



City of Tualatin

Attachment F:
Metro Resolution



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF RESOLVING A) RESOLUTION NO. 18-4885
DISPUTE BETWEEN THE CITY OF)
WILSONVILLE AND THE CITY OF) Introduced by Chief Operating Officer Martha
TUALATIN REGARDING THE CONCEPT) Bennett in concurrence with Council
PLAN FOR THE BASALT CREEK PLANNING) President Tom Hughes
AREA)

WHEREAS, in 2004 Metro adopted Ordinance No. 04-1040B, which amended the Urban Growth Boundary to add 1,940 acres of land to satisfy an identified regional need for industrial land, including approximately 646 acres located between the City of Tualatin and the City of Wilsonville that is now known as the Basalt Creek Planning Area; and

WHEREAS, in 2007 Metro awarded a \$365,000 grant of construction excise tax funds to the cities of Tualatin and Wilsonville to undertake concept planning for the Basalt Creek Planning Area; and

WHEREAS, in 2011 Washington County, Metro, and the cities of Tualatin and Wilsonville entered into an Intergovernmental Agreement (IGA) that outlines the requirements and responsibilities of the parties regarding their coordinated efforts toward adopting a concept plan for the Basalt Creek Planning Area; and

WHEREAS, under the 2011 IGA, all parties must agree regarding the jurisdictional boundary between the cities and the planning designations in the concept plan before the county may transfer planning authority to the cities to facilitate future annexation and urban development; and

WHEREAS, between 2013 and 2016 the two cities engaged in a joint concept planning process for the Basalt Creek Planning Area, but reached an impasse in 2017 regarding the appropriate planning designation for a 52-acre portion of the planning area known as the “Central Subarea,” and asked Metro to take on the role of arbitrating their dispute; and

WHEREAS, on January 22, 2018 the two cities, Metro, and Washington County entered into an IGA that assigns Metro the task of creating a process for arbitrating the dispute between the cities and reaching a decision regarding the appropriate land use designation for the Central Subarea; and

WHEREAS, Metro created a special process for the arbitration wherein the Metro Chief Operating Officer (COO) agreed to accept written evidence and argument from the cities and county prior to issuing a written recommendation to the Metro Council that would be reviewed by the Council in an “on the record” proceeding; and

WHEREAS, the 2018 IGA and the arbitration process created by Metro recognize that Metro’s decision as arbitrator does not itself result in the adoption or amendment of any land use plan or map, and will not have any land use effects unless and until it is implemented by the cities through future city land use decisions that will be appealable to LUBA; and

WHEREAS, the Metro COO reviewed the evidence and argument submitted by the cities, Washington County, and two property owners, and issued her written COO Recommendation to the Metro Council on March 26, 2018 recommending that the cities should designate the Central Subarea for future employment use; and

WHEREAS, the Metro Council reviewed the COO Recommendation and all of the evidence that was placed in the record before the COO, and at the Council meeting on April 19, 2018 voted unanimously to approve the COO Recommendation; now therefore,

BE IT RESOLVED that:

1. The Metro Council approves the COO Recommendation and agrees that the cities should designate the 52-acre Central Subarea of the Basalt Creek Planning Area for employment purposes, as depicted on the Basalt Creek Land Use Concept Map attached to the COO Recommendation as Exhibit C.
2. The Metro Council adopts the COO Recommendation dated March 26, 2018, attached as Exhibit A to this Resolution and incorporated herein, as the Council's findings and conclusions in support of this decision.
3. The Metro Council also adopts the Supplemental Findings attached as Exhibit B to this Resolution and incorporated herein as the Council's supplemental findings and conclusions in support of this decision.

ADOPTED by the Metro Council this 3 day of May 2018


Tom Hughes, Council President



Approved as to Form:



Alison R. Kean, Metro Attorney

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Chief Operating Officer Recommendation to the Metro Council Regarding the Basalt Creek Planning Area

This is my recommendation to the Metro Council concerning the appropriate land use designation of a 52-acre portion of the Basalt Creek Planning Area known as the “Central Subarea,” which is identified in Figure 1 below. A decision by Metro on this issue is contemplated by the Intergovernmental Agreement (IGA) among Metro, the City of Tualatin, the City of Wilsonville, and Washington County creating a process for Metro to resolve the dispute between the two cities regarding whether the Central Subarea should be planned for employment or residential use. My recommendation is that the Central Subarea should be designated as an employment area, as shown on the Figure 1 map.

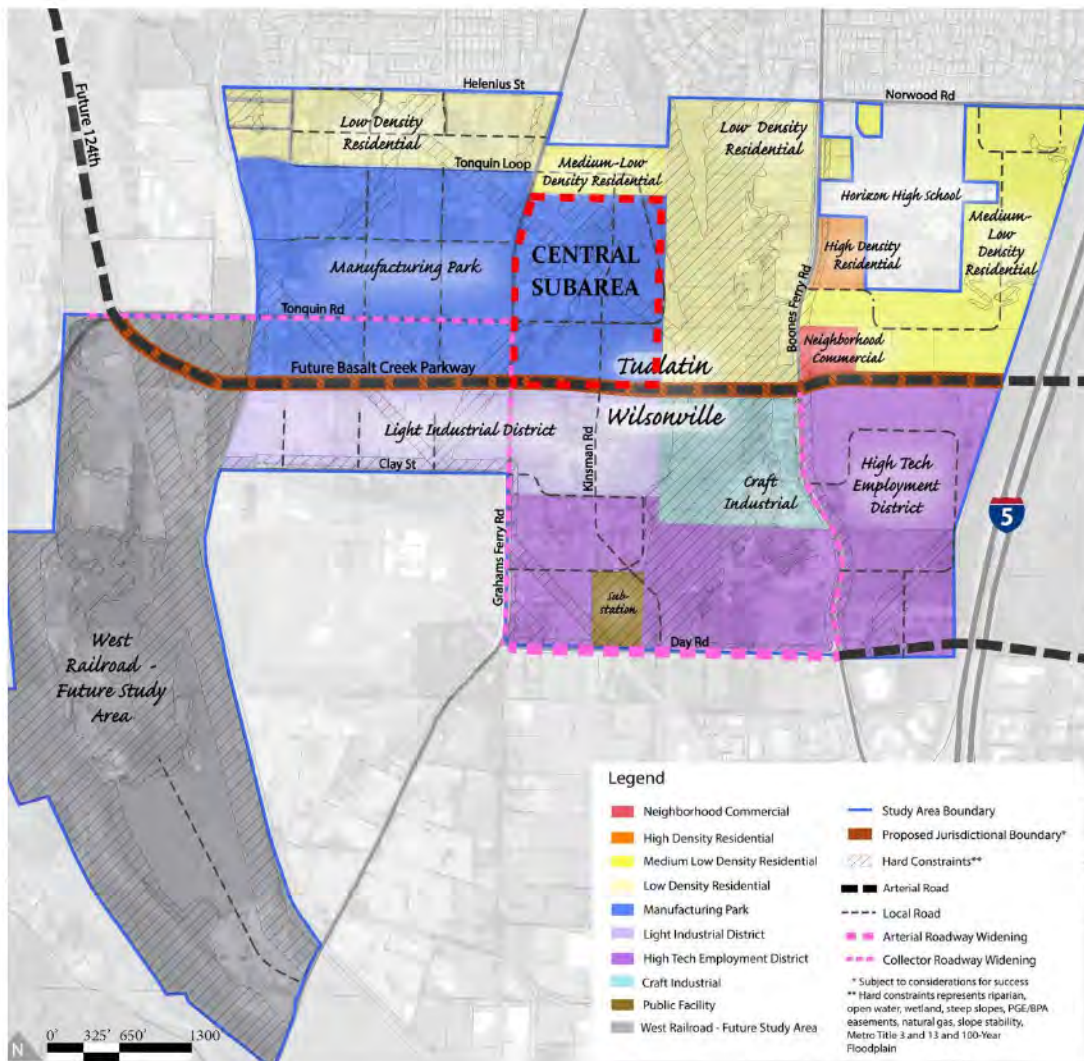


Figure 1: Basalt Creek Land Use Concept Map (Sept. 2016)

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A. Process

In 2017 the cities of Wilsonville and Tualatin reached an impasse regarding concept planning for a 52-acre portion of the Basalt Creek Planning Area known as the “Central Subarea” and asked Metro to take on the role of arbitrating their dispute. To that end, the cities, Metro, and Washington County entered into an IGA in January of 2018 that assigns Metro the task of making a final and non-appealable decision regarding the appropriate land use designation for the Central Subarea. The IGA is attached as Exhibit A and provides:

“Metro will have sole discretion to determine what to call this decision making process, where and when to hold the process, who Metro will appoint to make the decision, a briefing schedule, whether or not to hear oral argument, and ground rules that must be adhered to by the cities and county throughout the process.”

The process created by Metro began with the issuance of a staff report to the COO on February 21, 2018, which recommended an employment designation. The cities and the county then had until March 7, 2018 to submit written argument and evidence in support of their positions. The cities and county were provided an additional seven days to submit arguments and evidence in rebuttal to the first round of materials.

In addition to the materials submitted by the cities, Metro received a letter from the Chair of the Washington County Board of Commissioners in support of retaining the employment designation and stating concerns regarding Tualatin’s proposal to add more residential land in an area that has long been planned for industrial and employment use. Metro also received submittals from Herb Koss and Peter Watts, who own property within the Central Subarea and are advocating for a residential designation. Those two submittals include materials that had been provided to the two cities during the concept planning process.

After reviewing all of the documents provided by the parties and relevant regional planning materials, it is my conclusion that an employment designation for the Central Subarea is: (1) more consistent with the planning goals and expectations of the local government stakeholders over the last 14 years; and (2) supported by the greater weight of evidence in the record.

The Metro process calls for the Metro Council to review this recommendation and deliberate to a decision regarding whether to accept, reject, or modify it. The Council’s

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review will be based on the record of written materials submitted by the cities, county, and Metro staff. The Council will then adopt a resolution memorializing its decision and directing the cities to prepare concept plans consistent with Metro's final decision and with Title 11 of the Urban Growth Management Functional Plan. In the IGA, the cities agree that they will accept Metro's final decision and adopt corresponding concept plans.

B. Basalt Creek Planning History

1. 2004 UGB Expansion

The Basalt Creek Planning Area was added to the UGB as part of a 2004 expansion for industrial and employment purposes. Metro had previously expanded the UGB in 2002 to add 17,458 acres of land, with 15,047 acres added for residential purposes and 2,411 acres for employment. In the 2002 decision, Metro acknowledged that the amount of land being added for employment purposes was not sufficient to meet the identified 20-year need, and therefore requested that the Land Conservation and Development Commission (LCDC) assign a new work task that would allow Metro to complete its work and accommodate the region's need for industrial land. *See* Exhibit P to Metro Ordinance 02-969B. LCDC approved the majority of the decision, and returned the matter to Metro with instructions to satisfy the unmet 20-year need for industrial land.

Metro responded in 2004 by adopting Ordinance No. 04-1040B, the stated purpose of which was "to increase the capacity of the boundary to accommodate growth in industrial employment." That decision expanded the UGB to include 1,940 acres of land for industrial use, including the 646 acres now known as the Basalt Creek Planning Area between the cities of Tualatin and Wilsonville. The Metro Council adopted the following findings in support of adding the Basalt Creek area to the UGB:

"The Council chose this area because it is exception land (rural residential and rural industrial) with characteristics that make it suitable for industrial use. It lies within two miles of the I-5 corridor and within one mile of an existing industrial area, and portions of the area are relatively flat. These characteristics render it the most suitable exception area under consideration for warehousing and distribution, a significant industrial need facing the region." Metro Ordinance 04-1040B at Exhibit G, page 17.

During the Metro proceedings, the City of Tualatin and some of its residents expressed concerns about compatibility between future industrial uses in the Basalt Creek area and residential neighborhoods at the south end of the city, and about preserving the opportunity to choose an alignment between Tualatin and Wilsonville for the then-

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planned connector between Interstate 5 and Highway 99W. In response, the Metro Council adopted the following condition of approval:

“2. Title 11 planning shall incorporate the general location of the projected right of way alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the ‘south alignment,’ as shown on the Region 2040 Growth Concept Map, ... the portion of the Tualatin Area that lies north of the right-of-way shall be designated ‘Outer Neighborhood’ on the Growth Concept Map; the portion that lies south shall be designated ‘Industrial.’” Metro Ordinance 04-1040B at Exhibit F, page 3.

A copy of the 2004 version of the 2040 Growth Concept Map showing the two proposed alignments for the I-5/99W connector is attached as Exhibit B. That exhibit also shows the locations of the Central Subarea and the Basalt Creek Parkway. The Metro Council adopted the following findings describing the purpose of the condition:

“Second, the Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use).” Metro Ordinance 04-1040B at Exhibit G, pages 17-18.

2. Local Concept Planning

In 2007, Metro awarded a \$365,000 CET Grant to the cities of Tualatin and Wilsonville to perform concept planning for the Basalt Creek Planning Area. In 2011 the cities, Metro, and Washington County entered into an IGA that outlines the requirements and responsibilities of the parties regarding their coordinated efforts on the Basalt Creek concept plan. The IGA defines a decision-making process that requires all four parties to agree to the final decisions about the jurisdictional boundary between the two cities and the appropriate land use designations for the entire area.

The concept plan was put on hiatus from 2011 to 2013 while transportation planning issues for the larger South County Industrial Area were being resolved via the Basalt Creek Transportation Refinement Plan. The stakeholders concluded that it was important to address transportation issues for the area prior to any industrial development occurring. As part of that transportation planning effort, the Basalt Creek Parkway was one of several options identified as critical to the success of the transportation system. The

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Parkway was seen as one of the vital connectors for truck traffic from the Tonquin and Southwest Tualatin Industrial areas to the north down to Interstate 5, in order to mitigate the traffic impacts on Tualatin-Sherwood Road and the Tualatin Town Center.

Upon completion of the Basalt Creek Transportation Refinement Plan in 2013, the cities of Wilsonville and Tualatin resumed their concept planning efforts, utilizing Metro's CET grant funds. In December of 2015, the City Councils of Wilsonville and Tualatin reached an agreement regarding a jurisdictional boundary between the cities, delineated by the Basalt Creek Parkway. Further work between the cities resulted in a "Preferred Basalt Creek Land Use Map" in September of 2016, which designated the majority of the area north of the Basalt Creek Parkway in Tualatin, including the Central Subarea, with a Manufacturing Park zoning classification. Exhibit C.

3. Summary of Dispute

In October of 2016, a property owner in the Central Subarea presented the City of Tualatin with a proposal to change the designation of the subarea from employment to residential. The property owner asserted that the area is not well suited for employment uses due to topography and geologic conditions. In support of this proposal, the property owner submitted a request from OTAK to amend the Preferred Basalt Creek Land Use Map, stating a concern that the Central Subarea would be difficult to develop for employment purposes due in part to the existence of slopes in excess of ten percent. The property owner also submitted letters from other development professionals stating that the site topography is too challenging for industrial development and is better suited for smaller footprint buildings such as housing. Tualatin Brief, Exhibit 108.

At a Tualatin City Council work session on October 10, 2016, the City Council directed planning staff to consider the property owner's request as proposed by OTAK. The matter came back to the City Council on November 28, 2016. The Tualatin planning department staff report for that meeting noted that the OTAK proposal to amend the concept plan "includes substantially more residential land uses in the central subarea" than had been previously discussed, and recommended rejecting the property owner's proposal and retaining the proposed employment designation: "After consideration of OTAK's proposal and all of the above factors together, staff believes the central subarea can be developed for employment over the long-term. While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses." Wilsonville Rebuttal Brief, Exhibit G.

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In response to the property owner's testimony to the City of Tualatin in October of 2016 regarding the unsuitability of the Central Subarea for employment uses, Washington County hired Mackenzie development group to undertake an independent study regarding the viability of employment uses in that area. The study was completed in January of 2017 and concluded that employment uses are viable in the Central Subarea, specifically for flex business park, office campus, manufacturing, and commercial support services. Wilsonville Brief, Exhibit G.

In February of 2017, the Tualatin City Council directed their staff to proceed with changing the designation of the Central Subarea from employment to residential. In March of 2017, the City of Wilsonville hired the engineering firm KPFF to evaluate the feasibility of development for employment uses in the Central Subarea. The resulting KPFF feasibility study provided three different scenarios for viable employment development, taking into consideration the slope and geologic composition of the site. Wilsonville Brief, Exhibit D.

Under the 2011 IGA regarding concept planning for the Basalt Creek Planning Area, all parties must agree regarding the jurisdictional boundary between the cities and the land use designations. Since the cities cannot agree, the area cannot be planned or annexed by either city. The cities asked Metro to act as an arbitrator and resolve the dispute.

ANALYSIS

A. Planning Goals and Expectations of Local Government Stakeholders

The planning history of the Central Subarea and the planning expectations of local government stakeholders lean heavily in the direction of an employment designation. The area was brought into the UGB by Metro in 2004 as part of an expansion for the purpose of meeting a regional need for industrial land, and the entire Basalt Creek Planning Area is designated on Metro's Title 4 map as a future industrial area.

Although the 2004 UGB expansion decision did contemplate that some portions of the Basalt Creek Planning Area could become residential, the relevant condition of approval and findings (quoted above on page 3) drew a line at the location of the south alignment of the proposed I-5/99W connector and stated that areas north of that line, closer to the City of Tualatin boundary, are more appropriate for residential use, while areas south of that line (including the Central Subarea) are more appropriate for industrial use.

As noted by the City of Wilsonville in its brief, the City of Tualatin has already designated a substantial portion of its share of the 2004 UGB expansion area for

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residential development. Without removing the employment designation from the Central Subarea, 91 the 194 developable acres in Tualatin's portion of the Basalt Creek Planning Area are designated as residential. Those 91 acres include flat land adjacent to Interstate 5 at the eastern edge of the planning area between Norwood Road and the future Basalt Creek Parkway that appear to be ideal for employment purposes. Wilsonville Brief, Exhibit A. If the Central Subarea designation is changed from employment to residential, Tualatin will have designated 65% of its developable land in the planning area for residential purposes.

Evidence in the record indicates that the City of Tualatin strongly advocated for an employment designation in the Central Subarea during the concept planning process until the end of 2016, when the property owner and OTAK proposed the change to residential. Wilsonville Brief, Exhibit A and Exhibit C at page 6; Wilsonville Rebuttal Brief, Exhibit I. Evidence in the record also shows that the City of Tualatin moved the proposed jurisdictional boundary between the cities farther south in order to provide more employment opportunities for Tualatin. Minutes from the Tualatin City Council work session on August 24, 2015 state:

“Mayor Ogden stated he did not believe the mix of residential and industrial in this option [boundary option 3] is a good value for the people who live in Tualatin. This mix creates more trips in turn creating more congestion. He understands the need for residential capacity but does not believe it should be done at the exclusivity of other options. His recommendation would be to move the boundary line further down to accommodate for job producing land options creating a more balanced growth option.

“Council Bubenik would like to see more land in this option converted to light industrial.

“Council President Beikman expressed dissatisfaction with boundary option three. She stated boundary option three removes all industrial land and converts it to residential leaving no room for job growth.” Wilsonville Rebuttal Brief, Exhibit A.

As a result of this direction from the Tualatin City Council regarding the city's desire for more employment land, Tualatin planning staff generated a new Boundary Option 4, which moved the boundary between the two cities south to Tonquin Road and changed the designation of the Tualatin portion of the Central Subarea from residential to

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employment. Wilsonville Rebuttal Brief, Exhibit C. Planning staff then presented Boundary Option 4 at the joint meeting between the two city councils on December 16, 2015. Wilsonville Rebuttal Brief, Exhibit D.

