome.
6. This year the City completed construction of the two largest projects in its *Civic Center Master Plan*: a \$36 million *City Civic Center* and the 90-units, affordable housing *City Center Apartments*. Located on Main Street, the Civic Center houses most of the City's agencies, a new *Starbucks* coffee shop and ground level, 20,000 sq. ft. space designed and targeted for *private restaurant* use. Development of a 30-unit, *Market Housing Project* on City Downtown property located across the street from the Civic Center and City Center Apartments is the only incomplete Civic Center Master Plan project.
7. Since 2000 weekly *Tuesday Markets and Saturday Markets* during the Spring and Summer take place on Main Street in the Downtown Core. These are sponsored primarily by the Downtown Hillsboro Business Association with weekly co-sponsors by other Downtown and community businesses.
8. Earlier this month, our City Council approved the immediate hiring a long-budgeted, full-time *Downtown Hillsboro Project Manager* and hiring of this position in the City's Economic Development Department will be advertised in September. The responsibilities of this Project are listed on the sheet accompanying this letter.

9. This month, the Cities of Hillsboro and Beaverton was informed that their joint application for an ODOT/TGM Grant to conduct and complete a *Beaverton/Hillsboro Downtown Parking Solutions* was approved for Grant funding. For both Cities, the main focus of this project is to develop effective alternative solutions to chronic inadequate downtown parking in both downtown core areas under existing land use codes. Such solutions likely will include, code adjustments, feasible shared parking facilities and/or structured parking facilities. For Downtown Hillsboro, this project hopefully will remove the greatest current barrier to private redevelopment, expansions and improvements to Downtown properties and business spaces.
10. After consultation with DLCD, the City is preparing a DLCD Technical Assistance Grant Application to fund a *Downtown Hillsboro Core Area Renaissance Project* which will prescribe how to generate Core Area economic revitalization to be driven in large part by a 24/7 presence in the Core Area of arts- and culture-related (broadly defined) commerce, public art and other like-kind places, activities and events. If funded, this Project will seek to emulate the successful steps taken by other Cities and urban places (i.e., Tacoma, WA, Austin, TX, and the Albina, Pearl District, NW 23rd and Hawthorne Blvd. communities in Portland) to spur urban center revitalization driven by creative businesses and activities.

In addition to our intensive efforts to revitalize the core of our Downtown Regional Center as the crucial initial, we have had significant success and progress in achieving 2040 Center objectives within our two Town Centers, Tanasbourne and Orenco. The successes of the *Orenco Town Center and Village* are widely known and need not be repeated here. Recently, our Tanasbourne Town Center has begun to take off.

Last year, *The Shops at Tanasbourne* retail center core of the Town Center open its door and has been economically successful to date. *Kaiser Medical* will build a major *medical clinic and outpatient medical center* next to its current clinic in the Town Center. *Standard Insurance, Inc.* has acquired existing flex offices and will build additional flex office buildings within the Tanasbourne Center to house some of its business sections to be relocated from its Downtown complex. Higher density housing and mixed use developments are being constructed in the "*Tanasbourne Center Superblock*" located directly across Cornell Road from the Shops at Tanasbourne in accordance with our acknowledged Tanasbourne Town Center Plan.

Finally, our *South Hillsboro Concept Plan*, which designs the development of another 2040 Town Center within the 1400-acre South Hillsboro Area, was completed several years to satisfy Metro Title 11 Concept Planning requirements upon inclusion of the entire South Hillsboro Area into the Metro UGB. A copy of that Plan is being transmitted to you along with a hard copy of this letter by courier. As described at p. 81 of the Plan, the overall South Hillsboro development concept incorporates four unique and distinct neighborhoods:

Hon. David Bragdon and Brian Newman

September 2, 2005

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- One town center known as Ladd-Reed in the northeast corner.
- One neighborhood/mainstreet center known as Gordon Creek, to the northwest.
- One neighborhood/mainstreet center known as Butternut Creek, to the southeast.
- One low density area known as Hazeldale to the south.
- Future implementation of the South Hillsboro Concept Plan, including Areas 69 and 71 which were added to the UGB in 2002, would provide approximately 6700 more residential units.

If the South Hillsboro Area were added to the Metro UGB, the area would provide additional residential capacity to accommodate housing demand generated within new industrial areas also added to the UGB and City. We have always said that jobs/housing imbalance in the City would be significantly reduced but not eliminated if housing were developed within the South Hillsboro Area. The imbalance is a natural and predictable outcome of Hillsboro's recognized role as a regional (and county) employment center that will likely always attract more workers than can be accommodated in housing units within the City.

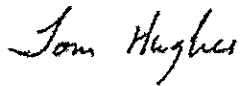
It is wrong to assume that, beyond the South Hillsboro Area, the City will pursue more residential UGB expansions to attain a perfect jobs/housing balance within our City limits. The actual "housing shed" for the regional and county-wide employment center in our City extends well beyond those limits. It encompasses existing residential areas throughout urban Washington County as well as newly-added UGB areas like the Bethany area which will add around 3500 additional units. It also encompasses existing and new residential areas in other Westside cities such as Forest Grove, North Plains, and Beaverton that also may have existing capacity. Recent employment studies (i.e., Joe Cortright, 2004) confirm that many residents in these jurisdictions work in the regional employment center in our City. It is reasonable to assume more of the same if new industrial sites are added to the UGB and regional employment center.

Continued investment in a multi-modal transportation system that connects these areas with the regional employment center is a strategy that merits added focus. The City continues to pursue efficiencies in development of neighborhoods, such as Witch Hazel Village, that will create vibrant pedestrian and bicycle friendly communities with an average density of 10 dwelling units per net acre, while providing adequate parks and open space and appropriate mixed use opportunities. We will continue to seek strategies that can reasonably provide housing choices for those who choose to live and work in Hillsboro, recognizing that attaining an equally balanced jobs/housing ratio is not a realistic (or perhaps even advisable) land use objective.

Hon. David Bragdon and Brian Newman
September 2, 2005
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I hope this information is helpful in your upcoming Council's Industrial UGB Remand deliberations as they may relate to our City. Please let me know if you need more information.

Sincerely,

A handwritten signature in cursive script that reads "Tom Hughes". The signature is written in dark ink and is positioned to the left of a vertical line.

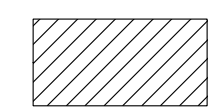
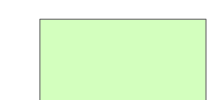


Tom Hughes
Mayor

Attachment and Enclosure.

Ordinance 05-1070
Attachment 4

2005 UGB Expansion

Cornelius

-  Cornelius
-  Resource Land
-  Exception Land
-  UGB

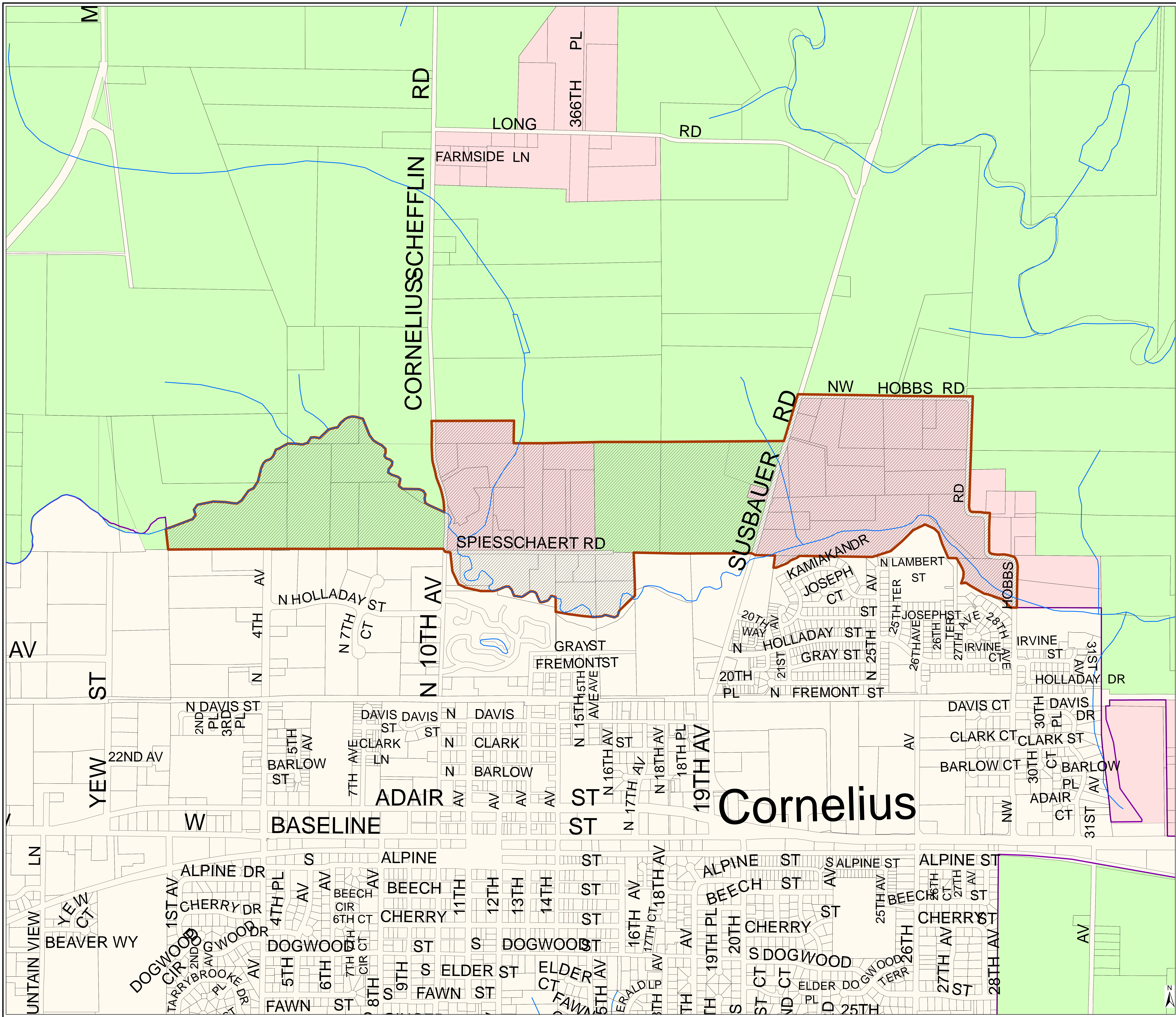
Total Acres = 261

Exception Land = 154 ac.
Resource Land = 107 ac,

Gross Buildable Acres = 137

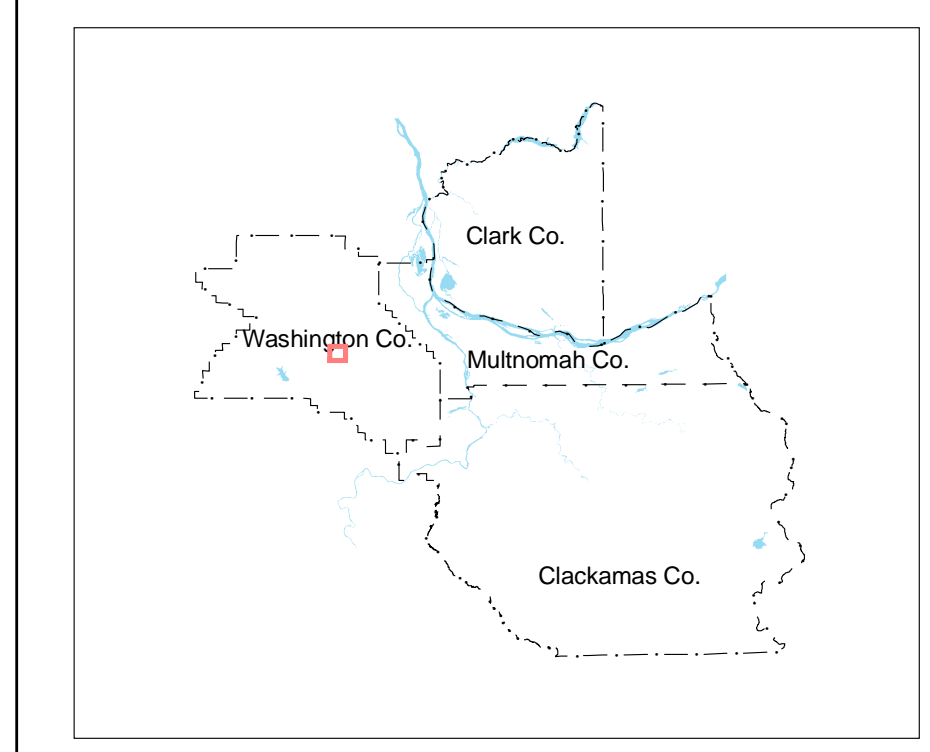
Deduction for Future Streets = 46 ac.

Net Buildable Acres = 91 ac.



Cornelius

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.




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**Addendum to the Alternatives Analysis
September 2005**

Addendum to the Alternatives Analysis

Evergreen Expansion Area		Gross Vacant Buildable Acres		431
Total Acres	587	Public Land Acres	0	
Total Acres in Parcels	556	Total Developed Acres	90	
Resource Land Acres	339	Total Constrained Acres	35	

General Site Description

The Evergreen Expansion Area is located north of the City of Hillsboro, north of NW Evergreen Road. To the south and east is the UGB; to the north is Highway 26 and to the west is rural land. The Hillsboro Regional Center is approximately 4 miles southwest of the area via NW Evergreen Road and NW Glencoe Road. The expansion area is composed of two sections; a small 35 acre (parcels) section composed of rural residences focused on NW Oak Drive and NW Birch Avenue near the Shute Road interchange on Highway 26 and a large 521 acre (parcels) section north of NW Evergreen Road in the vicinity of NW Sewell Road, both of which provide access to the area. The two expansion areas total 587 acres in size (parcels and street right-of-way) and contain both non-resource land and resource land.

Parcelization, Building Values, Development Patterns

This study area of 587 acres contains 105 tax lots or portions of tax lots that vary in size from less than one acre to approximately 48 acres in size. There is one parcel greater than 40 acres in size, one between 30 and 40 acres, three between 20 and 30 acres, and eleven between 10 and 20 acres in size. Seventy-eight parcels, or seventy-four percent are less than 5 acres in size and twenty-three parcels or twenty-two percent are less than one acre in size. Many of these small parcels are located in the small expansion area section near Highway 26 and NW Shute Road and along NW Sewell Road in the larger section. Seventy-four of the one hundred and five parcels have residences ranging in value from \$40,000 to \$322,000 with twenty-one valued greater than \$150,000. In general, the entire area is open and involved in agricultural activity or functions as a pocket of rural residences.

Physical Attributes (Power lines, Easements, Airport Fly-over Zones)

A power line runs in an east west direction through the center of the larger section of expansion area. There are no other utility lines running through the area. The area is adjacent to the Hillsboro Airport runway protection zone.

Public Services Feasibility

The City of Hillsboro and Clean Water Services are the service providers for this area.

- **Water:** There is a 66-inch distribution line in NW Evergreen Road adjacent to the large expansion area. Pressure reducing valves are in place throughout the line to provide distribution capabilities. This expansion area is easy to serve.
- **Sewer:** Service to this area is separated into two districts. Existing 18 and 21-inch gravity sewers that are located approximately 1,400 feet to the south may serve the southeast corner of the larger expansion area. Serving the remaining portion of the expansion area by gravity would require extensive downstream improvements or construction of new sewers through a developed residential area, as there are no existing large diameter sewers available. This area would be difficult to serve.

- **Stormwater:** Stormwater from new development will be required to be treated with detention, water quality facilities or both. The responsibility for the required treatment will be with the developer, thus impacts to downstream facilities will be minimal. Water quality sensitive areas will have vegetated corridor standards applied to them. This area is easy to serve.

Transportation Services

This area received a moderate overall transportation rating due to a moderate availability level of transportation facilities, a relatively low expected volume to capacity ratio on adjacent arterials and major collectors, and moderate environmental factors. This area did receive a difficult score for a high potential trip generation rate. ODOT has expressed concerns that industrial expansion in the NW Shute Road area may affect the nature and cost of needed interchange improvements both at NW Shute Road and NW Cornelius Pass Road. ODOT would like to see an Interchange Area Management Plan for NW Shute Road be prepared as part of the Title 11 planning for the area. Additional widening of US 26 west of NW 185th Avenue may be needed in the future, but this is not currently identified in the Regional Transportation Plan.

Agricultural Analysis

Zoning

The small section of the expansion area is a pocket of exception land zoned AF 5. The larger area contains exception land zoned AF 5 along NW Sewell Road and resource land zoned EFU and AF 20 by Washington County. To the west is resource land zoned EFU and a pocket of exception land zoned AF10 near the intersection of NW Evergreen Road and NW Glencoe Road. To the north is Highway 26 that separates the area from a large expanse of EFU zoned land. The UGB is to the south and east.