At the December 16, 2015 meeting, the two city councils agreed that the boundary line between the two cities should be moved even farther south, to the future location of the Basalt Creek Parkway. Tualatin Reply Brief, Exhibit 128. The City of Wilsonville argues that there was an express agreement between the cities at the December 16, 2015 joint meeting regarding an employment designation for the Central Subarea. The City of Tualatin disagrees, noting that the stated purpose and outcome of the meeting was limited to the agreement regarding the location of the jurisdictional boundary, and that future land use designations were not included as part of the presentation to the two city councils. Tualatin Reply Brief, Exhibits 128, 129 and 130.

The City of Tualatin appears to be correct that there was no formal agreement or vote taken by the two cities at the December 16, 2015 joint meeting regarding land use designations. However, the evidence, and common sense, support the City of Wilsonville's contention that its agreement regarding the jurisdictional boundary was based in part on the Tualatin City Council's position regarding Tualatin's need for more employment land, and that Wilsonville would not have agreed to cede more land to Tualatin if it was proposed to be residential.

There is no dispute that the Tualatin City Council directed its staff to move the city boundary south to Tonquin Road because it believed Tualatin was not being provided enough employment land for future job growth in the city. That directive resulted in Boundary Option 4, which changed the Tualatin portion of the Central Subarea from residential to employment. At the same December 16, 2015 joint meeting where Tualatin's Boundary Option 4 was presented to the two city councils, the councils reached agreement on a boundary location even farther south, at the Basalt Creek Parkway. Given Tualatin's push to move the boundary south in order to provide itself with more employment land, there was no reason for Wilsonville to think that Tualatin was going to change its proposed employment designation for the Central Subarea to residential. Although there was no vote or other formal action taken at the December 16, 2015 joint meeting regarding land use designations, the evidence supports a finding that Wilsonville's agreement regarding the jurisdictional boundary was premised on its belief that areas north of that boundary would remain in an employment designation as proposed by Tualatin on December 16, 2015. As stated by Wilsonville Mayor Tim Knapp at a city council work session on March 20, 2017, "Our prior offer to set the boundary at the parkway is contingent on the rest of that agreement that has, apparently, disappeared.

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So the proposal to put the boundary at the parkway is no longer operative.” Wilsonville Rebuttal Brief, Exhibit I, page 2.

Since 2016, Washington County has objected to changing the employment designation based on the county’s planning expectations and related transportation investments in the Basalt Creek Planning Area. The March 5, 2017 submittal from the Chair of the Washington County Commission states:

“Our position remains consistent with my letter to Mayor Ogden and members of the Tualatin City Council dated October 27, 2016, wherein I expressed the concerns of the Board of County Commissioners regarding potential increases in the amount of residential units proposed in the Tualatin side of the Basalt Creek Concept Plan. The County supports the planned employment uses in this area and has invested over \$65 million in the construction of the new 124th arterial to leverage future economic development in the area.”

A copy of the county’s October 27, 2016 letter is attached as Exhibit D. That letter provides, in relevant part:

“We believe this area to be prime future industrial land needed to support the regional economy. In 2013, Washington County, City of Tualatin, City of Wilsonville, and Metro acknowledged the Basalt Creek Transportation Refinement Plan. This plan identified transportation infrastructure needed to support this future industrial area. We have moved forward in support of this agreement with construction of the new 124th arterial to leverage future economic development. We believe that eliminating industrial land beyond what the latest concepts show would be a big mistake for the economic health of South County and counter to our agreement.”

The Basalt Creek Transportation Refinement Plan Recommendations from 2013, attached as Exhibit E, supports the assertion of Washington County that an important function of the planned Basalt Creek Parkway (also referred to as the SW 124th arterial) is “supporting industrial access from the Tonquin, Southwest Tualatin, and Basalt Creek Planning Areas.” Exhibit E, page 2. This planning objective is also reflected in Metro’s 2014 Regional Transportation Plan (RTP), which describes the recommended alternative to the I-5/99W connector proposal as follows:

“The recommended alternative ... is based upon the principle that it is preferable to spread the traffic across three smaller arterials rather than one

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large expressway. The analysis concluded this approach could effectively serve the traffic demand, would provide better service to urban land uses in the Tualatin/Sherwood area, especially industrial lands, and could be built incrementally based upon need to serve growth and revenue availability.”

“* * * * *

“Since completion of the I-5/99W Connector Study, Washington County led the Basalt Creek Transportation Refinement Plan along with Metro, ODOT, and the Cities of Tualatin and Wilsonville. The purpose of this refinement plan was to determine the major transportation system to serve the Basalt Creek Planning Area. The plan sets the stage for land use concept planning and comprehensive plan development for the Basalt Creek area. The need to plan for the future transportation system was driven by future growth in the Basalt Creek area itself as well as almost 1000 acres of future industrial development targeted for surrounding areas.” 2014 RTP, pages 5-21 and 5-22.

The relevant transportation planning documents for the Basalt Creek Planning Area indicate that one reason for abandoning the I-5/99W connector proposal was to create a better plan for transportation connectivity for planned industrial development in the area. As noted by Washington County in its March 5, 2017 letter, a primary purpose of the \$65 million investment in the planning and development of the Basalt Creek Parkway is to support future economic development from planned employment areas in the Basalt Creek Planning Area. The City of Tualatin’s decision to add more residential land to the sizeable areas it has already planned for residential is not consistent with the county’s planning expectations and investment in the Basalt Creek Parkway arising out of the agreement reached by the local governments in the Basalt Creek Transportation Refinement Plan.

B. Consideration of the Cities’ Arguments

1. Consistency with Condition of Approval on 2004 UGB Expansion

The City of Tualatin contends that the Central Subarea must be designated for residential purposes under the condition of approval attached to the 2004 UGB expansion in Metro Ordinance 04-1040B. Tualatin asserts this is because the condition requires all areas north of the Basalt Creek Parkway to be designated “Outer Neighborhood.” However, the condition refers to the south alignment of the proposed I-5/99W connector and not to the Basalt Creek Parkway:

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“2. Title 11 planning shall incorporate the general location of the projected right of way alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the ‘south alignment,’ as shown on the Region 2040 Growth Concept Map, as amended by the portion of the Tualatin Area that lies north of the right-of-way shall be designated ‘Outer Neighborhood’ on the Growth Concept Map; the portion that lies south shall be designated ‘Industrial.’” Metro Ordinance 04-1040B at Exhibit F, page 3.

The map below (also attached as Exhibit B) shows the location of the Central Subarea and the Basalt Creek Parkway overlaid on the 2040 Growth Concept Map from 2004 with the proposed north and south alignments for the I-5/99W connector. As shown on this map, the south alignment is located along the northern boundary of the Central Subarea.



Figure 2: Central Subarea and Basalt Creek Parkway overlaid on Metro 2040 Growth Concept Map (2004 version)

In reviewing the cities’ arguments on this issue, it is important to note that the I-5/99W connector concept was abandoned by the stakeholders in favor of spreading traffic across three smaller arterials. Therefore the two alternative connector alignments have been removed from the current 2040 Growth Concept Map. As a result, the significance of this condition of approval is limited, since the proposed connector will never exist. Tualatin contends that the Basalt Creek Parkway should be treated as if it were the connector because it “follows the approximate course” of the south alignment, consistent with the condition of approval. Therefore, Tualatin argues, the Parkway must serve as the buffer

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between industrial development to the south and residential to the north, as stated in the Metro Council findings explaining the condition of approval:

“Second, the Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use).” Metro Ordinance 04-1040B at Exhibit G, pages 17-18.

However, the Basalt Creek Parkway and the previously proposed I-5/99W connector are not interchangeable facilities. As stated in the above-quoted portion of the 2014 RTP, the recommended alternative to the I-5/99W connector “is based on the principle that it is preferable to spread the traffic across three smaller arterials rather than one large expressway.” 2014 RTP, page 5-21.

More importantly, the location of the Basalt Creek Parkway is sufficiently south of the proposed connector’s south alignment that it cannot reasonably be considered the “approximate course” of that alignment. Tualatin argues that the distance is only approximately 1800 feet, or one-third of a mile. However, shifting the entire length of a proposed roadway project by one-third of a mile is not an insignificant change. Also, as pointed out by Wilsonville in its brief, the amount of acreage that would be changed from industrial to residential as a result of shifting the alignment that far south is significant – the residential acreage would increase from 110 acres to 380 acres. Wilsonville Rebuttal Brief at Exhibit F, page 2.

This highlights a flaw in Tualatin’s argument – if the condition of approval still applies as the city contends, and is interpreted so that the Basalt Creek Parkway is the equivalent of the I-5/99W connector and therefore must separate industrial uses to the south and residential to the north, then 100% of the approximately 200 acres of employment land in Tualatin’s portion of the planning area would need to be converted to residential. Wilsonville Rebuttal Brief at Exhibit H. This is an outcome that has never been contemplated by any party to this decade-long planning process, and would create further obstacles and disputes among the cities, county, and Metro regarding planning for the Basalt Creek area.

The part of the Metro Council’s 2004 UGB expansion findings regarding the location of the proposed south alignment that is more relevant today is that the Council identified the area north of the proposed alignment as being the least suitable for industrial use, and the

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area to the south as being the most suitable for industrial use. As shown on the map above (and attached as Exhibit B), the location of that proposed alignment follows the northern boundary of the Central Subarea.

In conclusion, the 2004 condition of approval does not support Tualatin's argument that the Central Subarea must be designated for housing. However, the 2004 Metro Council findings do indicate that Metro's UGB expansion decision identified the area south of the proposed I-5/99W connector, including the Central Subarea, as "the area most suitable for industrial use."

2. Suitability for Industrial/Employment Development

The primary reason stated by the City of Tualatin for changing the Central Subarea planning designation from employment to residential was that the area is too steep and too rocky to be developable for employment purposes. This issue was initially raised in testimony from a property owner in the Central Subarea, who hired OTAK to prepare and submit a request for an amendment to the concept plan that provides a bullet-point list of concerns, along with a slope analysis and a proposal for residential development in the subarea. The three concerns identified in the OTAK document are topography, access, and the fact that the subarea abuts the Basalt Creek Canyon. Tualatin Exhibit 108.

The property owner also submitted four one-page letters from development professionals at Brian Copton Excavating, Real Estate Investment Group, PacTrust, and Ken Leahy Construction stating that development of the Central Subarea for employment purposes would be "very difficult," "very inefficient," "uneconomic," and that the area is generally better suited for residential use due to its topography, rockiness, and access limitations. Wilsonville Brief, Exhibit H.

In response to this testimony, Washington County hired Mackenzie development group to undertake a study regarding the viability of employment uses in the Central Subarea. The study was completed in January of 2017 and provides a slopes map, an estimation of development area acreage for employment purposes, and a conceptual employment use concept plan. The Mackenzie report acknowledges that there are development constraints on the site, noting that nearly a third of the site consists of slopes greater than 10%, which are generally considered undevelopable for employment purposes. The report states that "of the 63 gross acres, approximately half of the site (about 37 acres) may be suitable for employment development, if slopes ranging above 5% to 10% can be mitigated." Wilsonville Brief Exhibit G, page 3. The report provides an employment use concept plan showing 40% developable area and approximately 315,000 square feet of building

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area, and goes on to conclude that employment uses are viable in the Central Subarea, specifically for flex business park, office campus, manufacturing, and commercial support services.

The Mackenzie report includes two incorrect assumptions that undercut the evidentiary value of the report's concept plan and conclusions. First, Mackenzie mistakenly included the 11-acre property to the north of the Central Subarea as part of its study, and located two buildings and an access road in that location in its concept plan. That property has been agreed upon as a future residential area and is not part of the dispute between the cities. It also includes some of the flattest terrain in the area, so its inclusion in the Mackenzie study skews the conclusions regarding total developable area. Second, the Mackenzie concept plan shows a public road access point onto the Basalt Creek Parkway, which is not correct due to the limited access nature of that facility. However, the Mackenzie report does have evidentiary value in that it describes land suitability factors for employment development, identifies the locations of the best developable areas within the Central Subarea for employment purposes, and identifies types of employment uses that could be located in those areas.

After the Tualatin City Council directed staff to change the designation of the Central Subarea from employment to residential in February of 2017, the City of Wilsonville hired the engineering firm KPFF to undertake a study evaluating the feasibility of development for employment uses in the Central Subarea. The KPFF study provides a comprehensive evaluation of the site, including environmental constraints, slopes, rock location and excavation, grading, and site access. Based on that evaluation, the KPFF study identifies three different "schemes" for employment development of the Central Subarea. The three schemes offer differing intensities of development, based in part on the level of desired protection of open space areas in the northern portion of the site. Scheme A shows a total building area of 480,000 square feet, Scheme B shows a total building area of 594,800 square feet, and Scheme C shows a total building area of 781,350 square feet. The KPFF study concludes as follows:

"Various employment opportunities can be accommodated on the site from larger industrial facilities such as Building A to smaller craft industrial facilities such as Building E. The slope on the site is conducive to the stepped and smaller buildings such as Buildings E and C. These buildings could provide office space as well as smaller craft facilities that can include breweries, textiles, pottery and metal works. Not only will these facilities increase the employment opportunities in the area but they also fill a need for providing space to support local artists and craft industry. As indicated

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in the three schemes there is flexibility on the site to use a variety of building types and footprints. This feasibility study has validated through the test fits that the area can be developed to increase employment opportunities in the region. As a result, other land uses were not analyzed for feasibility since the area is designated as a regional employment area.”

“The site does pose some grading challenges which will require the use of stepped foundations and retaining walls as indicated and discussed. This is not unexpected in the region and the use of retaining walls and stepped footings has been done in other projects locally as indicated by the included images. The cost for accommodating the grade changes is higher than if the project site were completely flat, but it is not out of line with development on similar types of sites. Infrastructure costs such as construction of new roadway and utilities are required for all greenfield sites and would be required to develop the feasibility study site regardless of the intended use.”
Wilsonville Brief, Exhibit D, page 28.

Metro is presented with a situation where there is conflicting evidence in the record regarding the viability of employment uses in the Central Subarea. Metro’s decision on this issue must be based on substantial evidence in the record, which is legally defined as evidence a reasonable person would rely on in making a decision. In reaching that decision, Metro may consider the weight and credibility of the relevant conflicting evidence and decide which evidence it finds to be more persuasive in reaching its decision.

After reviewing all of the relevant evidence in the record, and evaluating its comparative weight and credibility, the greater weight of more credible evidence supports a conclusion that it is feasible to develop the Central Subarea for employment purposes. The evidence indicates that, although the Central Subarea may not be a likely candidate for a large industrial facility, there is sufficient developable area on the site for multiple buildings housing smaller employment uses, as depicted in the Mackenzie and KPFF studies, such as office, flex business park, manufacturing, and craft industrial.

The best evidence in the record regarding the viability of employment uses in the Central Subarea is the KPFF study, which provides an independent and highly credible professional analysis of potential employment uses on the site, and concludes that although there will be some challenges and costs associated with grading and excavation that would not exist if the site were totally flat, those costs are “not out of line with development on similar types of sites.” Wilsonville Brief, Exhibit D, page 28. The KPFF

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study also provides photo examples of other projects in the Metro region where grading and retaining walls have been used to allow employment development in similarly sloped areas.

The property owner advocating for a residential designation has not provided a similarly thorough and independent professional study of the site. The OTAK materials provide topographic and slope maps that appear identical to those provided by Mackenzie and KPFF, and state the uncontested fact that the site contains slopes in excess of 10% and 25% that are unlikely to be developable. However, as noted in the Mackenzie study, those portions of the Central Subarea that contain slopes of less than 5% may be readily developed, as well as those areas between 5% and 10% with more significant grading. OTAK expressly agreed with this aspect of the Mackenzie analysis. Wilsonville Brief, Exhibit H, item #9. The Mackenzie and KPFF studies each show those locations where employment-related buildings may be developed, including areas with slopes up to 10%. The OTAK memorandum goes on to make two inconclusive statements regarding access and the presence of the Basalt Creek Canyon, which have little evidentiary value. Tualatin Brief, Exhibit 108.

The record includes four one-page letters from individuals in the construction and real estate professions, written at the request of the property owner, generally stating their opinions that the Central Subarea is not well suited for employment uses due to topography, rockiness, and limited access. None of these letters include or reference the type of detailed and site-specific evidence provided in the analysis undertaken by KPFF. Two of the letters state that large industrial or flex buildings would not be viable due to the size of their footprints, but do not appear to consider the types of smaller employment uses identified by KPFF and Mackenzie. The common theme of the letters is that development of the site for employment purposes will be expensive due to grading and excavation costs, followed by conclusions that those higher costs will make future development “inefficient” or “uneconomic,” but providing little or no direct evidence supporting those opinions.

Taking a step back, the question properly before the cities, and now Metro, is a *planning* question regarding what would be the best type of use in this particular location in the future, given the long-range plan for the area. The question is not whether the Central Subarea will be developed tomorrow, or even in the next three years, for employment purposes. Accordingly, testimony that raises potential concerns about site-specific development issues, and particularly economic feasibility, is necessarily less relevant in reaching a determination as to whether an employment designation is appropriate. In reaching a decision regarding a land use planning designation for future development, a

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local government is not required to demonstrate that there is a particular development plan for the property that could occur immediately.

The KPFF study demonstrates that it is feasible for the Central Subarea to be developed for employment uses. The study acknowledges that it will be more challenging (and expensive) than if the area were flat, but states that the resulting costs are not out of line with existing development on similar sites. As noted by the City of Wilsonville in its brief, employment properties in the region that are easy to develop have largely been developed already, requiring developers and local governments to become more innovative and flexible regarding the siting of employment uses. The importance of local government flexibility was recognized by City of Tualatin planning staff when it concluded that the Central Subarea could be developed for employment uses: “While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses.” Wilsonville Rebuttal Brief, Exhibit G,

The property owner also submitted three letters from engineering and planning firm CES/NW that are of higher evidentiary value than the other materials relied upon by the City of Tualatin, in that the CES materials include a more objective and evidence-based analysis than letters that primarily state opinion-based conclusions. The first letter, dated February 10, 2017, raises similar issues regarding slopes and access points; however, it is primarily aimed at critiquing the Mackenzie concept plan, which as acknowledged above includes incorrect assumptions regarding access and developable acreage. Those errors are correctly pointed out in the CES letter.

Since the flaws in the Mackenzie plan are now known, and it has been essentially superseded by the more detailed (and accurate) KPFF study, the subsequent CES letter dated May 18, 2017 is more relevant because it provides a direct review of the KPFF study and conceptual development plan. The letter from CES focuses on the preferred Scheme B and makes an estimate regarding the amount of grading that would be required and the associated costs of that grading plus necessary retaining walls. Significantly, one conclusion of the CES letter is that “we feel the proposed grading plan is possible.” Tualatin Brief, Exhibit 113. Thus, the consultants hired by the property owner admit that it is *possible* for the Central Subarea to be graded for employment use. The issue posed by CES is not physical feasibility; it is how much it would cost. The CES letter estimates \$10.5 million for grading and \$1.2 million for retaining walls. However, the letter does not provide any evidence or conclusions regarding whether or why those expenses would render development of the site economically infeasible. This letter has evidentiary value

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for the amount of money that could be required to grade the site, but not for a conclusion that grading costs would render development economically infeasible.