Current Agricultural Activity

The small expansion area near the Shute Road interchange contains no agricultural activity. Over half of the larger expansion area is currently being used for field crop activities and there also are a few forested areas. Approximately 53 acres of exception land are actively farmed. Adjacent land to the east within the UGB is in agricultural production and is primarily field crops. To the west is a large area of field crops. To the north is Highway 26 that separates the area from a large expanse of agricultural land mostly in field crop production. There are seven place of use water permits identified by the Oregon Water Resources Department (WRD) within the expansion area. Six are for irrigation and one for nursery use. These seven places of use permits represent less than a quarter of the study area land. There are ten points of diversion water permits identified by the WRD within the expansion area. Nine of the diversions are for irrigation and one is for storage.

Agricultural Compatibility

Urbanization of this area for industrial uses would result in an increase in traffic on NW Evergreen Road and NW Sewell Road and to a lesser extent on NW Meek Road and possibly NW Jackson School Road. This increased traffic on NW Jackson School Road could have an effect on the transport of agricultural goods between the current UGB and US Highway 26 to the north as well as on NW Evergreen Road. This increase in traffic could also have an impact on the normal movement of farm equipment on these two roadways, although both roads currently carry a heavy load of non-farm vehicle trips that already impact the movement of goods and equipment. Urbanization of this area would bring new development directly adjacent to actively farmed areas to the north and west. Issues relating to complaints due to noise, odor, and the use of pesticides and fertilizers

may occur in these areas. Such complaints are less likely to arise however, from industrial areas than from residential areas. There is extensive farmland to the north across Highway 26, but the highway acts a buffer for this area. The adjacent agricultural activity within the UGB is expected to cease or continue on a smaller scale as the area urbanizes.

Gulch Creek flows east to west across the northern edge of the expansion area prior to flowing into Waible Reservoir to the west. A tributary to Gulch Creek flows briefly through the eastern edge and an unnamed stream flows west through the southern portion of the large expansion area. Beyond the expansion area the unnamed stream flows through agricultural land that is in the UGB on Port of Portland property associated with the Hillsboro Airport. Urbanization of this area will result in increased impervious surface area that may diminish water quality and increase the chance of flooding downstream however; Waible Reservoir may provide some flood control for the downstream farmland. Increased flow may affect the downstream agricultural activities on the Port of Portland property. Urbanization of this area may have an affect on the value of the adjacent land involved in agricultural activities to the north and west. Specifically, the land between the expansion area, Highway 26 and the remaining exception land may be the most threatened as it will be more isolated from the larger expanse of agricultural land to the west. Highway 26 provides a buffer for the agricultural land north of the highway and to a lesser extent the remaining exception land provides a buffer to the agricultural land to the west. In addition, the Hillsboro Airport runway protection zone may also provide a level of protection for the land to the west. The remaining adjacent land in agricultural production is already inside the UGB. Urbanization of this area may be perceived as a continued process of urbanization of the farming community north of NW Evergreen Road. Overall, urbanization of this area would have a moderate impact on adjacent agricultural activity to the north and west.

Environmental Social Energy Economic Analysis

General Character of the Area

The large section of the expansion area can be characterized as flat, open land with the vast majority in agricultural production. There are a number of rural residences along NW Sewell Road. A pocket of rural residences makes up the small section of expansion area near the Shute Road interchange.

Environmental

Gulch Creek flows east to west across the center of the study area toward Waible Reservoir to the west for approximately 0.5 miles. A tributary to Gulch Creek measures approximately 0.07 miles. An unnamed stream flows through the southern portion of the area for approximately 0.95 miles for a total of approximately 1.52 miles of streams. There are 2 small wetlands associated with Gulch Creek in the middle segment of the larger area and a portion of a larger wetland associated with Waible Reservoir, which totals approximately 2.3 acres of wetland in the expansion area. A floodplain follows the entire length of Gulch Creek and has an average width of 300 feet. Additionally, there is a floodplain associated with the Gulch Creek tributary and the unnamed stream for a total length of floodplain of 1.52 miles. There are very minimal areas of slopes greater than ten percent along Gulch Creek. There is no designated open space in this study area. All of Gulch Creek and the unnamed stream have been identified as a significant Water Area, Wetland and Fish and Wildlife Habitat on Washington County's Rural/Natural Resource Plan. Metro's Goal 5 Fish and Wildlife Habitat Inventory identifies 12 percent of the area land in the inventory. Urbanization of this would have a moderate impact on natural resources as outlined in the ESEE analysis described in the

2003 Industrial Land Alternatives Analysis Study based on the stream corridor length and the associated floodplain that are along the edges of the area.

Social Energy Economic

This expansion area is mid-sized, contains a medium number of parcels, the majority of which are less than 5 acres in size, although there are five parcels greater than 20 acres in size. The majority of the area is open and involved in agricultural activity and there are two concentrations of residential use. Negative economic impacts associated with loss of agricultural activity due to urbanization would be less than the potential economic benefits from development opportunities, especially for the larger parcels. The small parcels that contain residences may not realize an economic opportunity as industrial land based on the value of the existing home and land and the need to consolidate parcels. This is especially true for the small expansion area near the Shute Road interchange. Urbanization of this agricultural area may have a minimal economic impact on the agricultural lands directly to the north between the expansion area and highway 26 due to increased isolation from the larger expanse of agricultural land to the west. Urbanization of this area would result in an increase in vehicle miles traveled, the level of impact depending on the industrial use. This increase in vehicle miles traveled may also negatively affect movement on the Highway 26 corridor. Current residents and adjacent residents outside the UGB would realize negative social impacts from the urbanization of this farmland for industrial use. This is especially true for the residents of the exception land to the north centered on NW Sewell and NW Meek Roads. Due to the negative and positive consequences of including this mid-sized somewhat isolated agricultural area in the UGB, urbanization of this study area would result in a moderate energy/social/economic consequence.

Other Identified Resources

The Washington County Rural/Natural Resource Plan identifies the Shute Residence at 4825 NW 253rd as a historic property.

Cornelius Expansion Area		Gross Vacant Buildable Acres 137	
Total Acres	261	Public Land Acres	5
Total Acres in Parcels	253	Total Developed Acres	32
Resource Land Acres	107	Total Constrained Acres	79

General Site Description

The Cornelius Expansion Area is located on the north side of the City of Cornelius. To the north, east, and west is rural land. The area from The Cornelius Main Street area is approximately ¼ mile to the south and is accessed via N 10th and N 19th Avenues. The area is irregular in shape and Council Creek forms the northern edge of the expansion area on the west end. Access to the expansion area from the north is by NW Cornelius Schefflin Road and NW Susbauer Road, which turn into N 10th and N 19th Avenues respectively within the city limits. Additional access from the south is by NW Hobbs Road, which forms the eastern edge of the expansion area and N 4th Avenue, thus providing four transportation connections to Tualatin Valley Highway. The expansion area is 261 acres in size of which approximately 146 acres are exception land. The remaining 107 acres is resource land.

Parcelization, Building Values, Development Patterns

This expansion area of 261 acres contains 47 tax lots or portions of tax lots that vary in size from less than 1 acre to approximately 30 acres in size. There is one parcel just over 30 acres in size, five between 10 and 20 acres, and eleven between five and ten acres in size. Over half of the parcels (30) are less than five acres in size and five are less than one acre. Eighteen of the parcels, or forty percent have residences ranging in value from \$65,000 to \$259,000 however; all but five are valued less than \$150,000. In general the expansion area can be divided into three land use categories; agricultural activity, rural residences, most of which are not associated with large scale farming activities and vacant natural resource areas along Council Creek. The agricultural activity is occurring on resource and exception land and the natural resources and rural residences are mostly associated with the exception land. There is one rural industrial use located on exception land adjacent to NW Susbauer Road.

Physical Attributes (Power lines, Easements, Airport Fly-over Zones)

There are no power lines or public easements running through the area. Available data does not indicate that this area is within significant range of an airport flight zone.

Public Services Feasibility

The City of Cornelius and Clean Water Services are the service providers for this area.

- **Water:** There is a 72-inch water transmission main that runs east through the City of Cornelius, which has four direct connections to the line. Twelve-inch mainlines are located in N. 4th, 10th, 19th and 29th Avenues, which extend north to the edge of the study area and provide opportunities for looping water service required for fire protection. The City currently has one centrally located reservoir and a second centrally located reservoir is identified in the water CIP for construction in 2005-07. This area would be easy to serve.
- **Sewer:** This area can be served by gravity to an existing 36-inch gravity sewer line located along the entire southern boundary of the study area. The existing sewer line is currently scheduled for an upgrade; therefore any additional

capacity for this area could be easily included in the design of the planned upgrade. This area is easy to serve.

- **Stormwater:** Stormwater from new development will be required to be treated with detention, water quality facilities or both. The responsibility for the required treatment will be with the developer, thus impacts to downstream facilities will be minimal. Water quality sensitive areas will have vegetated corridor standards applied to them. This area is easy to serve.

Transportation Services

This area received an easy overall transportation rating due to a higher availability level of transportation facilities, a relatively low expected volume to capacity ratio on adjacent arterials and major collectors, and a relatively low potential trip generation rate based on the small size of the area. ODOT has expressed concerns that any industrial expansion in this area will have an impact on the NW Glencoe Road interchange on US 26 and add congestion to Tualatin Valley Highway. Safety improvements completed last year at the Glencoe Road interchange have added some capacity for the time being. Other more likely limiting factors may be NW Cornelius Shefflin and NW Susbauer Roads (Washington County roads) leading to US 26. The Washington County Transportation System Plan designates freight routes along NW Cornelius Shefflin Road to NW Zion Church Road to NW Glencoe Road to US 26.

Agricultural Analysis

Zoning

Generally the expansion area can be divided into four sections two each of exception land zoned AF5 and resource land zoned AF20 that form an alternating pattern (Map 1). Proceeding east to west, the area begins with a segment of exception land that extends to NW Susbauer Road with two parcels (one zoned RIND) of exception land protruding into the resource land segment on the west side of NW Susbauer Road. This resource land segment is composed of portions of two parcels and extends west to the end of NW Spiesschaert Road. The next exception land segment contains the parcels adjacent to NW Spiesschaert Road that extend to NW Cornelius Sheffelin Road. The final resource land segment is on the west side of NW Cornelius Sheffelin Road, south of Council Creek. The two exception land areas, which represent a majority of the acreage is zoned AF5. The resource land within the expansion area is zoned AF20 by Washington County. A portion of one parcel that is on the west side of NW Susbauer Road is zoned RIND with the remainder of the parcel zoned AF20. The majority of the land to the north is zoned EFU, but there is pocket of exception land zoned AF10 approximately one-half mile to the north along NW Cornelius Schefflin Road. To the south is the main street district of Cornelius. To the west is resource land zoned EFU and AF20 on the north side of Forest Grove and to the east is resource land zoned AF20 and a small pocket of exception land zoned AF5 directly adjacent to the expansion area.

Current Agricultural Activity

Over half of the expansion area is involved in agricultural activity that is composed primarily of field crops with a small amount of row crops and pastureland. Approximately 60 acres of exception land are actively being farmed. Adjacent to the north, east and west of the expansion area are large areas of agricultural activity that is a mixture of field and row crops, nursery stock and orchards. This area to the north, east and west is part of a very large expanse of agricultural land extending north to Highway 26. There are two places of use water permits identified by the Oregon Water Resources Department (WRD) within the expansion area that are for irrigation. These two places of use permits cover a very small portion of the western section of the expansion area. There is one

point of diversion water permit identified by the WRD within the expansion area for irrigation through the use of a stream. The entire area is within the boundary of the Tualatin Valley Irrigation District, although not all parcels have water rights.

Agricultural Compatibility

Urbanization of this area for industrial uses would result in an increase in traffic on NW Cornelius Schefflin Road and NW Susbauer Road. This increased traffic may have an effect on the transport of agricultural goods produced to the north, east and west as both roads lead to US Highway 26 via NW Zion Church Road and NW Glencoe Road. The Tualatin Valley Highway that runs east west through the center of Cornelius may also see an increase in traffic, which could affect the movement of goods from agricultural areas to the south and west of Cornelius and Forest Grove. The increased traffic north of Cornelius may also have an impact on the normal movement of farm equipment, as the area between the expansion area and Highway 26 has extensive agricultural operations. The Urbanization of this area would bring new development directly adjacent to actively farmed areas to the north and east. Issues relating to complaints due to noise, odor, and the use of pesticides and fertilizers may occur depending on the industrial use. Such complaints are less likely to arise however, from industrial areas than from residential areas.

Council Creek, which forms the northern edge of the western portion of the expansion area (west of NW Cornelius Schefflin Road), acts as a buffer between the expansion area and the adjacent agricultural activity reducing the likelihood of conflict between the two uses. East of NW Cornelius Schefflin Road Council Creek forms the southern edge of the expansion area prior to joining Dairy Creek east of the expansion area. Two unnamed tributaries to Council Creek flow south through the central portion of the area. Urbanization of this area will result in increased impervious surfaces that may diminish water quality and increase the chance of flooding downstream. Council Creek flows through a forested corridor along the southern edge of the area and then crosses agricultural lands to meet Dairy Creek. Increased flow may affect these downstream agricultural activities. Urbanization of this area may affect the value of nearby land involved in agricultural activities by encouraging land banking and speculation resulting in the inability of farmers to acquire parcels needed for agricultural production. However, the agricultural lands to the north are part of a larger expanse of farmland that stretches to Highway 26 and beyond and may be less affected by speculation, as the major portion of farming community would be intact. Alternatively, urbanization of this area may be perceived as a first step of urbanization into this farming community. Only 49 acres of resource land included in the expansion area would be directly adjacent to the actively farmed resource land to the north, thus reducing the potential for speculation and land banking. Overall, urbanization of this area would have a medium impact on adjacent agricultural activity to the north, east and west.

Environmental Social Energy Economic Analysis

General Character of the Area

The area is characterized by flat land in agricultural production, rural residences and natural resources along Council Creek and tributaries.

Environmental

Council Creek flows west to east along the expansion area edges for roughly 2.1 miles and two tributaries flow from north to south through the center of the area for approximately 0.5 miles, for a total of 2.6 miles of stream corridor. There are wetlands associated with Council Creek all along the stream corridor that total approximately 27

acres. There also is a floodplain associated with Council Creek that extends the entire length of the stream corridor and averages about 280 feet in width. Slopes greater than 10 percent can be found along all stream corridors. There is approximately 23 acres of Metro owned open space in this study area. A portion of Council Creek has been identified as a significant Water Area, Wetland and Fish and Wildlife Habitat on Washington County's Rural/Natural Resource Plan. Metro's Goal 5 Fish and Wildlife Habitat Inventory identifies 29 percent of the area land in the inventory. Urbanization of this area would have a moderate impact on these natural resources as outlined in the ESEE analysis described in the 2003 Industrial Land Alternatives Analysis Study, as the majority of the resources are concentrated along Council Creek, which would be protected under normal development scenarios, and not distributed throughout the study area. In addition a significant portion of Council Creek flows through Metro owned open space (23 acres) and the natural resources along this section would be protected and most likely enhanced.

Social Energy Economic

This area is small in size, contains a small number of parcels, most of which are less than 5 acres in size. The area is a mixture of rural residences, agricultural land and natural resource areas. Land in agricultural activity represents approximately half of the expansion area, the majority of which is to be found on the two resource land portions. There are two small pockets of rural residences that make up most of the home sites. The small residential parcels may not realize an economic opportunity as industrial land based on the value of the existing home, land and the difficulty in consolidating parcels. Negative economic impacts associated with loss of agricultural activity due to urbanization would be less than the potential economic benefits from development opportunities. Urbanization of this small amount of land in agricultural productivity would have a minimal economic impact on the adjacent agricultural lands to the north, east and west in terms of equipment and labor sharing. Urbanization of this small area would result in an increase in vehicle miles traveled, the actual impact depending on the future industrial use. Current residents, adjacent residential neighborhoods and adjacent farmers could realize negative social impacts from the urbanization of this farmland for industrial use. However, Council Creek provides a buffer to the adjacent residential areas to the south and the western portion of the area is adjacent to industrially zoned land, thus reducing social impacts to adjacent residential neighborhoods. Due to the negative and positive consequences of urbanizing a small area and the potential minor impacts on adjacent residential areas and agricultural land, urbanization of this study area would result in a low energy/social/economic consequence.



CITY OF CORNELIUS

September 12, 2005

Richard Benner, Metro Counsel
 Metro
 600 NE Grand Avenue
 Portland, Oregon 97232

Re: Findings on Cornelius UGB Expansion for Industrial Use

Dear Mr. Benner:

On behalf of the City of Cornelius, I would like to add explanation to the findings of fact submitted and implied by last year's testimony supportive of Metro's recommended Urban Growth Boundary extension just north of our City limits. We want to clarify the importance of inclusion of the 42 acres of Class II farmland that appears to be central to the challenge of our 262 gross acres of UGB expansion.

Findings Corrections

First, I will correct inaccurate site information presented by 1000 Friends of Oregon that turned up in the findings and context of DLCD's remand order.