The question of economic feasibility is more directly addressed in the next letter from CES, dated July 20, 2017, the primary point of which is to compare residential development to employment development in the Central Subarea given its site constraints. But again, that letter stops short of saying that employment development is not feasible: “Add rock excavation at six to ten times the normal cost of grading to the excessive amount of grading required, and this property *may not be* economically feasible to develop.” Tualatin Brief, Exhibit 114 (emphasis added). This letter provides evidentiary support for the proposition that it will be more expensive to develop the Central Subarea for employment than residential, and that excavation and grading costs *could* make it economically infeasible. But it does not directly support the conclusion asserted by the City of Tualatin that developing the site for employment use “is not economically feasible.” Tualatin Brief, page 6.

In its brief, the City of Tualatin also challenges certain assumptions and conclusions in the KPFF study. Tualatin notes that all three potential development schemes depicted in the KPFF study “have office space as the predominant use, not industrial.” Tualatin Brief, page 11. Office space is an employment use and the debate here is about whether the site is appropriate for employment purposes, which of course could include industrial but are not limited to industrial. Tualatin also argues that the KPFF study concludes that “the area is useful, at best, for ‘split elevation’ office use.” Tualatin Brief, page 5. The City of Wilsonville provided the following response from KPFF engineer Matt Dolan, which more accurately describes the study’s conclusions: “To the contrary, the study suggests that a different building type could be utilized in areas with steeper slopes and does not suggest this approach for the entire area. All of the scenarios and building typologies imagined in the study support employment opportunities within the study area....” Wilsonville Rebuttal Brief, Exhibit K.

Tualatin also notes that the office buildings include “split elevations and access at varying levels to accommodate grade,” and then asserts “[a]s explained by an industrial/employment developer, stepped floors are not desired for industrial/employment development,” citing the PacTrust letter dated November 14, 2016. However, the PacTrust letter does not say anything about stepped floors being undesirable for employment development. The conclusion of the PacTrust letter is that “the topography of your site makes development of industrial or flex buildings uneconomic.” Tualatin Brief, Exhibit 115. Notably, the PacTrust letter does not say that the site topography

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renders development infeasible for other smaller employment uses, such as the office or craft industrial buildings that are included in the KPFF development schemes.

Tualatin also contends that the KPFF proposed development schemes do not comply with Oregon Fire Code requirements regarding the allowable grade of an access road and a need for secondary access to the southern development area. These issues are adequately addressed in the response from the KPFF engineer, who notes that applicable TVFR requirements allow grades up to 15%, and that whether and where secondary access will be provided would be determined in consultation with TVFR at the time development is actually proposed. The KPFF memo also includes the following assessment:

“The discussion regarding economic feasibility does not seem pertinent or relevant to the determination of the long range planning goals for the area. If they are to be considered, a much more impartial and holistic approach would need to be applied to some sort of criteria that can equally evaluate long term economics for varying development scenarios. This is well beyond the scope of the feasibility study or any conclusions that could be extrapolated from the report and development scenarios envisioned.”

Wilsonville Rebuttal Brief, Exhibit K.

Tualatin also argues that the KPFF study is “biased” because KPFF purposely ignored the possibility of residential development on the site, and only studied the possibility of employment uses. Tualatin Reply Brief at 6. This argument ignores the statement on the first page of the KPFF report that the purpose of the study is to “ascertain whether the policy objective of employment uses is achievable in this subarea. Only if this investigation determines employment uses not to be feasible on this site will this analysis then consider feasibility of other land uses.” Wilsonville Brief, Exhibit D, page 1.

After reviewing all of the evidence in the record, and evaluating its comparative weight and credibility, the greater weight of more credible evidence supports a conclusion that it is feasible to develop the Central Subarea for employment purposes. Regarding credibility, this analysis cannot overlook the property owners’ monetary incentive to obtain a residential designation, which is more likely to provide a higher investment return than employment.

The evidence indicates that, although the Central Subarea may not be a likely candidate for a large footprint industrial facility, there is sufficient developable area on the site for multiple buildings housing smaller employment uses, as depicted in the Mackenzie and KPFF studies, such as office, flex business park, manufacturing, and craft industrial. This

EXHIBIT A TO RESOLUTION 18-4885

conclusion is supported by the City of Tualatin staff report to the City Council dated November 28, 2016, which concludes: “After consideration of OTAK’s proposal and all of the above factors together, staff believes the central subarea can be developed for employment over the long-term. While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses.” Wilsonville Rebuttal Brief, Exhibit G.

3. Responding to the Housing Crisis

The City of Tualatin contends that changing the planning designation for the Central Subarea to housing is an effective response to the regional housing crisis. Tualatin cites Metro materials that identify an urgent need to provide more affordable housing in the region, including the proposed 2018 affordable housing bond.

The Metro materials relied upon by the city describe an urgent need to address the current shortage of affordable housing in the region. As correctly noted by the City of Wilsonville, there is no evidence to support a conclusion that new homes constructed in the Central Subarea would fit any traditional definition of “affordability.”

More importantly, zoning the Central Subarea for residential use also would not address an immediate need for any type of housing. New residential development in this type of greenfield area takes a very long time, due in part to the need to plan, finance and construct all of the necessary infrastructure. Areas in Washington County that were added to the UGB in 2002 have only recently begun to actually be developed with housing. The long timelines associated with greenfield development do not lend themselves to addressing short-term housing needs. That will require development in existing urban areas that are already served by infrastructure.

Tualatin asserts that it has a shortage of land available for housing, based on its number of estimated dwelling units in Metro’s 2015 Buildable Land Inventory (BLI). However, the BLI is an inventory, not a housing needs analysis. In the absence of any information regarding the city’s projected population growth and corresponding future housing needs, an inventory does not support a conclusion that there is a need for housing. Tualatin’s brief does not refer to a local housing needs analysis under Goal 10, and it is not clear if the city has a current acknowledged housing needs analysis.

Tualatin’s argument that adding housing in the Central Subarea is necessary in order to provide housing for workers in the Basalt Creek area is unsubstantiated. Data gathered by Metro regarding work commutes at the intra-county level suggest that decisions regarding where to live are influenced by many other factors besides proximity to work.

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Exhibit F. Locating housing near an employment area does not guarantee that people will choose to live and work in the same area. Also, the high costs of infrastructure for new residential construction in this greenfield area will likely result in home costs exceeding the available income of most individuals working in nearby industrial jobs.

C. Conclusion

Metro identified the Central Subarea as viable industrial and employment land and included it in the UGB for that purpose. It has a regional Industrial designation under Title 4 of Metro's functional plan. The area is close to Interstate 5, has good existing and planned transportation infrastructure, including the Basalt Creek Parkway, consists of relatively large parcels, and is in close proximity to other areas planned and developed for employment uses. As described above, the weight of more credible evidence in the record supports a conclusion that an employment designation remains appropriate for the Central Subarea, and that the area should be planned accordingly by the cities.

**INTERGOVERNMENTAL AGREEMENT
BETWEEN METRO, WASHINGTON COUNTY, AND THE CITIES OF
TUALATIN AND WILSONVILLE SEEKING A BINDING NON-APPEALABLE
DECISION FROM METRO CONCERNING ONE AREA, THE CENTRAL SUBAREA,
OF THE BASALT CREEK PLANNING AREA**

This Intergovernmental Agreement (IGA) is entered into by the following parties: Metro, a metropolitan service district organized under the laws of the State of Oregon (hereinafter referred to as "Metro"), Washington County, a political subdivision in the State of Oregon (hereinafter referred to as "County"), and the City of Tualatin ("Tualatin") and City of Wilsonville ("Wilsonville"), incorporated municipalities of the State of Oregon (hereinafter referred to as "Cities").

Whereas, in 2004 the Metro Council added two areas, known as the Basalt Creek and West Railroad Planning Areas, located generally between the Cities, to the Urban Growth Boundary (UGB) via Metro Ordinance No. 04-1040B; and

Whereas, Metro conditioned that these UGB expansion areas undergo Title 11 concept planning, as defined in Metro Code Chapter 3.07, cited as the Urban Growth Management Functional Plan (UGMFP); and

Whereas, County and Cities agreed to consider the Basalt Creek and the West Railroad areas in a single concept planning effort and to refer to the two areas generally as the Basalt Creek Planning Area; and

Whereas, located within the Basalt Creek Planning Area is a distinct subarea consisting of the following parcels identified by Washington County tax lot identification: 2S135CB00400, 2S135CB00500, 2S135CC00300, 2S135CC00100, 2S135CC00800, 2S135CC00900, 2S135CC00500, 2S135CC00600, 2S135CC00700, as reflected in Exhibit 1, attached hereto and incorporated by reference herein, which subarea is hereafter referred to as the "Central Subarea"; and

Whereas, in 2011, Metro, County, and Cities entered into an Intergovernmental Agreement (2011 IGA) for concept planning the Basalt Creek Planning Area; and

Whereas, in 2013, Metro, County, and Cities entered into the First Addendum to the 2011 IGA, acknowledging the Basalt Creek Transportation Refinement Plan; and

Whereas, in 2013, Cities began concept planning the Basalt Creek Planning Area; and

Whereas, a disagreement has arisen with respect to what the land use designation should be for the Central Subarea; and

Whereas, Tualatin wants the land use in the Central Subarea to be designated for housing; and

Whereas, Wilsonville wants the land use in the Central Subarea to be designated for employment; and

Whereas, representatives from the Cities jointly met with County representatives in an attempt to identify a process to move forward and complete the Basalt Creek land use Concept Plan map, but were unable to do so; and

Whereas, the governing bodies for the Cities and County agreed to ask Metro to settle the dispute and to make a final, binding, non-appealable decision on the sole issue of designation of the land use for the Central Subarea; and

Whereas, Metro has agreed to accommodate this request, based on the Cities' joint assertion that they cannot agree, with the clear understanding that this is not a role Metro intended, wanted, or asked for itself, but is willing to take on at the request of the Cities and the County;

Now, therefore, incorporating the above Recitals as if fully set forth below, the Cities, County, and Metro agree as follows:

1. FINAL BINDING AND NON-APPEALABLE DECISION BY METRO

Metro will act as the decision-maker to resolve the issue of the land use designation for the area known as the Central Subarea. In that capacity, Metro will have sole discretion to determine what to call this decision making process, where and when to hold the process, who Metro will appoint to make the decision, a briefing schedule, whether or not to hear oral argument, and ground rules that must be adhered to by the Cities and County throughout the process. Metro may require the Cities and County to sign ground rules and decision protocol, as determined solely by Metro. Once designated by Metro, the Parties agree that the Central Subarea will be designated in the final Concept Plans and in the Urban Planning Area Agreement between the Parties, as determined by Metro.

2. CITIES AND COUNTY AGREEMENT

The Cities agree to follow whatever decision-making process and rules are created by Metro, including timelines for submitting evidence and argument. The County may participate and advocate for its preference or may elect to be neutral. Cities and County agree that Metro's decision will be binding and non-appealable by any of them and, once made, all of their respective governing bodies and staff will support the decision to move the Basalt Creek Planning effort to completion without delay and in accordance with the decision of Metro. Each City agrees that it will prepare concept plans for the Basalt Creek Planning Area consistent with Metro's final decision and with Title 11 of Metro's Urban Growth Management Functional Plan. Each City agrees to adopt a resolution accepting the concept plan, reflecting the Metro decision, within 120 days after the date Metro's decision becomes final and effective and finalize their respective comprehensive plans to include that concept plan within one year of the Metro decision. Cities and County further agree that if the designation is appealed by any third party, each will vigorously defend and support the decision and will not support or assist in the

decision and will not support or assist in the appeal of the designation determined by Metro through this process. At the conclusion of Metro's decision, a binding agreement will be signed by all Parties to this effect, with any future disputes or violations with respect to the agreement to be resolved in accordance with the specified requirements of that binding decision. Hereafter the Parties will work in good faith to reach agreement on all other issues so that the final Concept Plans and Urban Planning Area Agreement can be finalized.

This Agreement is effective the 22nd day of January, 2018.

Exhibit 1 – Map

CITY OF WILSONVILLE, OREGON

By: Tim Knapp
Tim Knapp
As Its: Mayor

Date: 12/27/2017

ATTEST:

By: Kimberly Nelly

[Signatures continue on following pages]

CITY OF TUALATIN, OREGON

By: 

Lou Ogden

As Its: Mayor

Date: 12-11-2017

ATTEST:

By: 

[Signatures continue on following pages]

WASHINGTON COUNTY, OREGON

By: Andy Duyck
Andy Duyck
As Its: Chair, Board of County Commissioners
Date: 1-4-2018

ATTEST:

By: A. D. Napf

APPROVED WASHINGTON COUNTY
BOARD OF COMMISSIONERS
MINUTE ORDER # 17-351
DATE 12-19-2017
BY A. D. Napf
CLERK OF THE BOARD

[Signatures continued on following page]

ACCEPTED AND AGREED TO BY METRO:

By:  _____

Martha Bennett

As Its: Chief Operating Officer

Date: 1/22/18

ATTEST:

By:  _____

Exhibit 1: Central Sub Area

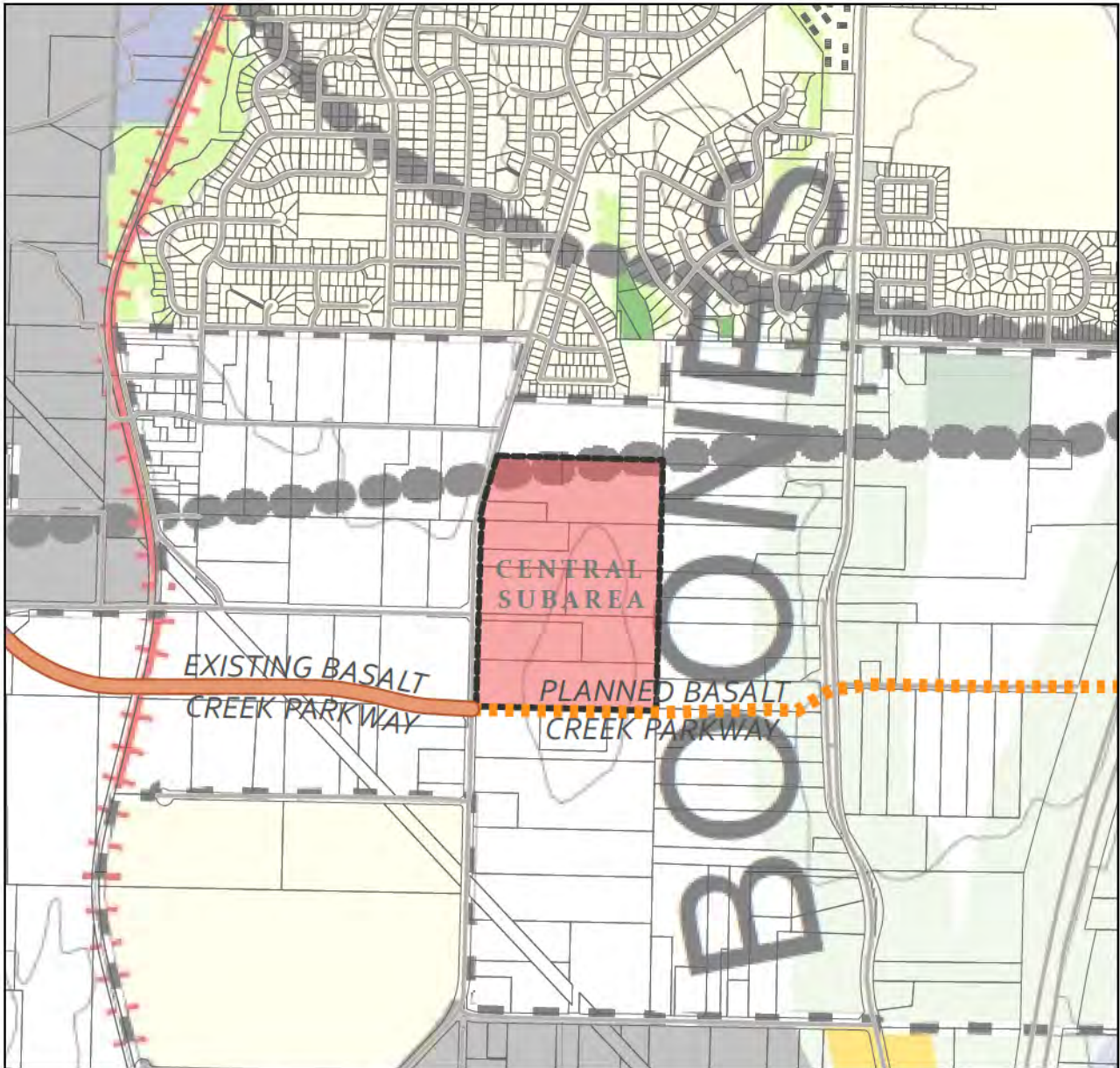


Central Sub Area



This map is derived from various digital database sources. While an attempt has been made to provide an accurate map, the City of Tualatin, OR assumes no responsibility or liability for any errors or omissions in the information. This map is provided "as is".

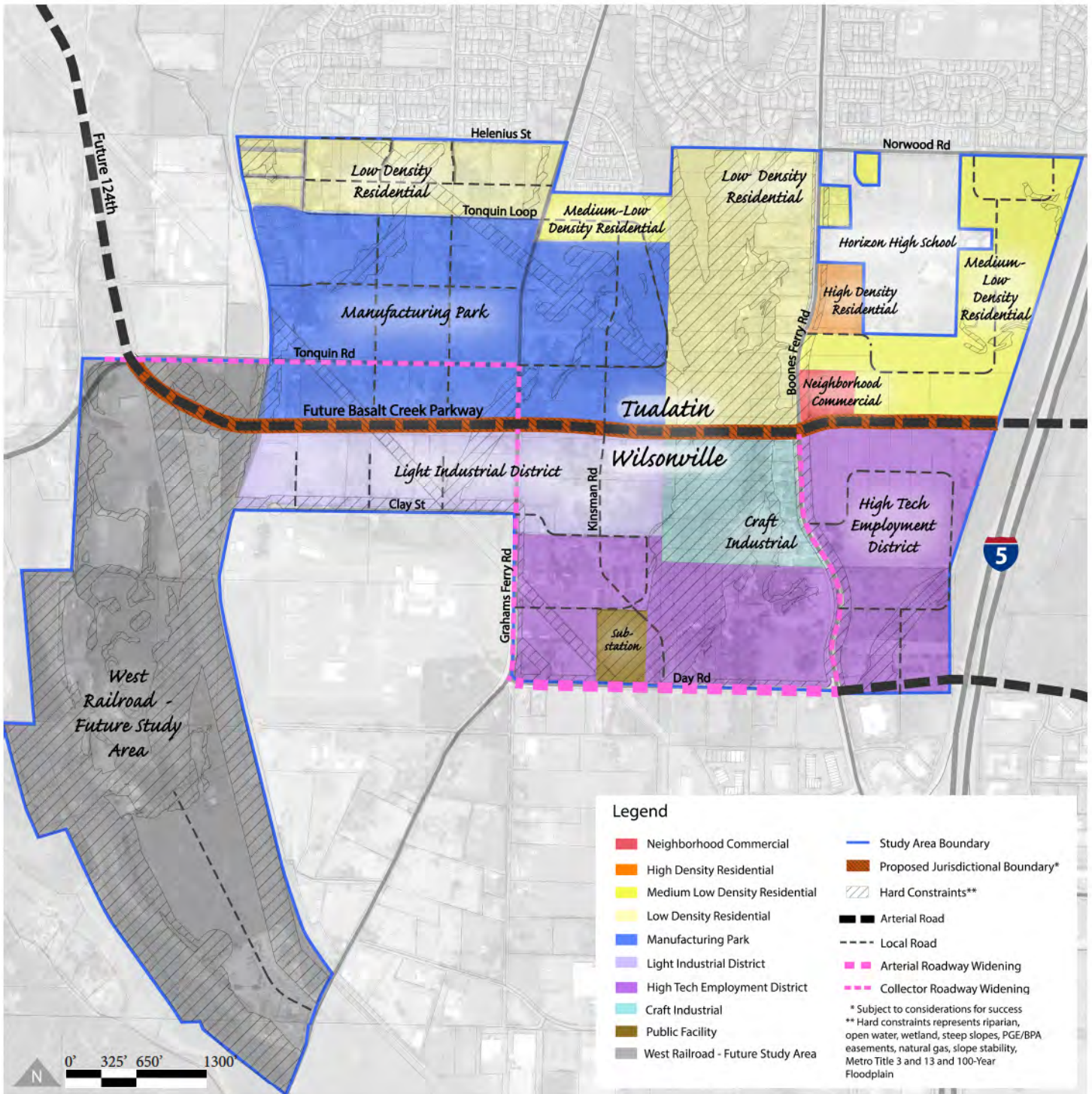
**EXHIBIT A TO RESOLUTION 18-4885
EXHIBIT B**



Central Subarea and Basalt Creek Parkway
overlaid on 2040 Growth Concept Map

EXHIBIT A TO RESOLUTION 18-4885

EXHIBIT C



Basalt Creek Land Use Concept Map

DRAFT September 16, 2016

EXHIBIT A TO RESOLUTION 18-4885

EXHIBIT D



WASHINGTON COUNTY
OREGON

October 27, 2016

Mayor Ogden
Tualatin City Council
18880 SW Martinazzi Ave,
Tualatin, OR 97062

Dear Mayor Ogden and Members of the Tualatin City Council:

I am writing to express concerns to the Board of County Commissioners regarding potential increases in the amount of residential units proposed in the Tualatin side of the Basalt Creek Concept Plan.

We believe this area to be prime future industrial land needed to support the regional economy. In 2013, Washington County, City of Tualatin, City of Wilsonville, and Metro acknowledged the Basalt Creek Transportation Refinement Plan. This plan identified transportation infrastructure needed to support this future industrial area. We have moved forward in support of this agreement with construction of the new 124th arterial to leverage future economic development. We believe that eliminating industrial land beyond what the latest concepts show would be a big mistake for the economic health of South County and counter to our agreement.

Our IGA calls for the Cities to coordinate with the County in developing a concept plan for the Basalt Creek area. After the concept plan is complete, we can amend our Urban Planning Area Agreement to include this area, which is necessary for annexations to occur. This area is currently not included in our Urban Planning Area Agreement with Tualatin.

The City needs to be reminded the Basalt Creek Planning area is not currently within our Urban Planning Area Agreements. We believe Washington County is a partner in the planning of this area and would like to weigh in before any decision is made or report accepted that would substitute more residential units for employment areas.

Sincerely,



Andy Duyck, Chairman
Washington County Board of Commissioners

c: Andrew Singelakis, Director, Land Use & Transportation

Board of County Commissioners
155 N. First Avenue, Suite 300, MS 22 Hillsboro, OR 97124-3072
Phone: (503) 846-8681 Fax: (503) 846-4545

Basalt Creek Transportation Refinement Plan Recommendations

Introduction

The Basalt Creek transportation planning effort analyzed future transportation conditions and evaluated alternative strategies for phased investments that support regional and local needs.¹ This document reflects the Policy Advisory Group’s unanimous approval of the transportation investments, next steps for policy and plan updates, and potential funding strategies described in this document.

Purpose

The purpose of this refinement plan was to determine the major transportation system connecting Tualatin-Sherwood Road to I-5 in North Wilsonville through the Basalt Creek Planning Area, which is currently an unincorporated urban area of Washington County between the cities of Tualatin to the north, and Wilsonville to the south (see Figure 1). This plan refines recommendations from the I-5/99W Connector Study and the Regional Transportation Plan, setting the stage for land use concept planning and comprehensive plan development for the Basalt Creek area.

Planning Context

The need to plan for the future transportation system in the Basalt Creek area is driven not only by future growth in the Basalt Creek Planning area itself, but by future growth in surrounding areas targeted for industrial development. Basalt Creek currently lacks the multi-modal transportation facilities needed to support economic and urban-level development. Several planning

The Basalt Creek Transportation Refinement Plan was a joint effort involving:

- Washington County
- City of Tualatin
- City of Wilsonville
- Metro
- The Oregon Department of Transportation
- Area Citizens

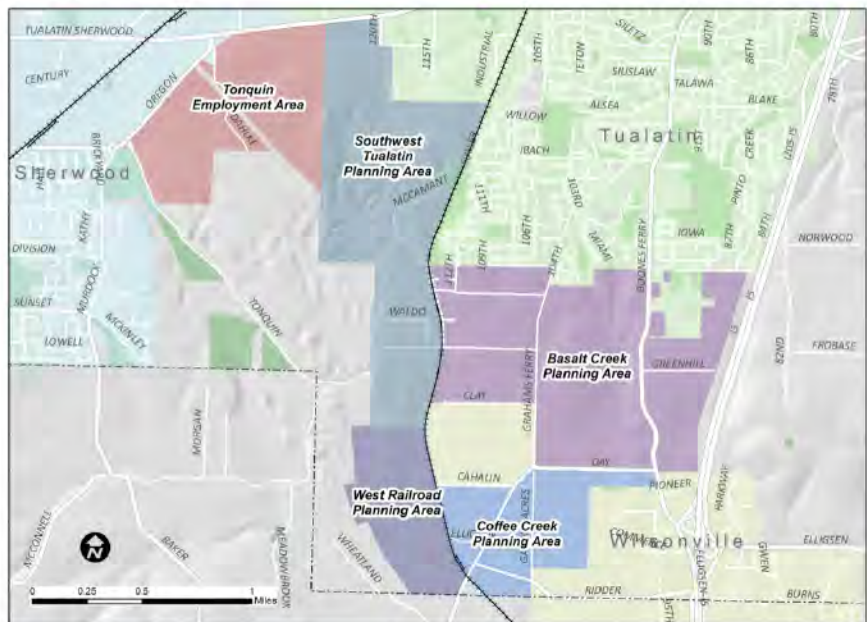


Figure 1: Basalt Creek Planning Area Location

¹ See *Basalt Creek Transportation Refinement Plan Technical Report* for more information.

EXHIBIT A TO RESOLUTION 18-4885 EXHIBIT E

January 2013

efforts, summarized below, provide background and context for the Basalt Creek Transportation Refinement Plan.

- The **I-5/99W Connector Study** recommended an alternative that spreads east-west traffic across three smaller arterials rather than a single expressway. Although specific alignments for these arterials were not defined, the eastern end of the Southern Arterial was generally located within the Basalt Creek Planning Area, south of Tonquin Road. The present planning effort aims to further define the location of the connection between the SW 124th Avenue Extension and the I-5/Elligsen interchange in a manner that does not preclude the future Southern Arterial west of SW 124th.
- The **2035 Regional Transportation Plan (RTP)** calls for detailed project planning and near-term construction of an extension of SW 124th Avenue from Tualatin-Sherwood Road to the I-5/Elligsen Road interchange, supporting industrial access from the Tonquin, Southwest Tualatin, and Basalt Creek Planning Areas. The RTP also calls for the near-term construction of the Tonquin Trail (see below).
- The **Tonquin Employment Area, Southwest Tualatin Concept Planning Area, and Coffee Creek Planning Area** together comprise about 1,000 acres surrounding the Basalt Creek area that are planned primarily for industrial use. These areas are expected to generate growing freight and work-related travel demands on the multi-modal transportation network that runs through the Basalt Creek area.
- The **SW 124th Avenue Extension** Project, currently underway, is planning and designing the corridor described in the RTP from Tualatin-Sherwood Road to Tonquin Road. The present planning effort aims to extend the corridor to I-5 as envisioned in the RTP and ensure consistency with current SW 124th Avenue project.
- Washington County's **Boones Ferry Road** improvement project, also currently underway, provides pedestrian and bicycle improvements and an intermittent center turn lane between Norwood Road and Day Road. It is an assumed improvement for the Basalt Creek area.
- Near-term construction of the **Tonquin Trail** is called for in the RTP. The master plan identifies an alignment for new bicycle and pedestrian connections between Sherwood, Tualatin, and Wilsonville, with connections to the larger regional trail system. The Tonquin Trail will travel through the Southwest Tualatin Concept Plan Area and the Tonquin Employment Concept Plan Area, and is an assumed improvement within the Basalt Creek Transportation Refinement Plan.
- **Transportation System Plan** updates for Washington County, Tualatin, and Wilsonville are currently underway. Washington County will incorporate recommendations from this refinement plan into the County TSP update. The cities of Tualatin and Wilsonville will not incorporate these recommendations into their current TSP updates, but will carry the recommendations into land use concept planning and future TSP updates.

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Facility Considerations and Characteristics

At the outset of this effort, agencies articulated a set of considerations to guide selection of the preferred transportation system as well as preferred characteristics of the primary east-west facility through the area.

- **Guiding considerations** included: ability to fund and phase improvements, level of impacts (environmental, right-of-way, etc.), support for development, consistency with regional policy, and traffic operations performance.
- **Facility characteristics** included: for the primary arterial connection, a 45 mph prevailing speed and access spacing of one-half mile to one mile to improve capacity.

Recommendation

The Policy Advisory Group (PAG), which consists of elected officials and key staff from the project's five partner agencies, recommends the following elements as part of an overall Action Plan (illustrated in Figure 2) for the area.

Roadways

The final recommendation is for a combination of new and improved roadways through the Basalt Creek area. The key new roadway through the area is a five-lane east-west extension of SW 124th Avenue, aligned south of Tonquin Road and extending east to Boones Ferry Road. The recommendation also includes improvements to existing roadways in the area, such as Tonquin Road, Grahams Ferry Road, Boones Ferry Road, and Day Road.

Protection of right-of-way for the new east-west roadway from the 124th Avenue extension to Boones Ferry Road is a key element of this recommendation. Right-of-way protection and purchase will be addressed separately, concurrent with the Basalt Creek land use concept planning.

During the planning process, the City of Wilsonville expressed concern about the structural condition of Day Road (i.e., failing roadway base and resulting pavement deterioration) and its ability to carry freight traffic for further development of industrial lands. While the Basalt Creek Transportation Refinement Plan focused on roadway needs related to capacity, the PAG agreed that the function of the arterial network in the Basalt Creek area includes providing roadways with adequate structural design for regional freight needs. Therefore, the PAG agreed that the project recommendations include a commitment to address the construction, operations, and maintenance of the arterial network through the concept planning process.

Overcrossings

The ability to construct two new I-5 overcrossings, including an off-street multi-use path, should be preserved in order to provide for future circulation and connectivity across the Basalt Creek area and into areas east of I-5. These overcrossings are recommended as long-term improvements and are likely not needed until 2035 or later. Forecasts show that the second overcrossing is not needed unless surrounding urban reserve areas east of I-5 and south of I-205 are developed. This refinement plan is neutral on the timing of urban reserves development, and therefore does not specify the timing and order of overcrossing improvements.

EXHIBIT A TO RESOLUTION 18-4885 EXHIBIT E

January 2013

Active Transportation

All improved roadways in the Action Plan include bike lanes and sidewalks consistent with Washington County urban standards. This recommendation also includes integration of the regional Tonquin Trail into the transportation network. Metro, in close coordination the cities of Tualatin, Wilsonville, Sherwood, and Washington and Clackamas counties, led the master planning effort that identified a preferred alignment that travels through the Basalt Creek Planning Area. Roadway cross-sections and right-of-way purchases for the future east-west facility will consider needs for the Tonquin Trail in the design for the railroad overcrossing and improvements to Tonquin Road between Morgan Road and Tonquin Loop Road. Design for the east-west facility should also consider providing an of-street multi-use path that connects to the Tonquin Trail and extends east of I-5. Details of how this multi-use path will be integrated with the east-west facility design will be refined during later land use concept planning.

Action Plan

The recommended Action Plan consists of 18 transportation investments, shown in Figure 2. Timing of projects was prioritized through an analysis of likely transportation needs in 2020, 2030, and 2035 based on growth assumptions from the adopted Regional Transportation Plan. Because of uncertainty regarding the years during which development in the Basalt Creek Planning Area and surrounding areas will occur, phasing for investments is classified as short-term, medium-term, and long-term. Descriptions of these investments, as well as timing and the funding needed, are shown in Table 1. Cost estimates include right-of-way.

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Table 1: Basalt Creek Action Plan

ID	Project	Short-Term	Medium-Term	Long-Term	Cost (\$2012)
1	124 th Avenue Extension (Tualatin-Sherwood Road to Tonquin Road): Construct three lane road extension with bike lanes and sidewalks	x			\$20,000,000
2	Tonquin Road (124 th Avenue to Grahams Ferry Road): Widen to three lanes with bike lanes and sidewalks, grade separate at railroad, improve geometry at Grahams Ferry Road ¹	x			\$10,500,000
3	Grahams Ferry Road (Tonquin Road to Day Road): Widen to three lanes with bike lanes and sidewalks	x			\$5,400,000
4	Boones Ferry Road (Norwood Road to Day Road): Widen to three lanes with bicycle and pedestrian improvements	x			\$10,800,000
5	124 th Avenue/Tonquin Road Intersection: Signal (may include Tonquin Trail crossing)	x			.2
6	Grahams Ferry Road/Tonquin Road Intersection: Signal	x			\$500,000
7	Boones Ferry Road/Day Road Intersection: Add second southbound through approach lane	x			.3
8	Boones Ferry Road/95 th Avenue Intersection: Construct dual left-turn and right-turn lanes; improve signal synchronization, access management and sight distance	x			\$2,500,000
9a	Tonquin Trail (Clackamas County Line to Tonquin Loop Road): Construct multi-use trail with some segments close to but separated from road	x			\$8,900,000 ⁴
9b	Tonquin Trail (Tonquin Loop Road to Tualatin-Sherwood Road): Construct multi-use trail with some segments close to but separated from road		x		\$7,100,000 ⁴
10	124 th Avenue Extension (Tualatin-Sherwood Road to Tonquin Road): Widen from three to five lanes with bike lanes and sidewalks		x		\$14,000,000
11	East-West Arterial (124 th Avenue to Boones Ferry Road): Construct 5 lane roadway with railroad and creek crossings, integrate segment of Tonquin Trail ⁵		x		\$57,900,000
12	Boones Ferry Road (East-West Arterial to Day Road): Widen to five lanes with bike lanes and sidewalks		x		\$1,100,000
13	Kinsman Road Extension (Ridder Road to Day Street): Construct three lane road extension with bike lanes and sidewalks		x		\$10,400,000
14	Day Road (Kinsman Road to Boones Ferry Road): Widen to five lanes with bike lanes and sidewalks		x		\$5,800,000
15	I-5 Southbound off-ramp at Boones Ferry Road/Elligsen Road: construct second right turn lane		x		\$500,000
16	Boones Ferry Road/95 th Avenue Intersection: Access management		x		.6
17	Day Road Overcrossing: Extend new four lane crossing over I-5 from Boones Ferry Road to Elligsen Road			x	\$33,700,000- \$44,100,000 ⁷
18	East-West Arterial Overcrossing: Extend new four lane crossing over I-5 from Boones Ferry Road to Stafford Road. Integrate multi-use path in corridor that connects to Tonquin Trail			x	\$38,000,000
TOTAL		\$59M	\$97M	\$72-82M	\$228-238M

¹ Grade separation for Tonquin Road is optional. An at-grade crossing would reduce cost by around \$2,000,000

² Cost included in Project 1

³ Coordinate with Project 4. Cost of approach lane included in estimate for Project 12

⁴ Tonquin Trail cost estimated by Metro as part of trail planning effort

⁵ Project 11 can potentially be built in two phases funded separately, west and east of Grahams Ferry Road. However, traffic benefits needed in the medium term (around 2030) will not be realized unless entire project is completed

⁶ Project details to be determined by further coordination between City of Wilsonville and ODOT. Cost expected to be minimal

⁷ Specific alignment approaching Elligsen Road will determine project cost. Alignment to Parkway Center Drive is estimated at \$33,700,000, and alignment to Canyon Creek Road is estimated at \$44,100,000

**EXHIBIT A TO RESOLUTION 18-4885
EXHIBIT E**

January 2013

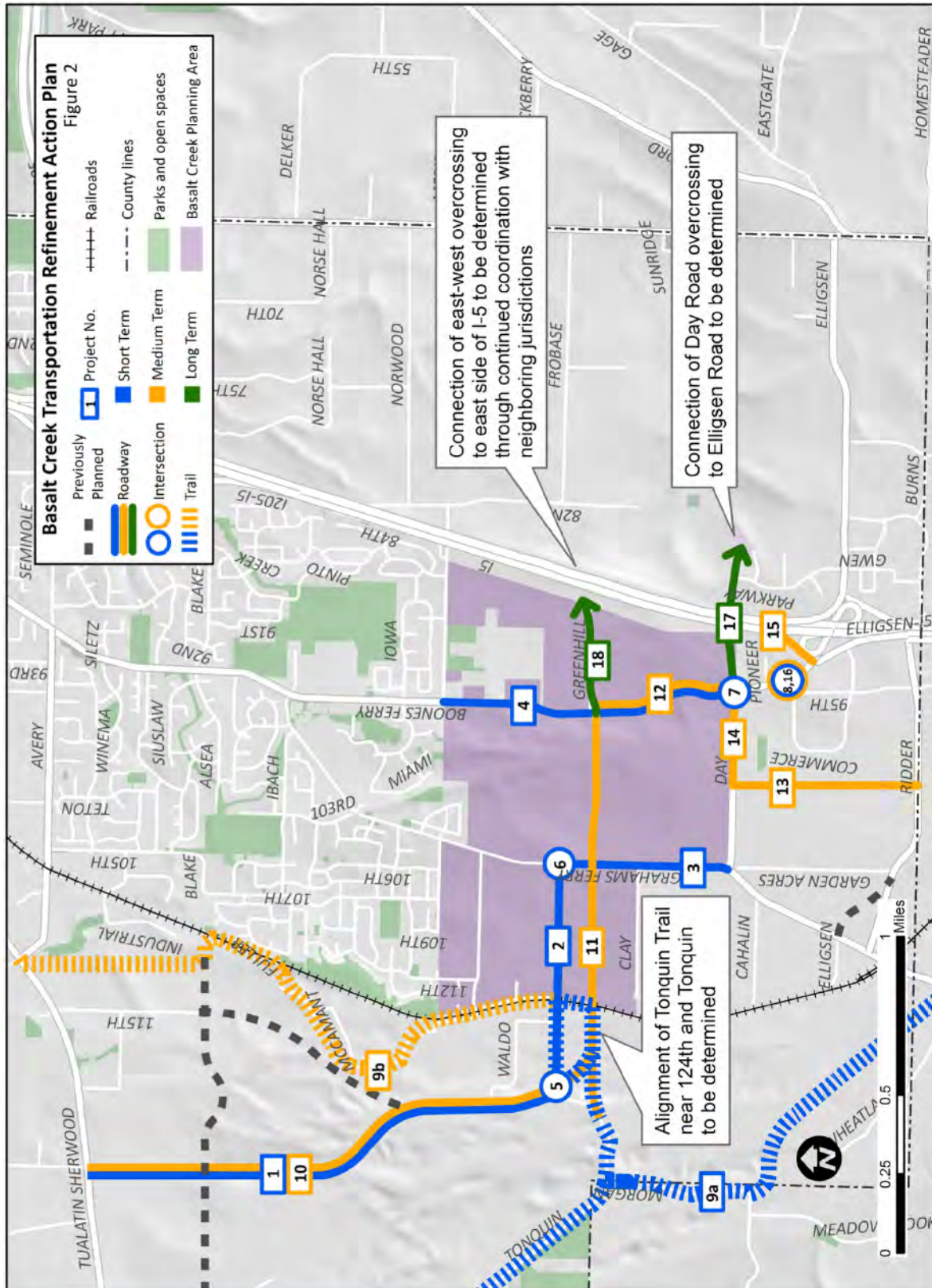


EXHIBIT A TO RESOLUTION 18-4885 EXHIBIT E

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Each investment adds important improvements to the major transportation system in the Basalt Creek area to support future development, adding new multimodal facilities and upgrading existing facilities to urban standards. Although not shown on the map, it is expected that future concept planning will identify locations for additional, lower-classification roads and other transportation facilities to serve future development as well.