1. The portion of this expansion area that is north of Council Creek and designated Class II farmland is only 16% of the gross acreage of the site – 42 acres.
2. Part of these two tax lots totaling 42 acres is stream and not farmable, the rest is land that has not been irrigated in over 10 years, lost its water rights and is therefore limited to dry land farming that "barely pays the taxes". (See the Tualatin Irrigation Map & Margaret Lafollette Smith testimony.)
3. Far from a "protrusion" into the core of valuable farmland, these 42 acres are nearly surrounded (approx. 295 degrees of a circle) by urban and exception uses, and as a bridge between exception areas forms a dipping line across an area of existing suburban uses.
4. Industrial use access is good; the site is an extension of an existing high quality industrial park, is divided by a recently improved county freight route (with 2 new freight standard bridges funded for construction in 2006 and 2007, is only 1/2 mile from TV Highway (state freight route) and 5.6 miles, not "18 miles", from Sunset Highway via roads improved in 2005 and a planned new interchange.
5. This area's rating for environmental, energy, economic and social consequences should be high. The City of Cornelius' Goal 5 Natural Resources Plan, requirements and record are clearly stronger than Washington County's. Note Cornelius' ability and recent record of protecting and developing the environmental resources of Council Creek & tributaries, including requiring buffers, restoration and public trail space of residential & commercial

developments, and successful advocacy for Metro approval of a Council Creek Trail system and acquisition of greenspace along Council Creek.

Moreover, reducing commuter traffic along Susbauer and Cornelius-Schefflin roads from Cornelius, which has the longest average commute in the Metro region, by developing jobs within walking and biking distance of employee homes, will reduce energy used and pollution from inefficient auto use and dangerous traffic congestion. More local industry and jobs in a residential heavy area will of course improve the Cornelius economy, financial health, public services and the livability of residents.

Increased Efficiency of Services In Expansion Area

Second, I hope to make it more clear that development of these 42 acres of non-irrigated farmland will lead to more efficient urban service provision for both existing and future uses in the expansion area and uses within the existing urban growth boundary/city limits. Besides the well-known efficiency advantages of urban scale development over exception-scale development, the following specific efficiencies should be noted.

1. With construction of new OTIA funded bridges across Council Creek at Susbauer and Cornelius-Schefflin (bracketing the recommended expansion area and consistent with City industrial/pedestrian standards) in 2006 and 2007, all urban services – roads, water, sanitary sewer and storm water utilities will be developed to the edge of the recommended expansion area. That is to say urban service availability is excellent. (See the example City master plan map.)
2. All Cornelius Comprehensive Plan components are up-to-date (periodic review orders satisfied), including our Transportation Systems Plan and master plans for water, storm water and sanitary sewer systems, and project the efficiencies of service extension into this expanded urban area. (See the example City master plan map.)
3. Water lines particularly must be looped for safe circulation and efficient service. Cornelius currently provides water from Cornelius-Schefflin Road to residents along the 1,000 ft. long dead end Spieschart Road, within the exception area west of the 42-acre farmland parcels. Safer, more efficient and orderly provision of water to existing and future uses in this area and the exception area between Susbauer and Hobbs Road to the east will require extension of water lines from the Cornelius-Schefflin line through the two farmland parcels to the Susbauer line and on through the eastern exception area to the Hobbs Road line. Water line loops keep water fresh, provide adequate flow and backup for water line failure.
4. Transportation connection from the County freight arterial Cornelius-Schefflin to Susbauer between the two sizable exception areas is essential for safety and efficient service for existing and future uses in the expansion area, as well as existing and planned uses within the current UGB/City limits. This requires construction of a road through the two-parcel 42-acre farmland site.

Specifically, the one access to Spieschart Road, a substandard bridge in the Council Creek floodplain, will be moved north when the new Cornelius-Schefflin Bridge is constructed. Public safety standards require a second access, which most efficiently must extend to Susbauer Road (the other side of the two farmland parcels). Additionally, there exists a

meat packing plant on the north side of the farmland parcels that generates traffic that will best be expanded and handled by an industrial collector between Susbauer and Cornelius-Schefflin built to city standards, rather than the current driveway onto the unsignaled county maintained Susbauer Road.

5. Thus the entire recommended expansion area – exception areas and farm area – not only can be served more efficiently with water and transportation if served together, but must be served as a connected system to meet safe standards of construction and maintenance.
6. Both storm water and sanitary sewer systems, managed at the basin level by Clean Water Services, have major lines of service running along Council Creek north of Cornelius and Forest Grove. It will be relatively easy to access these services from the north, as it is from existing local lines from the south. (See the example master plan map.)

Increased Efficiency of Services Within Existing Urban Areas

Development of this recommended expansion area promises to increase the safety, efficiency, affordability and orderliness of urban service provision within the current UGB/City limits, as well. There are significant economies of scale inherent in developing on the north side of recent and current public and private improvements. The costs of base infrastructure improvements, including recent freight route widening, new bridges, storm water and sanitary sewer lines along Council Creek and the new 72" water line the length of Cornelius are the same with or without development along the north of these services. Local and county share of capital costs and system-scale maintenance costs are virtually the same. Additional development adds private system development fees to share in paying for system maintenance and more ongoing utility fees to pay for service. More development north of Council Creek will also tend to geographically center Clean Water Services infrastructure along Council Creek and thus spread out the cost/value of those major service investments to closer-in users.

Development of the recommended expanded area will increase the safety and reduce maintenance problems within the current UGB/City limits. Water line loops made possible by development of the expanded area will reduce the danger of back-up and contamination problems into existing development within the current City limits. (Inherent in the dead end water line along Spieschart Rd.) Alternatives to road access safety problems within the current UGB/City limits, including dangerous current accesses in the Council Creek floodplain and uncollected driveway accesses both inside and very near the City limits along Susbauer Road can be constructed only with the resources of private development and reviewed under City urban standards.

Industrial Land in Cornelius – Characterized

Much of Cornelius' industrial/commercial base supports the agricultural industries surrounding our community. New Seasons Food and Sabroso fruit processing plants, Hazelnut Growers of Oregon Coop, Pacific Harvest Supply Company, Fisher Implements and the new Coastal Farm Implements store are examples. Without nearby urban space for processing, supply and fueling businesses, and sustainable living areas for agricultural workers, agriculture industry costs go up and health goes down.

Only 9% of land within the UGB/Cornelius city limits is currently zoned for industry. Only 45 acres are vacant for industrial development. A combination of lots totaling 20 acres is the largest area

available for industry. There is a growing demand for agriculture supportive industry. The City is in great need for local jobs for our residents, many of which are agriculture workers, and for industry to increase our tax base to sustain our services.

Recent examples of demand for industrial space that we have not been able to meet include, Sabroso Fruit Processing Company which needed 20 acres to expand into, couldn't deal with the one package of 20 acres available, and moved to Woodburn in 2004. The Hazelnut Growers of Oregon want to move their processing plant from the center of our commercial area of town to twice their current 10 acres at the edge of a town. And there is commercial business demand for their central location.

Industrial uses are generally a good buffer between agriculture uses and higher density residential and commercial uses. The fact that industrial demands for transportation facilities are more similar (freight/farm equipment) to farm uses, than residential and commercial uses (autos & transit), supports the conclusion that this recommended UGB expansion would result in less conflict between farm and town uses than a future with no expansion.

In summary, use of the 42 acres of farmland in question for industrial development will be better for the agriculture industry than its continued use as an island of subsistence dry land farming, with fewer resources and unmet need for road improvements and effective buffers.

The recommended expansion of 262 gross acres on the north side of Cornelius will result in three efficiently served groups of parcels of over 50 acres each – an excellent resource for both urban and agricultural community. It will most importantly meet the six critical community and regional needs the City of Cornelius originally identified in its proposal for UGB expansion in 2002.