Are these new projects?

While cost estimates for the entire recommendation may total as high as \$238,000,000, all of the 18 projects have some relation to investments already planned in the adopted RTP. Table 2 shows projects from the RTP that have overlap or similarity to projects contained in the Action Plan. **Note that many of these projects are different in scope from those contained in the Action Plan, and will have different cost estimates. Future RTP updates may include updated cost estimates from this study.**

Table 2: Related projects from the Regional Transportation Plan

RTP ID	RTP Project	Related Action Plan Projects	Time Period	Cost (\$2007)
10736	124 th Avenue: Construct new street from Tualatin-Sherwood Road to Tonquin Road: 5 lanes	1,5,10,11	2008-2017	\$82,500,000
10590	Tonquin Road: Realign and widen to three lanes with bike lanes and sidewalks (Oregon Street to Grahams Ferry Road)	2,6	2018-2025	\$28,406,000
10588	Grahams Ferry Road: Widen to three lanes, add bike/pedestrian connections to regional trail system and fix undersized railroad crossing (Helenius Street to Clackamas County line)	3	2008-2017	\$28,000,000
10732	Boones Ferry Road: Widen to five lanes (Norwood Road to Day Road)	4,7,12	2018-2025	\$40,050,000
10852	95 th /Boones Ferry/Commerce Circle Intersection Improvements	8,16	2008-2017	\$2,500,000
10854	Tonquin Trail: Construct multi-use trail with some on-street segments (Tualatin-Sherwood Road to Clackamas County line)	9a,9b	2008-2017	\$3,000,000
10853	Kinsman Road extension with bike lanes and sidewalks (Ridder Road to Day Road)	13	2008-2017	\$6,500,000
11243	Day Road reconstruction to accommodate trucks (Grahams Ferry Road to Boones Ferry Road)	14	2008-2017	\$3,200,000
11342	I-5/99W Connector Southern Arterial/I-5 Interface ¹	15,17,18	2026-2035	\$50,000,000

¹ Construction of projects specifically related to the I-5/99W Connector Southern Arterial, such as the I-5 interface, are contingent on certain project conditions being met. See Regional Transportation Plan for details.

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Policy and Plan Updates

Recommendations in this plan allow new concept planning efforts to move forward and provide guidance for updates of existing transportation plans.

Basalt Creek and West Railroad Area Concept Planning

The transportation system recommended in this plan becomes the framework for more detailed land use concept planning of the Basalt Creek Planning Area and West Railroad Planning Area by the cities of Tualatin and Wilsonville. Key recommendations to be carried forward during concept planning include:

- Protection of the major transportation facility corridors from development encroachment.
- Coordination of the local transportation system with the transportation investments included in this plan (unless amended by the parties of this study). Each roadway in the Basalt Creek area has access spacing standards that protect the safety and operations of the system, and these standards help determine appropriate local street connections. The new east-west facility is limited to accesses at 124th Avenue, Grahams Ferry Road, and Boones Ferry Road.
- Detailed concept planning in the Basalt Creek area should consider multi-use path connections to the Tonquin Trail that emphasize directness and minimize conflicts, enhancing bicycle and pedestrian access to new residential and employment areas. In the West Railroad area, concept planning will also include sections of the Tonquin Trail.

Regional Transportation Plan

In many cases, this transportation refinement plan provides new detail and cost estimates for projects that are already in the adopted RTP. These refined project descriptions, cost estimates, and timing considerations should be considered when projects are forwarded to Metro for the next RTP update. Examples of RTP projects that overlap with projects in this refinement plan include:

- 10590 (Tonquin Road). Action Plan project #2 includes a grade-separated railroad crossing, which is not included in the RTP project description.
- 10852 (95th/Boones Ferry/Commerce). Action Plan projects 8 and 16 will require further coordination with ODOT to determine geometry and timing of intersection improvements.
- 11243 (Day Road). Action Plan project #14, which widens part of Day Road, should also upgrade the roadway structure and pavement conditions to accommodate increasing heavy truck volumes. Although project #14 applies only to the section of Day Road between Kinsman Road and Boones Ferry Road, funding of roadway reconstruction between Kinsman Road and Grahams Ferry Road should also be discussed as part of land use concept planning.
- 10854 (Tonquin Trail). Action Plan projects #2, #5, #11 all need to consider Tonquin Trail in their design, including most recent alignment information and cost estimates from the trail master plan.

Washington County TSP Update

Most of the projects included in the Action Plan are new facilities in unincorporated Washington County or improved facilities already under County jurisdiction. An amendment to update the Washington County TSP will be done in 2013 to incorporate the descriptions, cost estimates, and timing of these projects.

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Tualatin and Wilsonville TSP Updates

The Cities of Tualatin and Wilsonville are also currently updating their transportation system plans. However, because concept planning for Basalt Creek will include agreement on the future city limit boundary between the two cities, as well as more detailed transportation network considerations, the projects included in this plan will not be incorporated as part of the current TSP updates. Future TSP updates may reflect elements from this refinement plan by amending project lists, maps, and funding strategies.

Funding

Funding for some short-term Action Plan projects has already been programmed by Washington County through their Major Streets Transportation Improvement Program (MSTIP). This includes \$16.9 million (\$10.9 million in MSTIP funding and \$6 million from other sources) for an interim two-lane extension of SW 124th Avenue from Tualatin-Sherwood Road to Tonquin Road. It also includes an additional \$10 million for right-of-way purchase or other improvements from the list identified by this Plan. Washington County has also provided \$11 million in funding for the current Boones Ferry Road improvement project.

While this recommendation does not identify a specific overall funding strategy for the Action Plan, there are many existing revenue sources that may be used to fund the recommended investments. **Many are subject to a state or regionally competitive process where success can hinge on having a broadly supported plan in place.**

The revenue sources listed below form the basis of the financially constrained Regional Transportation Plan and related project list, which already contains many of the recommended Basalt Creek investments. The RTP assumes federal, state, and local sources, all of which will be key to funding the Action Plan.

Federal

Based on MAP-21² legislation, sources may include:

- **National Highway Performance Program (NHPP).** These funds are intended for rehabilitation and expansion of principal arterials, especially those with important freight functions.
- **Regional Surface Transportation Program (STP) funds.** These funds may be used for virtually any transportation purpose short of building local residential streets.
- **Congestion Mitigation/Air Quality (CMAQ) funds.** These funds typically support biking, walking, and transit projects, and other projects that help to achieve air quality standards.
- **Transportation Alternatives (TA) funds.** TA takes the place of previous programs such as Transportation Enhancements and Recreational Trails, and may be used to fund a variety of non-motorized projects.

² For more information see <http://www.fhwa.dot.gov/map21/>

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These funds are allocated to projects through a state or regionally managed competitive process for inclusion in the Metropolitan Transportation Improvement Program (MTIP) and the State Transportation Improvement Program (STIP).

State

State sources include the statewide gas tax, vehicle registration fees, and weight-mile taxes on trucks. These funds typically go to road and bridge maintenance projects, but funding for projects of regional significance, such as those provided by Oregon House Bill 2001 Jobs and Transportation Act (JTA), may be made available for modernization. Again, having a plan in place allows projects to access funds when new funding opportunities become available.

Local

A variety of local funding sources are available, although some, such as urban renewal and local improvement districts, are subject to approval. Sources may include:

- Washington County Major Streets Transportation Improvement Program (MSTIP)
- Local portion of State Highway Trust Fund
- Local gas tax
- Transportation System Development Charges (SDCs) or Transportation Development Taxes (TDTs) levied on new development
- Urban renewal funding
- Developer contributions
- Local improvement districts (LIDs)

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EXHIBIT F

Where Portland region's residents work

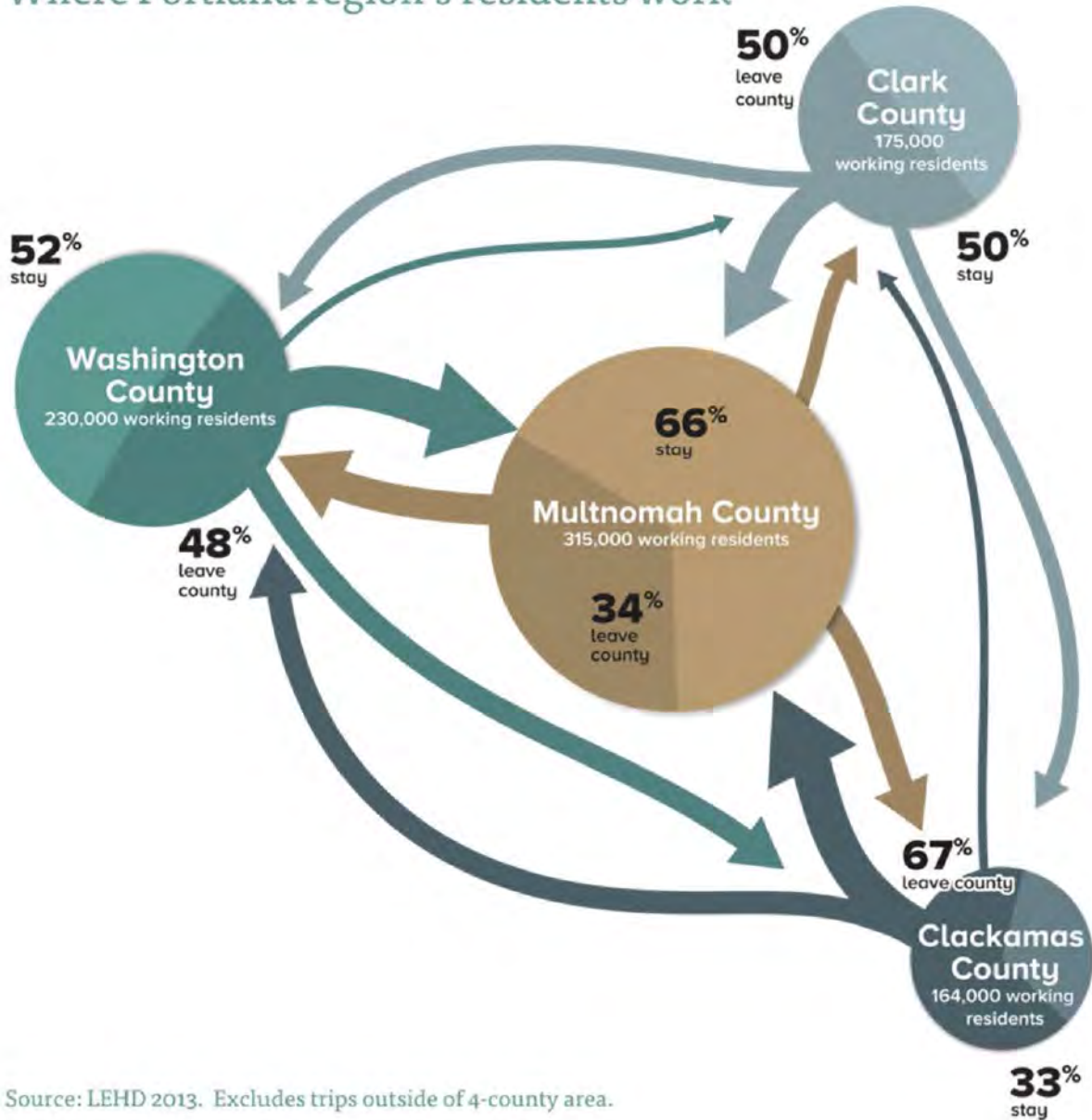


EXHIBIT B TO RESOLUTION 18-4885

Supplemental Findings of the Metro Council In Support of Resolution No. 18-4885 Regarding the Basalt Creek Planning Area

These findings supplement the decision of the Metro Council in Resolution No. 18-4885 regarding its arbitration of the dispute between the City of Tualatin and the City of Wilsonville concerning the concept plan for the Basalt Creek Planning Area. The Metro Council adopts these supplemental findings in support of its decision to adopt the Metro COO Recommendation dated March 26, 2018 regarding the appropriate designation of the Central Subarea.

1. Process and Record

The Intergovernmental Agreement (IGA) among Metro, the two cities, and Washington County dated January 22, 2018 expressly delegates complete authority and discretion to Metro regarding the creation of a process to arbitrate the dispute between the cities. Metro described the process in a letter to the cities and the county dated February 15, 2018. The process calls for a written recommendation to the Metro Council from the Metro Chief Operating Officer (COO) to be made after review of written evidence and argument submitted by the cities and the county during two consecutive open record periods. As stated in that letter, “the Metro Council’s review will be based on the record of written materials submitted by the cities, county, and Metro staff.”

The first open record period closed on March 7, 2018; the second (and final) open record period closed on March 14, 2018. As contemplated by the parties to the IGA, Metro received submittals from the two cities and the county during those time periods. Metro also received emails from two property owners, one from Peter Watts dated March 7, 2018 and another from Herb Koss dated March 8, 2018. Those emails raised objections to the process and requested that the emails and attached exhibits be included in the record. The email from Mr. Watts included references to 12 attached exhibits, but no exhibits were attached. However, the first 11 of the 12 referenced exhibits were attached to the email from Mr. Koss, which forwarded an earlier similar version of the email from Mr. Watts. The first 11 exhibits referenced in the email from Mr. Watts were also included in the exhibits attached to the briefs submitted by the cities on March 7, 2018, and those exhibits are therefore part of the record.

The process created by Metro calls for an “on the record” review of the COO Recommendation by the Metro Council. Accordingly, any evidence or other testimony that was not provided to the Metro COO during the open record period prior to the

EXHIBIT B TO RESOLUTION 18-4885

issuance of her recommendation is not properly before the Metro Council in this proceeding, and is expressly rejected.

The two property owners who submitted emails to the Metro COO raise objections to the process, alleging that Metro's proposal to only accept evidence and argument from the cities and the county violates Statewide Planning Goal 1 and Metro's Public Engagement Guide. As described above, Metro agreed to accept the testimony that was provided via email from the property owners on March 7, 2018 and March 8, 2018 for consideration by the Metro COO in making her recommendation to the Metro Council.

Metro disagrees with the implicit assertion by the property owners that the process created by Metro results in a final land use decision that is subject to Goal 1 and typical land use decision-making procedures. At the request of the cities, Metro agreed to create a unique arbitration process for the limited purpose of resolving their dispute. The purpose and intent of Metro and the cities was solely to resolve a dispute, and not to create a process that would result in a final land use decision.

The Metro Council's adoption of Resolution No. 18-4885 does not result in the adoption or amendment of a concept plan or a comprehensive plan map for the Basalt Creek area, and does not itself have any effects on land use. Metro's decision has no effect until it is implemented by the cities in their own future land use decisions, as described in paragraph 2 of the IGA. Those local land use decisions will need to be supported by substantial evidence in the record, and will be appealable to LUBA.

2. Regional Housing Needs

The March 7, 2018 email from Peter Watts includes a Metro-specific argument regarding regional housing needs that was not previously raised before the cities. The gist of the argument is that the Central Subarea should be designated for residential purposes in order to address an "extreme need" for more housing in the Metro region. Mr. Watts asserts that this need exists by challenging certain growth-related forecasts made by Metro in its most recent Urban Growth Report (UGR), which was adopted by the Metro Council in 2015 and concluded that the region has enough land inside the boundary to meet housing needs for 20 years.

A slightly different version of this argument is addressed in the COO Recommendation in response to arguments made by the City of Tualatin. The COO Recommendation notes that there is broad agreement in the region that there is an immediate need to address the

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current shortage of *affordable* housing, and building a new residential subdivision on undeveloped land south of Tualatin does not address that shortage.

Metro's most recent UGR in 2015 concluded that, based on peer-reviewed population growth forecasts for the region, there was no need to expand the Urban Growth Boundary because there is a sufficient supply of residentially zoned land in the region to accommodate 20 years of growth. The growth forecasts, buildable land inventory, and legal conclusions in the UGR were adopted by the Metro Council via Ordinance No. 15-1361. That ordinance and the UGR were not challenged by any party, are acknowledged by DLCDC, and are not subject to collateral attack in this proceeding.

Metro planning department staff reviewed the arguments and data provided in the March 7, 2018 email from Mr. Watts and were unable to fully understand the arguments or corroborate the cited data regarding population forecasts and 2016 census figures. For example, there is a reference to U.S. Census estimates showing one-year 2016 population growth of 57,677 in Metro cities with populations over 5,000. Metro staff was unable to identify a census-based source for the 57,677 figure, which is significantly higher than the annual increases shown in U.S. Census data for the entire seven-county Portland Metropolitan Statistical Area (MSA).

The population forecast in Metro's UGR is based in part on census data for the seven-county MSA. Those figures show an average annual increase of just 23,300 people in all seven counties between 2010 and 2015. UGR Appendix 1a, page 9. The UGR forecast for 2020 predicts an average annual increase of 35,300 people in all seven counties. Based in part on the U.S. Census data, the UGR projects that there will be about 400,000 more people in the Metro UGB over the 20-year period ending in 2035, which reflects an average increase of approximately 20,000 people each year – a forecast that is consistent with previous annual averages within the UGB.

Even if the census data could be corroborated, it is empirically misguided to use a single year of estimated population growth in an attempt to disprove the accuracy of a 20-year forecast. Population increases are subject to fairly dramatic fluctuations on a year-to-year basis, and a single year of high growth can be easily offset by much lower growth in subsequent years. It appears that some of the figures cited by Mr. Watts attempt to create an annualized growth projection for individual cities. However, the purpose of the UGR is to assess the adequacy of the regional land supply over a 20-year horizon, not to assess the annual local growth and future land needs for each individual city. The UGR provides a long-term regional forecast regarding the next 20 years that is not intended to capture annual growth fluctuations and/or business cycles in individual jurisdictions.

EXHIBIT B TO RESOLUTION 18-4885

Another argument asserts that the 2015 UGR improperly allocates 27% of future housing to “high rise condos.” The actual figure in the UGR is 26%, and it is not assigned to “high rise condos,” it is assigned to any multifamily dwelling of two units or more. UGR Appendix 4, Table 11. This would include duplexes, rowhouses, one or two-story condos or co-housing developments, and any other form of ownership structure involving at least two attached units.

The housing-related argument is summarized as follows: (1) in the 2015 UGR, Metro incorrectly applied ORS 197.296 and adopted inaccurate future growth projections; (2) because of those errors, there is “an inadequate amount of available unconstrained buildable land in the region” for residential purposes; and (3) therefore, the 52-acre Central Subarea should be planned for residential purposes. First, Metro’s growth management decision in 2015 is not being reviewed in this proceeding. This arbitration does not provide a forum to collaterally attack Metro’s application of ORS 197.296 or Metro’s population forecasts in the 2015 UGR. The conclusions in the UGR were adopted by ordinance, acknowledged by DLCD, and under ORS 195.036 must be applied by Metro and local governments in the region for land use planning purposes until the next UGR is adopted at the end of 2018. Because that process is currently underway, stakeholders who are interested in regional growth issues already have an opportunity this year to comment on any perceived deficiencies in the population-related data and projections that were made in 2015.

Second, even if there was evidence in the record suggesting that actual growth in 2016 outpaced the 2015 forecast, that does not mean there is currently an inadequate amount of buildable land for housing in the Metro region. The Metro Council adopted the UGR a little over two years ago, concluding that there is enough buildable land inside the UGB to provide housing for the next 20 years. Mr. Watts is arguing that the region has already used up 20 years’ worth of its buildable land supply in the last 2.5 years; however, the evidence in the record does not support that conclusion.

The COO Recommendation provides a detailed analysis of the planning goals and expectations of local government stakeholders regarding the Basalt Creek Planning Area and the Central Subarea. As noted in that recommendation, “the planning history of the Central Subarea and the planning expectations of local government stakeholders lean heavily in the direction of an employment designation.” The Metro Council finds that unsubstantiated arguments regarding an inadequate land supply inside the UGB do not provide a compelling basis to reject the COO Recommendation.

STAFF REPORT

CONSIDERATION OF THE METRO COO RECOMMENDATION REGARDING THE BASALT CREEK PLANNING AREA

Date: April 12, 2017

Prepared by: Roger Alfred, Senior Assistant Attorney

PROPOSED ACTION

Consider the Metro Chief Operating Officer's Recommendation to the Metro Council regarding the Basalt Creek Planning Area and deliberate regarding whether to accept or reject the Recommendation.

BACKGROUND

In January, Metro agreed to help the City of Wilsonville and the City of Tualatin resolve their dispute regarding the appropriate planning designation for a 52-acre area between the two cities known as the "Central Subarea." The Central Subarea is part of the larger Basalt Creek Planning Area that Metro added to the UGB as part of an expansion in 2004 for industrial purposes.

The two cities, along with Washington County and Metro, have been working together on land use and transportation planning for the Basalt Creek Planning Area since 2007, when Metro issued the City of Tualatin a \$365,000 CET grant for that purpose. A key component of that work has been the planning and partial construction of the Basalt Creek Parkway, which is a new limited-access arterial that provides a connection extending 124th Avenue south from Tualatin-Sherwood Road to Tonquin Road, then east to Boones Ferry Road, and eventually farther east across Interstate 5. The location of the future Basalt Creek Parkway is shown on the map attached as Exhibit B to the COO Recommendation.

Before the Basalt Creek Planning Area can be annexed and developed, the cities, Metro, and Washington County must agree regarding a concept plan that identifies the jurisdictional boundary between the cities and the planning designations for the area. Because the cities cannot agree, they asked Metro to act as an arbitrator to resolve the dispute, and Metro created this process for that purpose. The City of Wilsonville contends that the Central Subarea should be designated for employment purposes, while the City of Tualatin argues that residential is more appropriate. The cities' arguments are discussed in detail in the COO Recommendation.

The Metro Council's review of the COO Recommendation is "on the record," which means no new evidence may be considered beyond what the COO has already received. The COO Recommendation is based on review of the following materials submitted by the cities, Washington County, and two owners of property within the Central Subarea:

- Letter from Washington County Chair Andy Duyck dated March 5, 2018
- City of Wilsonville Brief dated March 7, 2018 with Exhibits A through I
- City of Tualatin Brief dated March 7, 2018 with Exhibits 101 through 122
- Email from Peter Watts dated March 7, 2018 with attachments 1 through 11
- Email from Herb Koss dated March 8, 2018 with attachments 1 through 11
- City of Wilsonville Reply Brief dated March 14, 2018 with Exhibits A through M
- City of Tualatin Reply Brief dated March 14, 2018 with Exhibits 127 through 131

After reviewing and analyzing all of the evidence and arguments submitted into the record, the COO is recommending that the Metro Council should adopt a resolution concluding that an employment designation is more appropriate for the Central Subarea, and directing that the area should be planned accordingly by the cities.

RECOMMENDED ACTION

The Metro Council should review the COO Recommendation, along with the evidence submitted by the parties, and deliberate at its meeting on April 19, 2018 regarding whether to accept or reject that Recommendation. At the Council's direction, staff will prepare a resolution consistent with the Council discussion for a vote at the Council meeting on May 3, 2018.

Chief Operating Officer Recommendation to the Metro Council Regarding the Basalt Creek Planning Area

This is my recommendation to the Metro Council concerning the appropriate land use designation of a 52-acre portion of the Basalt Creek Planning Area known as the “Central Subarea,” which is identified in Figure 1 below. A decision by Metro on this issue is contemplated by the Intergovernmental Agreement (IGA) among Metro, the City of Tualatin, the City of Wilsonville, and Washington County creating a process for Metro to resolve the dispute between the two cities regarding whether the Central Subarea should be planned for employment or residential use. My recommendation is that the Central Subarea should be designated as an employment area, as shown on the Figure 1 map.

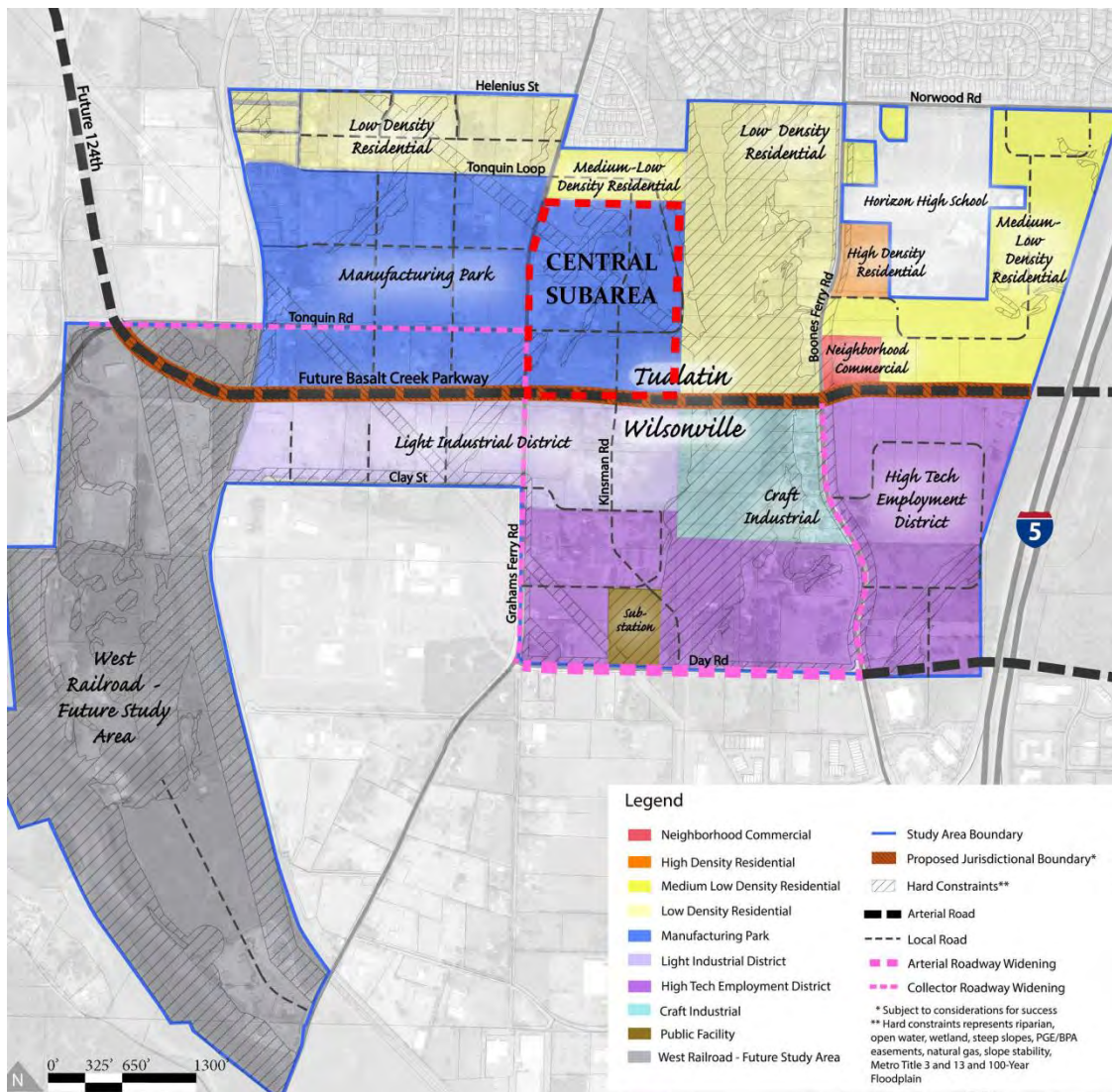


Figure 1: Basalt Creek Land Use Concept Map (Sept. 2016)

A. Process

In 2017 the cities of Wilsonville and Tualatin reached an impasse regarding concept planning for a 52-acre portion of the Basalt Creek Planning Area known as the “Central Subarea” and asked Metro to take on the role of arbitrating their dispute. To that end, the cities, Metro, and Washington County entered into an IGA in January of 2018 that assigns Metro the task of making a final and non-appealable decision regarding the appropriate land use designation for the Central Subarea. The IGA is attached as Exhibit A and provides:

“Metro will have sole discretion to determine what to call this decision making process, where and when to hold the process, who Metro will appoint to make the decision, a briefing schedule, whether or not to hear oral argument, and ground rules that must be adhered to by the cities and county throughout the process.”

The process created by Metro began with the issuance of a staff report to the COO on February 21, 2018, which recommended an employment designation. The cities and the county then had until March 7, 2018 to submit written argument and evidence in support of their positions. The cities and county were provided an additional seven days to submit arguments and evidence in rebuttal to the first round of materials.

In addition to the materials submitted by the cities, Metro received a letter from the Chair of the Washington County Board of Commissioners in support of retaining the employment designation and stating concerns regarding Tualatin’s proposal to add more residential land in an area that has long been planned for industrial and employment use. Metro also received submittals from Herb Koss and Peter Watts, who own property within the Central Subarea and are advocating for a residential designation. Those two submittals include materials that had been provided to the two cities during the concept planning process.

After reviewing all of the documents provided by the parties and relevant regional planning materials, it is my conclusion that an employment designation for the Central Subarea is: (1) more consistent with the planning goals and expectations of the local government stakeholders over the last 14 years; and (2) supported by the greater weight of evidence in the record.

The Metro process calls for the Metro Council to review this recommendation and deliberate to a decision regarding whether to accept, reject, or modify it. The Council’s

review will be based on the record of written materials submitted by the cities, county, and Metro staff. The Council will then adopt a resolution memorializing its decision and directing the cities to prepare concept plans consistent with Metro's final decision and with Title 11 of the Urban Growth Management Functional Plan. In the IGA, the cities agree that they will accept Metro's final decision and adopt corresponding concept plans.

B. Basalt Creek Planning History

1. 2004 UGB Expansion

The Basalt Creek Planning Area was added to the UGB as part of a 2004 expansion for industrial and employment purposes. Metro had previously expanded the UGB in 2002 to add 17,458 acres of land, with 15,047 acres added for residential purposes and 2,411 acres for employment. In the 2002 decision, Metro acknowledged that the amount of land being added for employment purposes was not sufficient to meet the identified 20-year need, and therefore requested that the Land Conservation and Development Commission (LCDC) assign a new work task that would allow Metro to complete its work and accommodate the region's need for industrial land. *See* Exhibit P to Metro Ordinance 02-969B. LCDC approved the majority of the decision, and returned the matter to Metro with instructions to satisfy the unmet 20-year need for industrial land.

Metro responded in 2004 by adopting Ordinance No. 04-1040B, the stated purpose of which was "to increase the capacity of the boundary to accommodate growth in industrial employment." That decision expanded the UGB to include 1,940 acres of land for industrial use, including the 646 acres now known as the Basalt Creek Planning Area between the cities of Tualatin and Wilsonville. The Metro Council adopted the following findings in support of adding the Basalt Creek area to the UGB:

"The Council chose this area because it is exception land (rural residential and rural industrial) with characteristics that make it suitable for industrial use. It lies within two miles of the I-5 corridor and within one mile of an existing industrial area, and portions of the area are relatively flat. These characteristics render it the most suitable exception area under consideration for warehousing and distribution, a significant industrial need facing the region." Metro Ordinance 04-1040B at Exhibit G, page 17.

During the Metro proceedings, the City of Tualatin and some of its residents expressed concerns about compatibility between future industrial uses in the Basalt Creek area and residential neighborhoods at the south end of the city, and about preserving the opportunity to choose an alignment between Tualatin and Wilsonville for the then-

planned connector between Interstate 5 and Highway 99W. In response, the Metro Council adopted the following condition of approval:

“2. Title 11 planning shall incorporate the general location of the projected right of way alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the ‘south alignment,’ as shown on the Region 2040 Growth Concept Map, ... the portion of the Tualatin Area that lies north of the right-of-way shall be designated ‘Outer Neighborhood’ on the Growth Concept Map; the portion that lies south shall be designated ‘Industrial.’” Metro Ordinance 04-1040B at Exhibit F, page 3.

A copy of the 2004 version of the 2040 Growth Concept Map showing the two proposed alignments for the I-5/99W connector is attached as Exhibit B. That exhibit also shows the locations of the Central Subarea and the Basalt Creek Parkway. The Metro Council adopted the following findings describing the purpose of the condition:

“Second, the Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use).” Metro Ordinance 04-1040B at Exhibit G, pages 17-18.

2. Local Concept Planning

In 2006, Metro awarded a \$365,000 CET Grant to the cities of Tualatin and Wilsonville to perform concept planning for the Basalt Creek Planning Area. In 2011 the cities, Metro, and Washington County entered into an IGA that outlines the requirements and responsibilities of the parties regarding their coordinated efforts on the Basalt Creek concept plan. The IGA defines a decision-making process that requires all four parties to agree to the final decisions about the jurisdictional boundary between the two cities and the appropriate land use designations for the entire area.

The concept plan was put on hiatus from 2011 to 2013 while transportation planning issues for the larger South County Industrial Area were being resolved via the Basalt Creek Transportation Refinement Plan. The stakeholders concluded that it was important to address transportation issues for the area prior to any industrial development occurring. As part of that transportation planning effort, the Basalt Creek Parkway was one of several options identified as critical to the success of the transportation system. The

Parkway was seen as one of the vital connectors for truck traffic from the Tonquin and Southwest Tualatin Industrial areas to the north down to Interstate 5, in order to mitigate the traffic impacts on Tualatin-Sherwood Road and the Tualatin Town Center.

Upon completion of the Basalt Creek Transportation Refinement Plan in 2013, the cities of Wilsonville and Tualatin resumed their concept planning efforts, utilizing Metro's CET grant funds. In December of 2015, the City Councils of Wilsonville and Tualatin reached an agreement regarding a jurisdictional boundary between the cities, delineated by the Basalt Creek Parkway. Further work between the cities resulted in a "Preferred Basalt Creek Land Use Map" in September of 2016, which designated the majority of the area north of the Basalt Creek Parkway in Tualatin, including the Central Subarea, with a Manufacturing Park zoning classification. Exhibit C.

3. Summary of Dispute

In October of 2016, a property owner in the Central Subarea presented the City of Tualatin with a proposal to change the designation of the subarea from employment to residential. The property owner asserted that the area is not well suited for employment uses due to topography and geologic conditions. In support of this proposal, the property owner submitted a request from OTAK to amend the Preferred Basalt Creek Land Use Map, stating a concern that the Central Subarea would be difficult to develop for employment purposes due in part to the existence of slopes in excess of ten percent. The property owner also submitted letters from other development professionals stating that the site topography is too challenging for industrial development and is better suited for smaller footprint buildings such as housing. Tualatin Brief, Exhibit 108.

At a Tualatin City Council work session on October 10, 2016, the City Council directed planning staff to consider the property owner's request as proposed by OTAK. The matter came back to the City Council on November 28, 2016. The Tualatin planning department staff report for that meeting noted that the OTAK proposal to amend the concept plan "includes substantially more residential land uses in the central subarea" than had been previously discussed, and recommended rejecting the property owner's proposal and retaining the proposed employment designation: "After consideration of OTAK's proposal and all of the above factors together, staff believes the central subarea can be developed for employment over the long-term. While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses." Wilsonville Rebuttal Brief, Exhibit G.

In response to the property owner's testimony to the City of Tualatin in October of 2016 regarding the unsuitability of the Central Subarea for employment uses, Washington County hired Mackenzie development group to undertake an independent study regarding the viability of employment uses in that area. The study was completed in January of 2017 and concluded that employment uses are viable in the Central Subarea, specifically for flex business park, office campus, manufacturing, and commercial support services. Wilsonville Brief, Exhibit G.

In February of 2017, the Tualatin City Council directed their staff to proceed with changing the designation of the Central Subarea from employment to residential. In March of 2017, the City of Wilsonville hired the engineering firm KPFF to evaluate the feasibility of development for employment uses in the Central Subarea. The resulting KPFF feasibility study provided three different scenarios for viable employment development, taking into consideration the slope and geologic composition of the site. Wilsonville Brief, Exhibit D.

Under the 2011 IGA regarding concept planning for the Basalt Creek Planning Area, all parties must agree regarding the jurisdictional boundary between the cities and the land use designations. Since the cities cannot agree, the area cannot be planned or annexed by either city. The cities asked Metro to act as an arbitrator and resolve the dispute.

ANALYSIS

A. Planning Goals and Expectations of Local Government Stakeholders

The planning history of the Central Subarea and the planning expectations of local government stakeholders lean heavily in the direction of an employment designation. The area was brought into the UGB by Metro in 2004 as part of an expansion for the purpose of meeting a regional need for industrial land, and the entire Basalt Creek Planning Area is designated on Metro's Title 4 map as a future employment area.

Although the 2004 UGB expansion decision did contemplate that some portions of the Basalt Creek Planning Area could become residential, the relevant condition of approval and findings (quoted above on page 3) drew a line at the location of the south alignment of the proposed I-5/99W connector and stated that areas north of that line, closer to the City of Tualatin boundary, are more appropriate for residential use, while areas south of that line (including the Central Subarea) are more appropriate for industrial use.

As noted by the City of Wilsonville in its brief, the City of Tualatin has already designated a substantial portion of its share of the 2004 UGB expansion area for

residential development. Without removing the employment designation from the Central Subarea, 91 the 194 developable acres in Tualatin's portion of the Basalt Creek Planning Area are designated as residential. Those 91 acres include flat land adjacent to Interstate 5 at the eastern edge of the planning area between Norwood Road and the future Basalt Creek Parkway that appear to be ideal for employment purposes. Wilsonville Brief, Exhibit A. If the Central Subarea designation is changed from employment to residential, Tualatin will have designated 65% of its developable land in the planning area for residential purposes.

Evidence in the record indicates that the City of Tualatin strongly advocated for an employment designation in the Central Subarea during the concept planning process until the end of 2016, when the property owner and OTAK proposed the change to residential. Wilsonville Brief, Exhibit A and Exhibit C at page 6; Wilsonville Rebuttal Brief, Exhibit I. Evidence in the record also shows that the City of Tualatin moved the proposed jurisdictional boundary between the cities farther south in order to provide more employment opportunities for Tualatin. Minutes from the Tualatin City Council work session on August 24, 2015 state:

“Mayor Ogden stated he did not believe the mix of residential and industrial in this option [boundary option 3] is a good value for the people who live in Tualatin. This mix creates more trips in turn creating more congestion. He understands the need for residential capacity but does not believe it should be done at the exclusivity of other options. His recommendation would be to move the boundary line further down to accommodate for job producing land options creating a more balanced growth option.