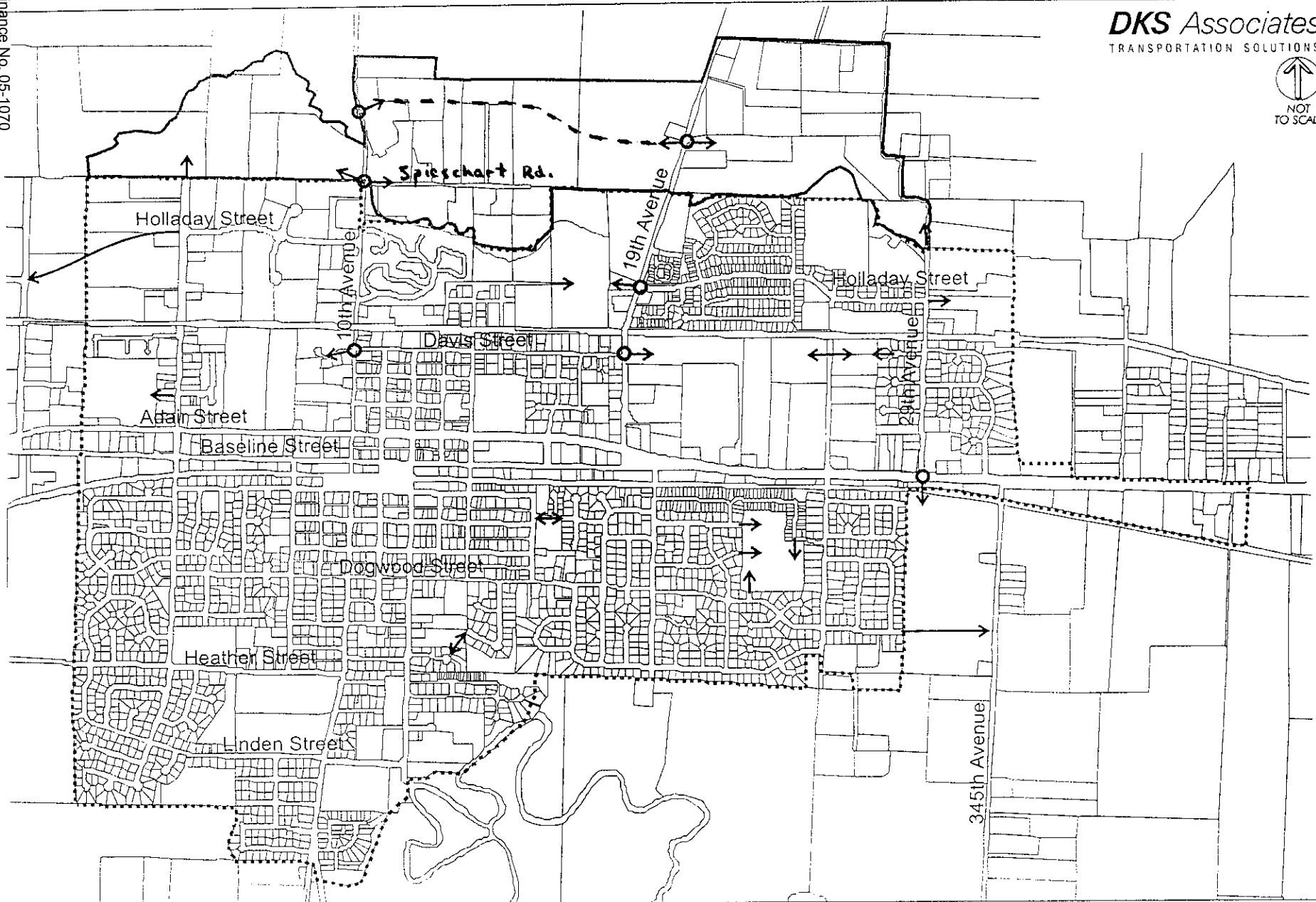
1. Increase the meager supply of medium-large lot industrial land
2. Support specific agriculture and high-tech industries that are regionally significant, locally based, publicly invested in and widely acclaimed
3. Provide efficient, cost-effective and safe urban services for existing & projected citizens & businesses, and for adjacent exception and rural lands
4. Sustain regionally significant natural resources, particularly along Council Creek
5. Provide local jobs for the community with the longest average commute in the region, thus saving time, energy and relieving traffic congestion
6. Make Cornelius a more complete, balanced and financially sustainable community

I hope, I have added clarity to these original objectives and our need for the 42 acres under special scrutiny. We have wanted from the start for this small UGB expansion for future industrial uses to be a proactive balancing of two important and interdependent super-objectives – protecting agricultural land in this rich Tualatin Valley and building a complete sustainable community in Cornelius.

Your partner in reaching all of Oregon's land use goals,


Richard Meyer
Development & Operations Director

Copy: Pam Berry & Amy Scheckla-Cox

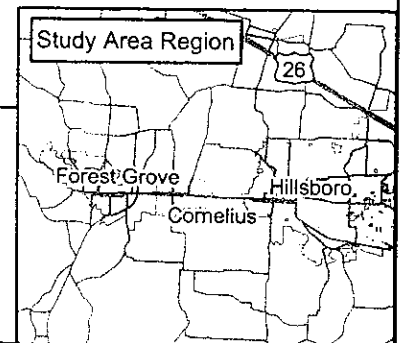
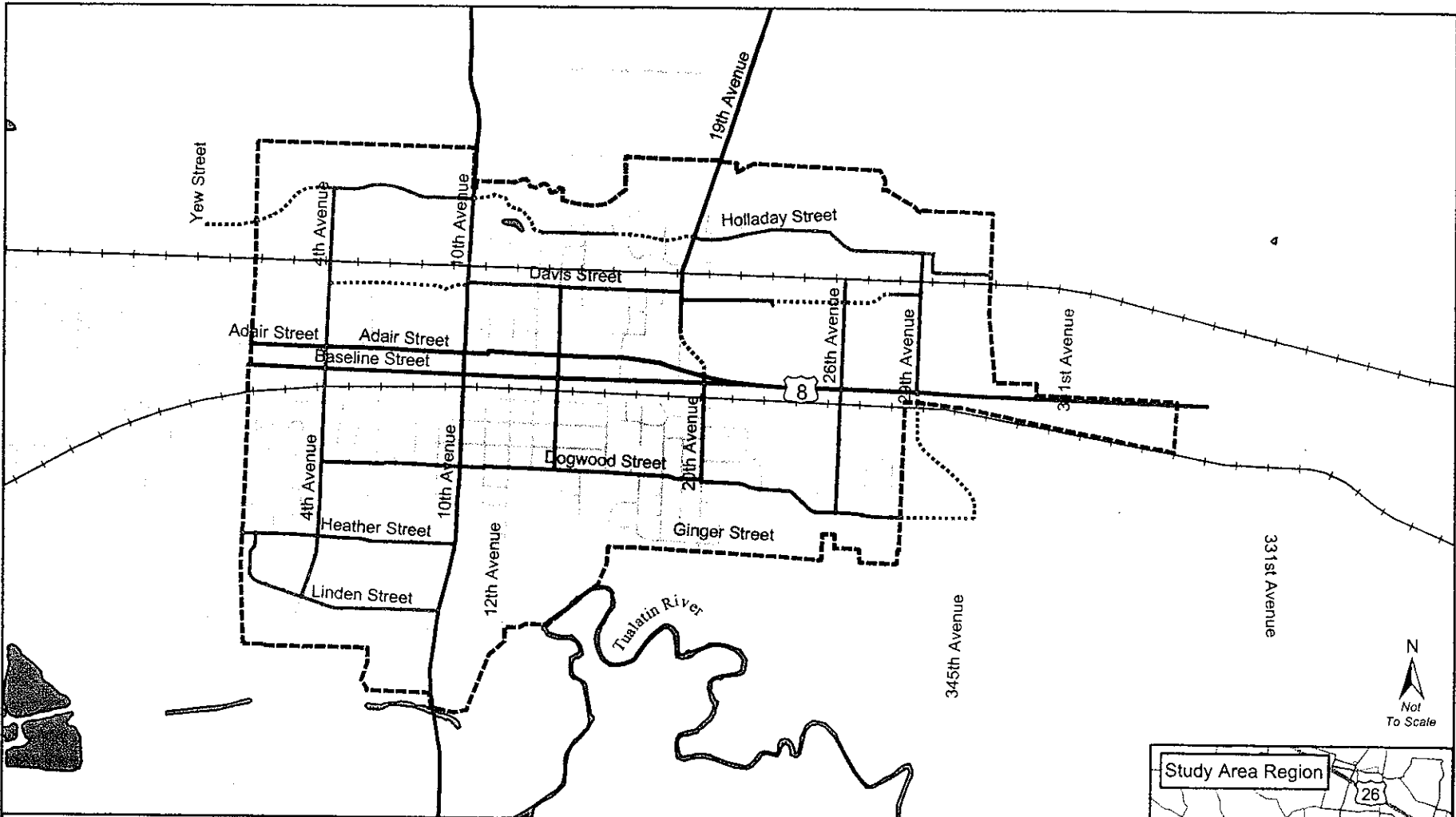


LEGEND

- - Access Point on Existing Arterial
- ↔ - Street Connection (Motor Vehicle/Ped/Bike)

NOTE: Connections are conceptual only, additional studies should be completed for specific alignments.

Figure 8-2
STREET CONNECTIVITY MAP
& WATER

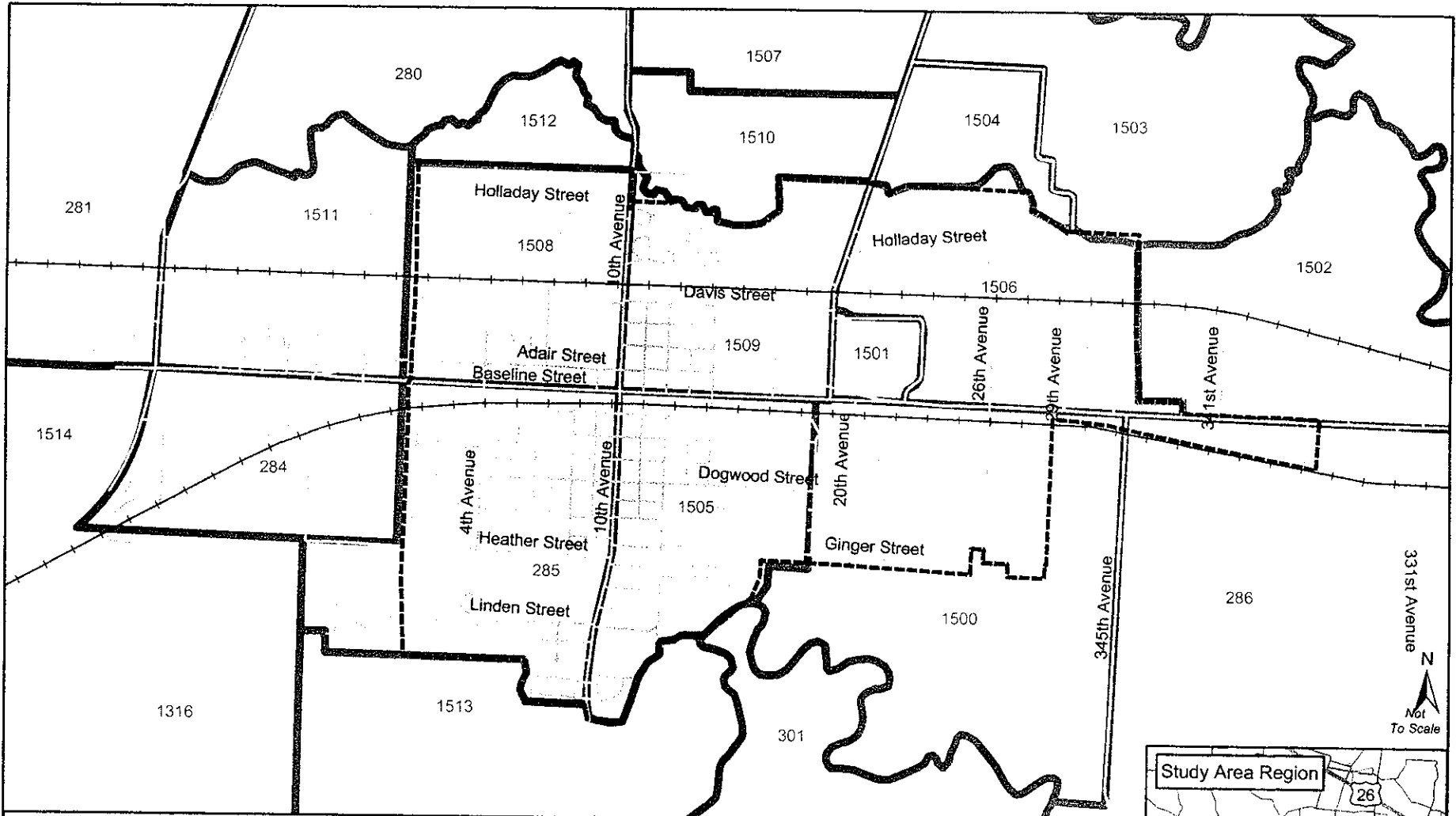


**Figure 8-3
PROPOSED
FUNCTIONAL CLASSIFICATION**

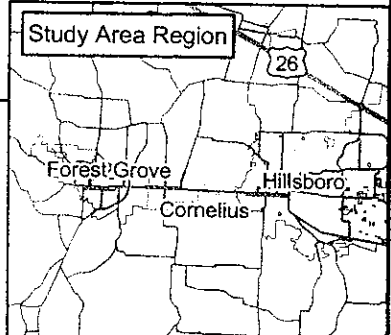
Sources:
- Metro RLIS - City of Cornelius
- TriMet - Washington County

LEGEND

- | | | |
|----------------------|------------------------|--------------------------|
| Existing Roadways | Proposed Roadways | UGB Expansion |
| — Arterial | --- Arterial | --- Cornelius City Limit |
| — Collector | --- Collector | |
| — Neighborhood Route | --- Neighborhood Route | |