“Council Bubenik would like to see more land in this option converted to light industrial.

“Council President Beikman expressed dissatisfaction with boundary option three. She stated boundary option three removes all industrial land and converts it to residential leaving no room for job growth.” Wilsonville Rebuttal Brief, Exhibit A.

As a result of this direction from the Tualatin City Council regarding the city's desire for more employment land, Tualatin planning staff generated a new Boundary Option 4, which moved the boundary between the two cities south to Tonquin Road and changed the designation of the Tualatin portion of the Central Subarea from residential to

employment. Wilsonville Rebuttal Brief, Exhibit C. Planning staff then presented Boundary Option 4 at the joint meeting between the two city councils on December 16, 2015. Wilsonville Rebuttal Brief, Exhibit D.

At the December 16, 2015 meeting, the two city councils agreed that the boundary line between the two cities should be moved even farther south, to the future location of the Basalt Creek Parkway. Tualatin Reply Brief, Exhibit 128. The City of Wilsonville argues that there was an express agreement between the cities at the December 16, 2015 joint meeting regarding an employment designation for the Central Subarea. The City of Tualatin disagrees, noting that the stated purpose and outcome of the meeting was limited to the agreement regarding the location of the jurisdictional boundary, and that future land use designations were not included as part of the presentation to the two city councils. Tualatin Reply Brief, Exhibits 128, 129 and 130.

The City of Tualatin appears to be correct that there was no formal agreement or vote taken by the two cities at the December 16, 2015 joint meeting regarding land use designations. However, the evidence, and common sense, support the City of Wilsonville's contention that its agreement regarding the jurisdictional boundary was based in part on the Tualatin City Council's position regarding Tualatin's need for more employment land, and that Wilsonville would not have agreed to cede more land to Tualatin if it was proposed to be residential.

There is no dispute that the Tualatin City Council directed its staff to move the city boundary south to Tonquin Road because it believed Tualatin was not being provided enough employment land for future job growth in the city. That directive resulted in Boundary Option 4, which changed the Tualatin portion of the Central Subarea from residential to employment. At the same December 16, 2015 joint meeting where Tualatin's Boundary Option 4 was presented to the two city councils, the councils reached agreement on a boundary location even farther south, at the Basalt Creek Parkway. Given Tualatin's push to move the boundary south in order to provide itself with more employment land, there was no reason for Wilsonville to think that Tualatin was going to change its proposed employment designation for the Central Subarea to residential. Although there was no vote or other formal action taken at the December 16, 2015 joint meeting regarding land use designations, the evidence supports a finding that Wilsonville's agreement regarding the jurisdictional boundary was premised on its belief that areas north of that boundary would remain in an employment designation as proposed by Tualatin on December 16, 2015. As stated by Wilsonville Mayor Tim Knapp at a city council work session on March 20, 2017, "Our prior offer to set the boundary at the parkway is contingent on the rest of that agreement that has, apparently, disappeared.

So the proposal to put the boundary at the parkway is no longer operative.” Wilsonville Rebuttal Brief, Exhibit I, page 2.

Since 2016, Washington County has objected to changing the employment designation based on the county’s planning expectations and related transportation investments in the Basalt Creek Planning Area. The March 5, 2017 submittal from the Chair of the Washington County Commission states:

“Our position remains consistent with my letter to Mayor Ogden and members of the Tualatin City Council dated October 27, 2016, wherein I expressed the concerns of the Board of County Commissioners regarding potential increases in the amount of residential units proposed in the Tualatin side of the Basalt Creek Concept Plan. The County supports the planned employment uses in this area and has invested over \$65 million in the construction of the new 124th arterial to leverage future economic development in the area.”

A copy of the county’s October 27, 2016 letter is attached as Exhibit D. That letter provides, in relevant part:

“We believe this area to be prime future industrial land needed to support the regional economy. In 2013, Washington County, City of Tualatin, City of Wilsonville, and Metro acknowledged the Basalt Creek Transportation Refinement Plan. This plan identified transportation infrastructure needed to support this future industrial area. We have moved forward in support of this agreement with construction of the new 124th arterial to leverage future economic development. We believe that eliminating industrial land beyond what the latest concepts show would be a big mistake for the economic health of South County and counter to our agreement.”

The Basalt Creek Transportation Refinement Plan Recommendations from 2013, attached as Exhibit E, supports the assertion of Washington County that an important function of the planned Basalt Creek Parkway (also referred to as the SW 124th arterial) is “supporting industrial access from the Tonquin, Southwest Tualatin, and Basalt Creek Planning Areas.” Exhibit E, page 2. This planning objective is also reflected in Metro’s 2014 Regional Transportation Plan (RTP), which describes the recommended alternative to the I-5/99W connector proposal as follows:

“The recommended alternative ... is based upon the principle that it is preferable to spread the traffic across three smaller arterials rather than one

large expressway. The analysis concluded this approach could effectively serve the traffic demand, would provide better service to urban land uses in the Tualatin/Sherwood area, especially industrial lands, and could be built incrementally based upon need to serve growth and revenue availability.”

“* * * * *

“Since completion of the I-5/99W Connector Study, Washington County led the Basalt Creek Transportation Refinement Plan along with Metro, ODOT, and the Cities of Tualatin and Wilsonville. The purpose of this refinement plan was to determine the major transportation system to serve the Basalt Creek Planning Area. The plan sets the stage for land use concept planning and comprehensive plan development for the Basalt Creek area. The need to plan for the future transportation system was driven by future growth in the Basalt Creek area itself as well as almost 1000 acres of future industrial development targeted for surrounding areas.” 2014 RTP, pages 5-21 and 5-22.

The relevant transportation planning documents for the Basalt Creek Planning Area indicate that one reason for abandoning the I-5/99W connector proposal was to create a better plan for transportation connectivity for planned industrial development in the area. As noted by Washington County in its March 5, 2017 letter, a primary purpose of the \$65 million investment in the planning and development of the Basalt Creek Parkway is to support future economic development from planned employment areas in the Basalt Creek Planning Area. The City of Tualatin’s decision to add more residential land to the sizeable areas it has already planned for residential is not consistent with the county’s planning expectations and investment in the Basalt Creek Parkway arising out of the agreement reached by the local governments in the Basalt Creek Transportation Refinement Plan.

B. Consideration of the Cities’ Arguments

1. Consistency with Condition of Approval on 2004 UGB Expansion

The City of Tualatin contends that the Central Subarea must be designated for residential purposes under the condition of approval attached to the 2004 UGB expansion in Metro Ordinance 04-1040B. Tualatin asserts this is because the condition requires all areas north of the Basalt Creek Parkway to be designated “Outer Neighborhood.” However, the condition refers to the south alignment of the proposed I-5/99W connector and not to the Basalt Creek Parkway:

“2. Title 11 planning shall incorporate the general location of the projected right of way alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the ‘south alignment,’ as shown on the Region 2040 Growth Concept Map, as amended by the portion of the Tualatin Area that lies north of the right-of-way shall be designated ‘Outer Neighborhood’ on the Growth Concept Map; the portion that lies south shall be designated ‘Industrial.’” Metro Ordinance 04-1040B at Exhibit F, page 3.

The map below (also attached as Exhibit B) shows the location of the Central Subarea and the Basalt Creek Parkway overlaid on the 2040 Growth Concept Map from 2004 with the proposed north and south alignments for the I-5/99W connector. As shown on this map, the south alignment is located along the northern boundary of the Central Subarea.

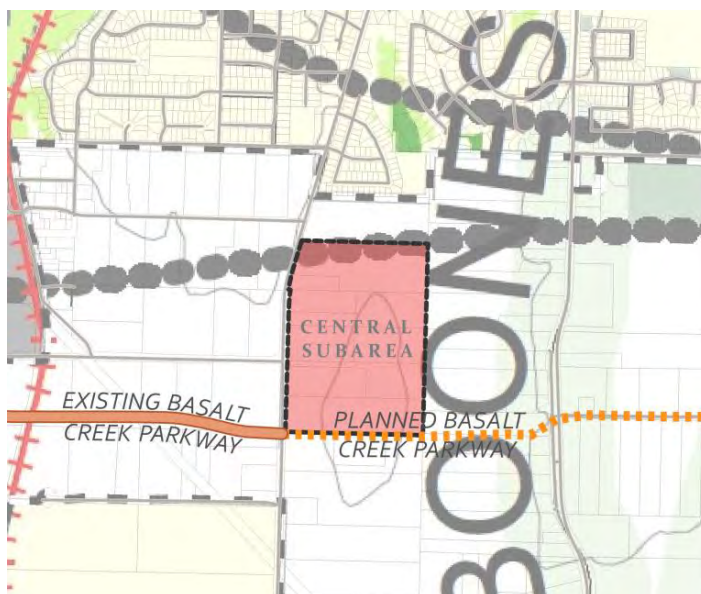


Figure 2: Central Subarea and Basalt Creek Parkway overlaid on Metro 2040 Growth Concept Map (2004 version)

In reviewing the cities’ arguments on this issue, it is important to note that the I-5/99W connector concept was abandoned by the stakeholders in favor of spreading traffic across three smaller arterials. Therefore the two alternative connector alignments have been removed from the current 2040 Growth Concept Map. As a result, the significance of this condition of approval is limited, since the proposed connector will never exist. Tualatin contends that the Basalt Creek Parkway should be treated as if it were the connector because it “follows the approximate course” of the south alignment, consistent with the condition of approval. Therefore, Tualatin argues, the Parkway must serve as the buffer

between industrial development to the south and residential to the north, as stated in the Metro Council findings explaining the condition of approval:

“Second, the Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use).” Metro Ordinance 04-1040B at Exhibit G, pages 17-18.

However, the Basalt Creek Parkway and the previously proposed I-5/99W connector are not interchangeable facilities. As stated in the above-quoted portion of the 2014 RTP, the recommended alternative to the I-5/99W connector “is based on the principle that it is preferable to spread the traffic across three smaller arterials rather than one large expressway.” 2014 RTP, page 5-21.

More importantly, the location of the Basalt Creek Parkway is sufficiently south of the proposed connector’s south alignment that it cannot reasonably be considered the “approximate course” of that alignment. Tualatin argues that the distance is only approximately 1800 feet, or one-third of a mile. However, shifting the entire length of a proposed roadway project by one-third of a mile is not an insignificant change. Also, as pointed out by Wilsonville in its brief, the amount of acreage that would be changed from industrial to residential as a result of shifting the alignment that far south is significant – the residential acreage would increase from 110 acres to 380 acres. Wilsonville Rebuttal Brief at Exhibit F, page 2.

This highlights a flaw in Tualatin’s argument – if the condition of approval still applies as the city contends, and is interpreted so that the Basalt Creek Parkway is the equivalent of the I-5/99W connector and therefore must separate industrial uses to the south and residential to the north, then 100% of the approximately 200 acres of employment land in Tualatin’s portion of the planning area would need to be converted to residential. Wilsonville Rebuttal Brief at Exhibit H. This is an outcome that has never been contemplated by any party to this decade-long planning process, and would create further obstacles and disputes among the cities, county, and Metro regarding planning for the Basalt Creek area.

The part of the Metro Council’s 2004 UGB expansion findings regarding the location of the proposed south alignment that is more relevant today is that the Council identified the area north of the proposed alignment as being the least suitable for industrial use, and the

area to the south as being the most suitable for industrial use. As shown on the map above (and attached as Exhibit B), the location of that proposed alignment follows the northern boundary of the Central Subarea.

In conclusion, the 2004 condition of approval does not support Tualatin's argument that the Central Subarea must be designated for housing. However, the 2004 Metro Council findings do indicate that Metro's UGB expansion decision identified the area south of the proposed I-5/99W connector, including the Central Subarea, as "the area most suitable for industrial use."

2. Suitability for Industrial/Employment Development

The primary reason stated by the City of Tualatin for changing the Central Subarea planning designation from employment to residential was that the area is too steep and too rocky to be developable for employment purposes. This issue was initially raised in testimony from a property owner in the Central Subarea, who hired OTAK to prepare and submit a request for an amendment to the concept plan that provides a bullet-point list of concerns, along with a slope analysis and a proposal for residential development in the subarea. The three concerns identified in the OTAK document are topography, access, and the fact that the subarea abuts the Basalt Creek Canyon. Tualatin Exhibit 108.

The property owner also submitted four one-page letters from development professionals at Brian Copton Excavating, Real Estate Investment Group, PacTrust, and Ken Leahy Construction stating that development of the Central Subarea for employment purposes would be "very difficult," "very inefficient," "uneconomic," and that the area is generally better suited for residential use due to its topography, rockiness, and access limitations. Wilsonville Brief, Exhibit H.

In response to this testimony, Washington County hired Mackenzie development group to undertake a study regarding the viability of employment uses in the Central Subarea. The study was completed in January of 2017 and provides a slopes map, an estimation of development area acreage for employment purposes, and a conceptual employment use concept plan. The Mackenzie report acknowledges that there are development constraints on the site, noting that nearly a third of the site consists of slopes greater than 10%, which are generally considered undevelopable for employment purposes. The report states that "of the 63 gross acres, approximately half of the site (about 37 acres) may be suitable for employment development, if slopes ranging above 5% to 10% can be mitigated." Wilsonville Brief Exhibit G, page 3. The report provides an employment use concept plan showing 40% developable area and approximately 315,000 square feet of building

area, and goes on to conclude that employment uses are viable in the Central Subarea, specifically for flex business park, office campus, manufacturing, and commercial support services.

The Mackenzie report includes two incorrect assumptions that undercut the evidentiary value of the report's concept plan and conclusions. First, Mackenzie mistakenly included the 11-acre property to the north of the Central Subarea as part of its study, and located two buildings and an access road in that location in its concept plan. That property has been agreed upon as a future residential area and is not part of the dispute between the cities. It also includes some of the flattest terrain in the area, so its inclusion in the Mackenzie study skews the conclusions regarding total developable area. Second, the Mackenzie concept plan shows a public road access point onto the Basalt Creek Parkway, which is not correct due to the limited access nature of that facility. However, the Mackenzie report does have evidentiary value in that it describes land suitability factors for employment development, identifies the locations of the best developable areas within the Central Subarea for employment purposes, and identifies types of employment uses that could be located in those areas.

After the Tualatin City Council directed staff to change the designation of the Central Subarea from employment to residential in February of 2017, the City of Wilsonville hired the engineering firm KPFF to undertake a study evaluating the feasibility of development for employment uses in the Central Subarea. The KPFF study provides a comprehensive evaluation of the site, including environmental constraints, slopes, rock location and excavation, grading, and site access. Based on that evaluation, the KPFF study identifies three different "schemes" for employment development of the Central Subarea. The three schemes offer differing intensities of development, based in part on the level of desired protection of open space areas in the northern portion of the site. Scheme A shows a total building area of 480,000 square feet, Scheme B shows a total building area of 594,800 square feet, and Scheme C shows a total building area of 781,350 square feet. The KPFF study concludes as follows:

"Various employment opportunities can be accommodated on the site from larger industrial facilities such as Building A to smaller craft industrial facilities such as Building E. The slope on the site is conducive to the stepped and smaller buildings such as Buildings E and C. These buildings could provide office space as well as smaller craft facilities that can include breweries, textiles, pottery and metal works. Not only will these facilities increase the employment opportunities in the area but they also fill a need for providing space to support local artists and craft industry. As indicated

in the three schemes there is flexibility on the site to use a variety of building types and footprints. This feasibility study has validated through the test fits that the area can be developed to increase employment opportunities in the region. As a result, other land uses were not analyzed for feasibility since the area is designated as a regional employment area.”

“The site does pose some grading challenges which will require the use of stepped foundations and retaining walls as indicated and discussed. This is not unexpected in the region and the use of retaining walls and stepped footings has been done in other projects locally as indicated by the included images. The cost for accommodating the grade changes is higher than if the project site were completely flat, but it is not out of line with development on similar types of sites. Infrastructure costs such as construction of new roadway and utilities are required for all greenfield sites and would be required to develop the feasibility study site regardless of the intended use.”
Wilsonville Brief, Exhibit D, page 28.

Metro is presented with a situation where there is conflicting evidence in the record regarding the viability of employment uses in the Central Subarea. Metro’s decision on this issue must be based on substantial evidence in the record, which is legally defined as evidence a reasonable person would rely on in making a decision. In reaching that decision, Metro may consider the weight and credibility of the relevant conflicting evidence and decide which evidence it finds to be more persuasive in reaching its decision.

After reviewing all of the relevant evidence in the record, and evaluating its comparative weight and credibility, the greater weight of more credible evidence supports a conclusion that it is feasible to develop the Central Subarea for employment purposes. The evidence indicates that, although the Central Subarea may not be a likely candidate for a large industrial facility, there is sufficient developable area on the site for multiple buildings housing smaller employment uses, as depicted in the Mackenzie and KPFF studies, such as office, flex business park, manufacturing, and craft industrial.

The best evidence in the record regarding the viability of employment uses in the Central Subarea is the KPFF study, which provides an independent and highly credible professional analysis of potential employment uses on the site, and concludes that although there will be some challenges and costs associated with grading and excavation that would not exist if the site were totally flat, those costs are “not out of line with development on similar types of sites.” Wilsonville Brief, Exhibit D, page 28. The KPFF

study also provides photo examples of other projects in the Metro region where grading and retaining walls have been used to allow employment development in similarly sloped areas.

The property owner advocating for a residential designation has not provided a similarly thorough and independent professional study of the site. The OTAK materials provide topographic and slope maps that appear identical to those provided by Mackenzie and KPFF, and state the uncontested fact that the site contains slopes in excess of 10% and 25% that are unlikely to be developable. However, as noted in the Mackenzie study, those portions of the Central Subarea that contain slopes of less than 5% may be readily developed, as well as those areas between 5% and 10% with more significant grading. OTAK expressly agreed with this aspect of the Mackenzie analysis. Wilsonville Brief, Exhibit H, item #9. The Mackenzie and KPFF studies each show those locations where employment-related buildings may be developed, including areas with slopes up to 10%. The OTAK memorandum goes on to make two inconclusive statements regarding access and the presence of the Basalt Creek Canyon, which have little evidentiary value. Tualatin Brief, Exhibit 108.

The record includes four one-page letters from individuals in the construction and real estate professions, written at the request of the property owner, generally stating their opinions that the Central Subarea is not well suited for employment uses due to topography, rockiness, and limited access. None of these letters include or reference the type of detailed and site-specific evidence provided in the analysis undertaken by KPFF. Two of the letters state that large industrial or flex buildings would not be viable due to the size of their footprints, but do not appear to consider the types of smaller employment uses identified by KPFF and Mackenzie. The common theme of the letters is that development of the site for employment purposes will be expensive due to grading and excavation costs, followed by conclusions that those higher costs will make future development “inefficient” or “uneconomic,” but providing little or no direct evidence supporting those opinions.

Taking a step back, the question properly before the cities, and now Metro, is a *planning* question regarding what would be the best type of use in this particular location in the future, given the long-range plan for the area. The question is not whether the Central Subarea will be developed tomorrow, or even in the next three years, for employment purposes. Accordingly, testimony that raises potential concerns about site-specific development issues, and particularly economic feasibility, is necessarily less relevant in reaching a determination as to whether an employment designation is appropriate. In reaching a decision regarding a land use planning designation for future development, a

local government is not required to demonstrate that there is a particular development plan for the property that could occur immediately.