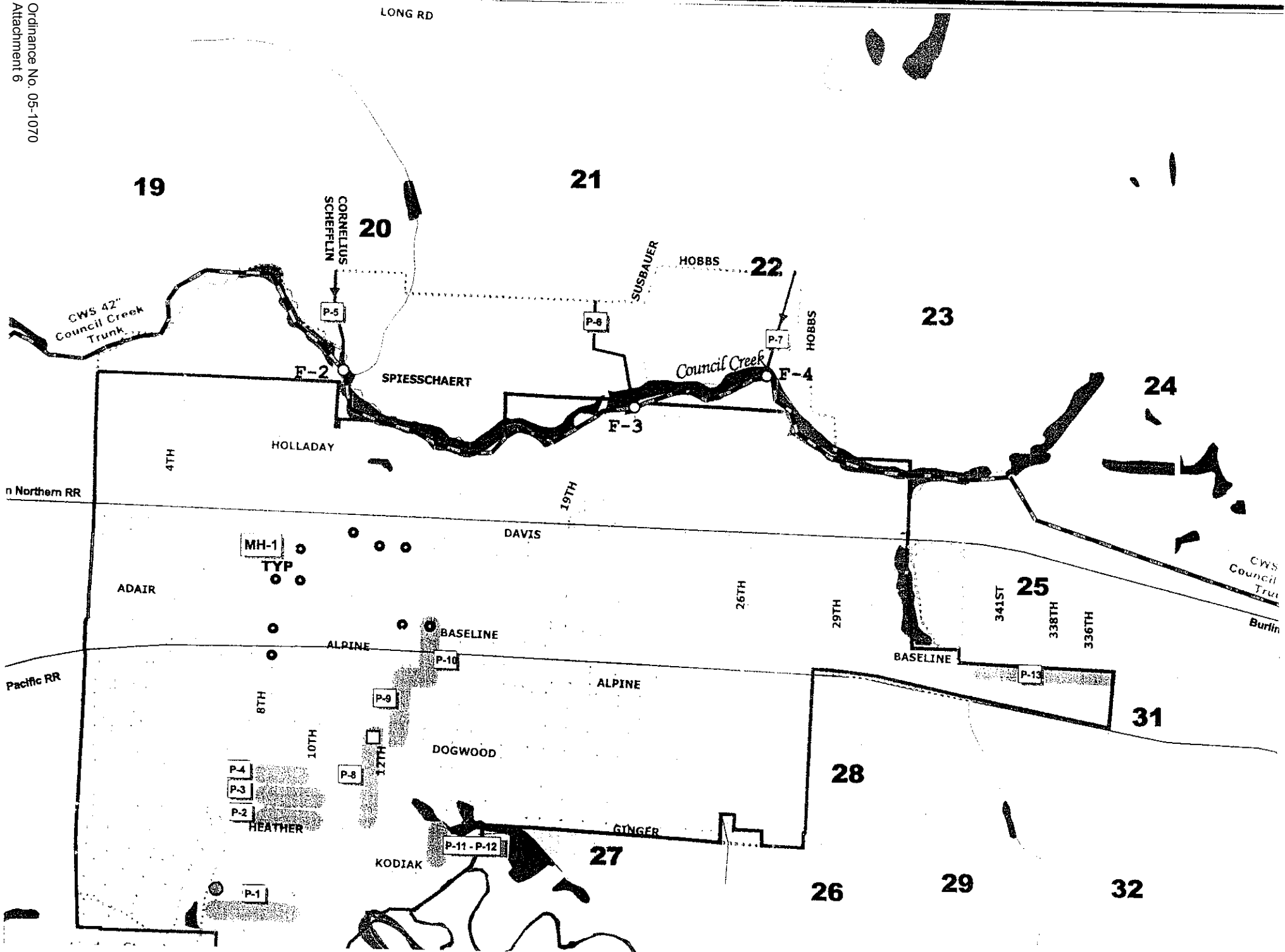
331st Avenue
N
Not To Scale



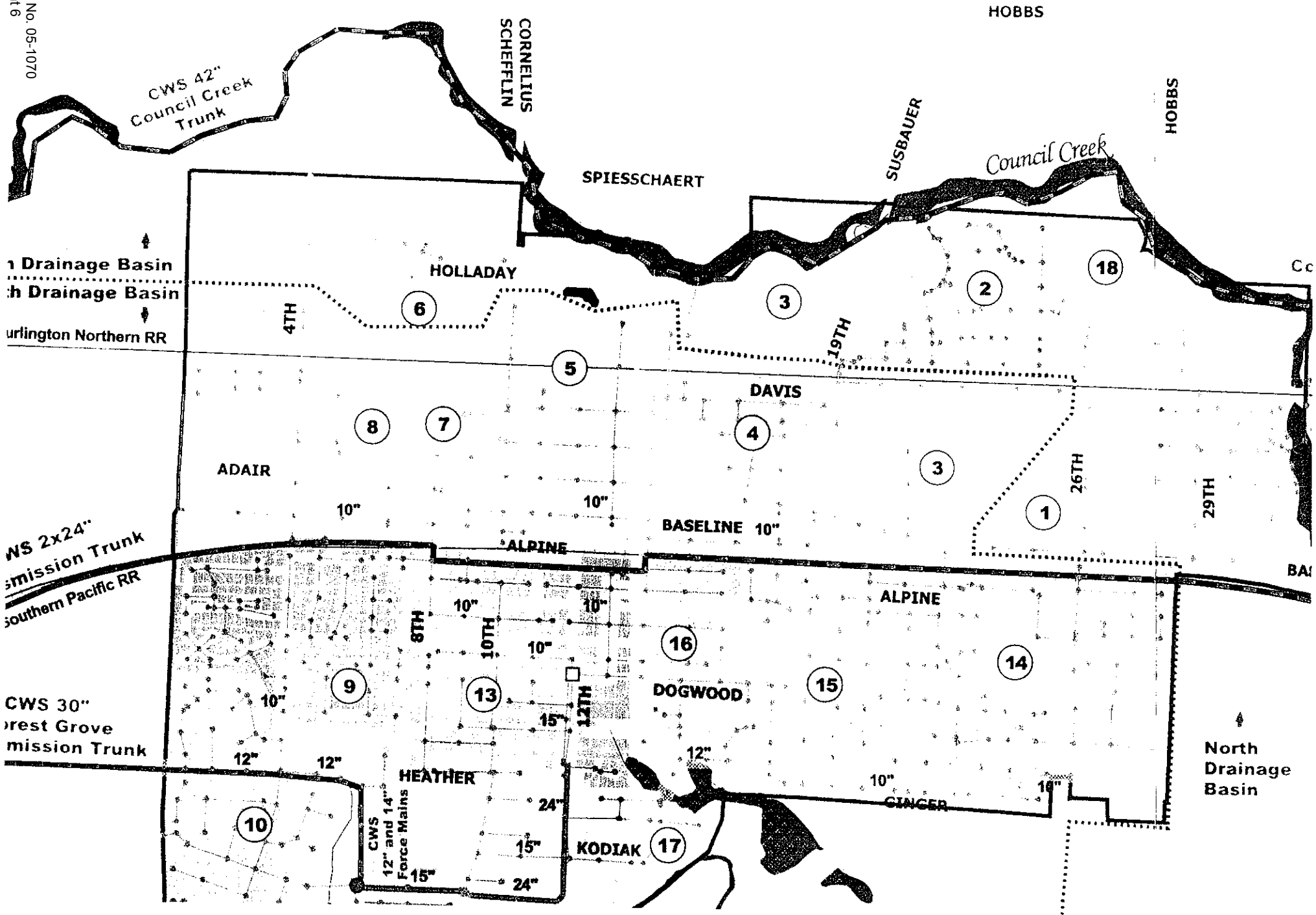
**Figure 4-1
TAZ**

- LEGEND**
- Cornelius TAZ
 - Rail Lines
 - Cornelius City Limit
 - UGB Expansion

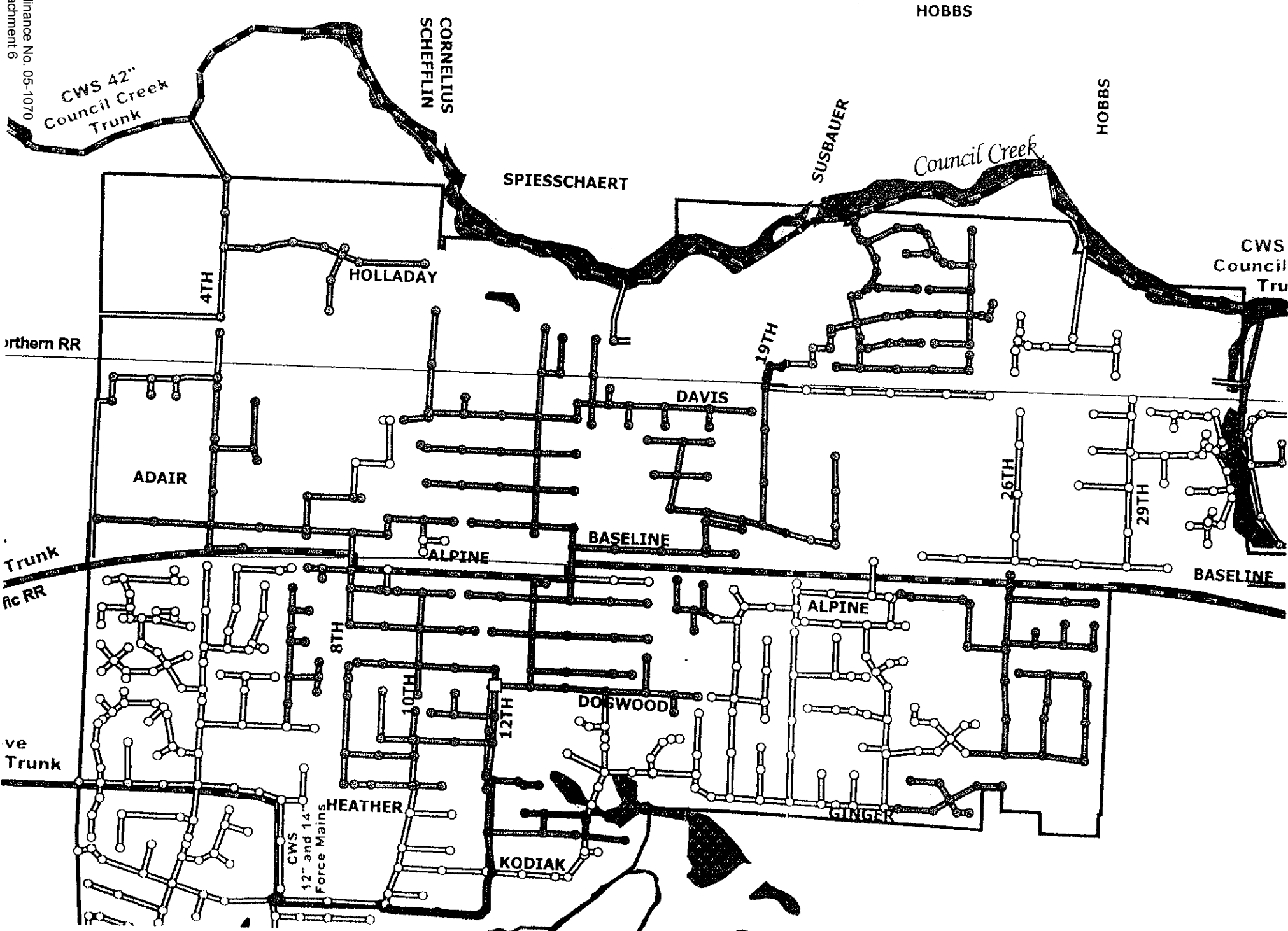
Sources:
- Metro RLIS - City of Cornelius
- TriMet - Washington County



CWS
Council
Trunk
Burlin



North
Drainage
Basin



ve Trunk

Trunk

orthern RR

CWS 42"
Council Creek
Trunk

CWS
12" and 14"
Force Mains

CWS
Council
Tru

Council Creek

HOBBS

HOBBS

CORNELLUS
SCHEFFLIN

SPIESSCHAERT

SUSBAUER

4TH

HOLLADAY

19TH

DAVIS

26TH

29TH

ADAIR

ALPINE

BASELINE

BASELINE

8TH

10TH

12TH

DOBWOOD

ALPINE

HEATHER

KODIAK

GINGER