The KPFF study demonstrates that it is feasible for the Central Subarea to be developed for employment uses. The study acknowledges that it will be more challenging (and expensive) than if the area were flat, but states that the resulting costs are not out of line with existing development on similar sites. As noted by the City of Wilsonville in its brief, employment properties in the region that are easy to develop have largely been developed already, requiring developers and local governments to become more innovative and flexible regarding the siting of employment uses. The importance of local government flexibility was recognized by City of Tualatin planning staff when it concluded that the Central Subarea could be developed for employment uses: “While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses.” Wilsonville Rebuttal Brief, Exhibit G,

The property owner also submitted three letters from engineering and planning firm CES/NW that are of higher evidentiary value than the other materials relied upon by the City of Tualatin, in that the CES materials include a more objective and evidence-based analysis than letters that primarily state opinion-based conclusions. The first letter, dated February 10, 2017, raises similar issues regarding slopes and access points; however, it is primarily aimed at critiquing the Mackenzie concept plan, which as acknowledged above includes incorrect assumptions regarding access and developable acreage. Those errors are correctly pointed out in the CES letter.

Since the flaws in the Mackenzie plan are now known, and it has been essentially superseded by the more detailed (and accurate) KPFF study, the subsequent CES letter dated May 18, 2017 is more relevant because it provides a direct review of the KPFF study and conceptual development plan. The letter from CES focuses on the preferred Scheme B and makes an estimate regarding the amount of grading that would be required and the associated costs of that grading plus necessary retaining walls. Significantly, one conclusion of the CES letter is that “we feel the proposed grading plan is possible.” Tualatin Brief, Exhibit 113. Thus, the consultants hired by the property owner admit that it is *possible* for the Central Subarea to be graded for employment use. The issue posed by CES is not physical feasibility; it is how much it would cost. The CES letter estimates \$10.5 million for grading and \$1.2 million for retaining walls. However, the letter does not provide any evidence or conclusions regarding whether or why those expenses would render development of the site economically infeasible. This letter has evidentiary value

for the amount of money that could be required to grade the site, but not for a conclusion that grading costs would render development economically infeasible.

The question of economic feasibility is more directly addressed in the next letter from CES, dated July 20, 2017, the primary point of which is to compare residential development to employment development in the Central Subarea given its site constraints. But again, that letter stops short of saying that employment development is not feasible: “Add rock excavation at six to ten times the normal cost of grading to the excessive amount of grading required, and this property *may not be* economically feasible to develop.” Tualatin Brief, Exhibit 114 (emphasis added). This letter provides evidentiary support for the proposition that it will be more expensive to develop the Central Subarea for employment than residential, and that excavation and grading costs *could* make it economically infeasible. But it does not directly support the conclusion asserted by the City of Tualatin that developing the site for employment use “is not economically feasible.” Tualatin Brief, page 6.

In its brief, the City of Tualatin also challenges certain assumptions and conclusions in the KPFF study. Tualatin notes that all three potential development schemes depicted in the KPFF study “have office space as the predominant use, not industrial.” Tualatin Brief, page 11. Office space is an employment use and the debate here is about whether the site is appropriate for employment purposes, which of course could include industrial but are not limited to industrial. Tualatin also argues that the KPFF study concludes that “the area is useful, at best, for ‘split elevation’ office use.” Tualatin Brief, page 5. The City of Wilsonville provided the following response from KPFF engineer Matt Dolan, which more accurately describes the study’s conclusions: “To the contrary, the study suggests that a different building type could be utilized in areas with steeper slopes and does not suggest this approach for the entire area. All of the scenarios and building typologies imagined in the study support employment opportunities within the study area....” Wilsonville Rebuttal Brief, Exhibit K.

Tualatin also notes that the office buildings include “split elevations and access at varying levels to accommodate grade,” and then asserts “[a]s explained by an industrial/employment developer, stepped floors are not desired for industrial/employment development,” citing the PacTrust letter dated November 14, 2016. However, the PacTrust letter does not say anything about stepped floors being undesirable for employment development. The conclusion of the PacTrust letter is that “the topography of your site makes development of industrial or flex buildings uneconomic.” Tualatin Brief, Exhibit 115. Notably, the PacTrust letter does not say that the site topography

renders development infeasible for other smaller employment uses, such as the office or craft industrial buildings that are included in the KPFF development schemes.

Tualatin also contends that the KPFF proposed development schemes do not comply with Oregon Fire Code requirements regarding the allowable grade of an access road and a need for secondary access to the southern development area. These issues are adequately addressed in the response from the KPFF engineer, who notes that applicable TVFR requirements allow grades up to 15%, and that whether and where secondary access will be provided would be determined in consultation with TVFR at the time development is actually proposed. The KPFF memo also includes the following assessment:

“The discussion regarding economic feasibility does not seem pertinent or relevant to the determination of the long range planning goals for the area. If they are to be considered, a much more impartial and holistic approach would need to be applied to some sort of criteria that can equally evaluate long term economics for varying development scenarios. This is well beyond the scope of the feasibility study or any conclusions that could be extrapolated from the report and development scenarios envisioned.”
Wilsonville Rebuttal Brief, Exhibit K.

Tualatin also argues that the KPFF study is “biased” because KPFF purposely ignored the possibility of residential development on the site, and only studied the possibility of employment uses. Tualatin Reply Brief at 6. This argument ignores the statement on the first page of the KPFF report that the purpose of the study is to “ascertain whether the policy objective of employment uses is achievable in this subarea. Only if this investigation determines employment uses not to be feasible on this site will this analysis then consider feasibility of other land uses.” Wilsonville Brief, Exhibit D, page 1.

After reviewing all of the evidence in the record, and evaluating its comparative weight and credibility, the greater weight of more credible evidence supports a conclusion that it is feasible to develop the Central Subarea for employment purposes. Regarding credibility, this analysis cannot overlook the property owners’ monetary incentive to obtain a residential designation, which is more likely to provide a higher investment return than employment.

The evidence indicates that, although the Central Subarea may not be a likely candidate for a large footprint industrial facility, there is sufficient developable area on the site for multiple buildings housing smaller employment uses, as depicted in the Mackenzie and KPFF studies, such as office, flex business park, manufacturing, and craft industrial. This

conclusion is supported by the City of Tualatin staff report to the City Council dated November 28, 2016, which concludes: “After consideration of OTAK’s proposal and all of the above factors together, staff believes the central subarea can be developed for employment over the long-term. While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses.” Wilsonville Rebuttal Brief, Exhibit G.

3. Responding to the Housing Crisis

The City of Tualatin contends that changing the planning designation for the Central Subarea to housing is an effective response to the regional housing crisis. Tualatin cites Metro materials that identify an urgent need to provide more affordable housing in the region, including the proposed 2018 affordable housing bond.

The Metro materials relied upon by the city describe an urgent need to address the current shortage of affordable housing in the region. As correctly noted by the City of Wilsonville, there is no evidence to support a conclusion that new homes constructed in the Central Subarea would fit any traditional definition of “affordability.”

More importantly, zoning the Central Subarea for residential use also would not address an immediate need for any type of housing. New residential development in this type of greenfield area takes a very long time, due in part to the need to plan, finance and construct all of the necessary infrastructure. Areas in Washington County that were added to the UGB in 2002 have only recently begun to actually be developed with housing. The long timelines associated with greenfield development do not lend themselves to addressing short-term housing needs. That will require development in existing urban areas that are already served by infrastructure.

Tualatin asserts that it has a shortage of land available for housing, based on its number of estimated dwelling units in Metro’s 2015 Buildable Land Inventory (BLI). However, the BLI is an inventory, not a housing needs analysis. In the absence of any information regarding the city’s projected population growth and corresponding future housing needs, an inventory does not support a conclusion that there is a need for housing. Tualatin’s brief does not refer to a local housing needs analysis under Goal 10, and it is not clear if the city has a current acknowledged housing needs analysis.

Tualatin’s argument that adding housing in the Central Subarea is necessary in order to provide housing for workers in the Basalt Creek area is unsubstantiated. Data gathered by Metro regarding work commutes at the intra-county level suggest that decisions regarding where to live are influenced by many other factors besides proximity to work.

Exhibit F. Locating housing near an employment area does not guarantee that people will choose to live and work in the same area. Also, the high costs of infrastructure for new residential construction in this greenfield area will likely result in home costs exceeding the available income of most individuals working in nearby industrial jobs.

C. Conclusion

Metro identified the Central Subarea as viable industrial and employment land and included it in the UGB for that purpose. It has a regional Employment designation under Title 4 of Metro's functional plan. The area is close to Interstate 5, has good existing and planned transportation infrastructure, including the Basalt Creek Parkway, consists of relatively large parcels, and is in close proximity to other areas planned and developed for employment uses. As described above, the weight of more credible evidence in the record supports a conclusion that an employment designation remains appropriate for the Central Subarea, and that the area should be planned accordingly by the cities.

EXHIBIT A

INTERGOVERNMENTAL AGREEMENT BETWEEN METRO, WASHINGTON COUNTY, AND THE CITIES OF TUALATIN AND WILSONVILLE SEEKING A BINDING NON-APPEALABLE DECISION FROM METRO CONCERNING ONE AREA, THE CENTRAL SUBAREA, OF THE BASALT CREEK PLANNING AREA

This Intergovernmental Agreement (IGA) is entered into by the following parties: Metro, a metropolitan service district organized under the laws of the State of Oregon (hereinafter referred to as "Metro"), Washington County, a political subdivision in the State of Oregon (hereinafter referred to as "County"), and the City of Tualatin ("Tualatin") and City of Wilsonville ("Wilsonville"), incorporated municipalities of the State of Oregon (hereinafter referred to as "Cities").

Whereas, in 2004 the Metro Council added two areas, known as the Basalt Creek and West Railroad Planning Areas, located generally between the Cities, to the Urban Growth Boundary (UGB) via Metro Ordinance No. 04-1040B; and

Whereas, Metro conditioned that these UGB expansion areas undergo Title 11 concept planning, as defined in Metro Code Chapter 3.07, cited as the Urban Growth Management Functional Plan (UGMFP); and

Whereas, County and Cities agreed to consider the Basalt Creek and the West Railroad areas in a single concept planning effort and to refer to the two areas generally as the Basalt Creek Planning Area; and

Whereas, located within the Basalt Creek Planning Area is a distinct subarea consisting of the following parcels identified by Washington County tax lot identification 2S135CB00400, 2S135CB00500, 2S135CC00300, 2S135CC00100, 2S135CC00800, 2S135CC00900, 2S135CC00500, 2S135CC00600, 2S135CC00700, as reflected in Exhibit 1, attached hereto and incorporated by reference herein, which subarea is hereafter referred to as the "Central Subarea"; and

Whereas, in 2011, Metro, County, and Cities entered into an Intergovernmental Agreement (2011 IGA) for concept planning the Basalt Creek Planning Area; and

Whereas, in 2013, Metro, County, and Cities entered into the First Addendum to the 2011 IGA, acknowledging the Basalt Creek Transportation Refinement Plan; and

Whereas, in 2013, Cities began concept planning the Basalt Creek Planning Area; and

Whereas, a disagreement has arisen with respect to what the land use designation should be for the Central Subarea; and

Whereas, Tualatin wants the land use in the Central Subarea to be designated for housing; and

EXHIBIT A

Whereas, Wilsonville wants the land use in the Central Subarea to be designated for employment; and

Whereas, representatives from the Cities jointly met with County representatives in an attempt to identify a process to move forward and complete the Basalt Creek land use Concept Plan map, but were unable to do so; and

Whereas, the governing bodies for the Cities and County agreed to ask Metro to settle the dispute and to make a final, binding, non-appealable decision on the sole issue of designation of the land use for the Central Subarea; and

Whereas, Metro has agreed to accommodate this request, based on the Cities' joint assertion that they cannot agree, with the clear understanding that this is not a role Metro intended, wanted, or asked for itself, but is willing to take on at the request of the Cities and the County;

Now, therefore, incorporating the above Recitals as if fully set forth below, the Cities, County, and Metro agree as follows:

1. FINAL BINDING AND NON-APPEALABLE DECISION BY METRO

Metro will act as the decision-maker to resolve the issue of the land use designation for the area known as the Central Subarea. In that capacity, Metro will have sole discretion to determine what to call this decision making process, where and when to hold the process, who Metro will appoint to make the decision, a briefing schedule, whether or not to hear oral argument, and ground rules that must be adhered to by the Cities and County throughout the process. Metro may require the Cities and County to sign ground rules and decision protocol, as determined solely by Metro. Once designated by Metro, the Parties agree that the Central Subarea will be designated in the final Concept Plans and in the Urban Planning Area Agreement between the Parties, as determined by Metro.

2. CITIES AND COUNTY AGREEMENT

The Cities agree to follow whatever decision-making process and rules are created by Metro, including timelines for submitting evidence and argument. The County may participate and advocate for its preference or may elect to be neutral. Cities and County agree that Metro's decision will be binding and non-appealable by any of them and, once made, all of their respective governing bodies and staff will support the decision to move the Basalt Creek Planning effort to completion without delay and in accordance with the decision of Metro. Each City agrees that it will prepare concept plans for the Basalt Creek Planning Area consistent with Metro's final decision and with Title 11 of Metro's Urban Growth Management Functional Plan. Each City agrees to adopt a resolution accepting the concept plan, reflecting the Metro decision, within 120 days after the date Metro's decision becomes final and effective and finalize their respective comprehensive plans to include that concept plan within one year of the Metro decision. Cities and County further agree that if the designation is appealed by any third party, each will vigorously defend and support the decision and will not support or assist in the

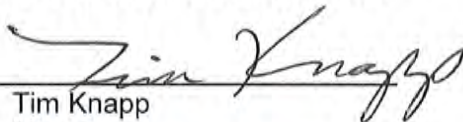
EXHIBIT A

decision and will not support or assist in the appeal of the designation determined by Metro through this process. At the conclusion of Metro's decision, a binding agreement will be signed by all Parties to this effect, with any future disputes or violations with respect to the agreement to be resolved in accordance with the specified requirements of that binding decision. Hereafter the Parties will work in good faith to reach agreement on all other issues so that the final Concept Plans and Urban Planning Area Agreement can be finalized.

This Agreement is effective the 22nd day of January, 2018.

Exhibit 1 – Map

CITY OF WILSONVILLE, OREGON

By: 
Tim Knapp

As Its: Mayor

Date: 12/27/2017

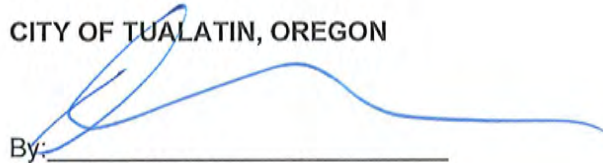
ATTEST:

By: 

[Signatures continue on following pages]

EXHIBIT A

CITY OF TUALATIN, OREGON



By: _____
Lou Ogden
As Its: Mayor

Date: 12-11-2017

ATTEST:

By:  _____

[Signatures continue on following pages]

EXHIBIT A

WASHINGTON COUNTY, OREGON

By: Andy Duyck
Andy Duyck
As Its: Chair, Board of County Commissioners

Date: 1-4-2018

ATTEST:

By: A. D. Napf

APPROVED WASHINGTON COUNTY
BOARD OF COMMISSIONERS

MINUTE ORDER # 17-351
DATE 12-19-2017
BY A. D. Napf
CLERK OF THE BOARD

[Signatures continued on following page]

EXHIBIT A

ACCEPTED AND AGREED TO BY METRO:

By: 
Martha Bennett

As Its: Chief Operating Officer

Date: 4/22/18

ATTEST:

By: 

EXHIBIT A

Exhibit 1: Central Sub Area

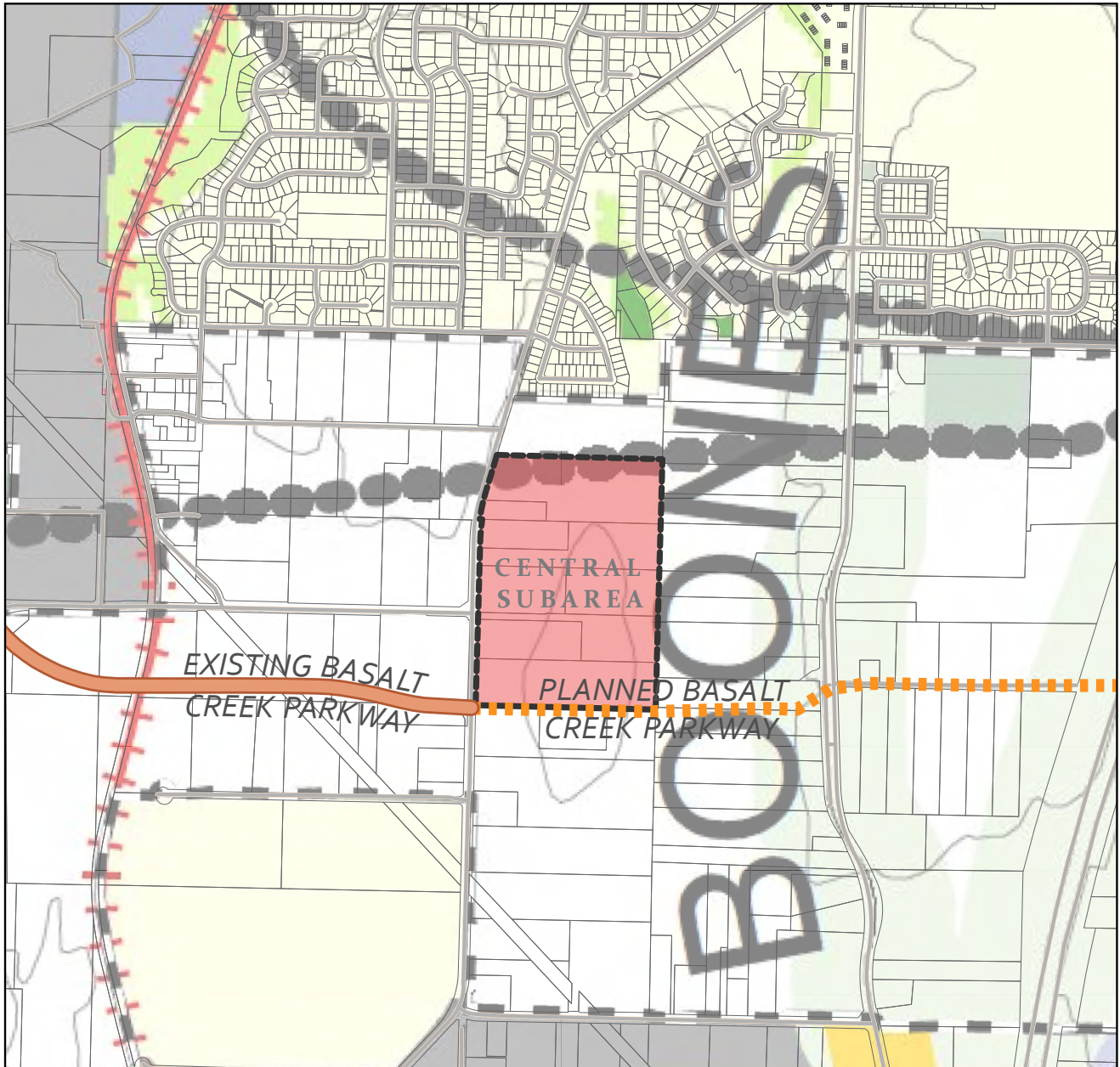


 Central Sub Area



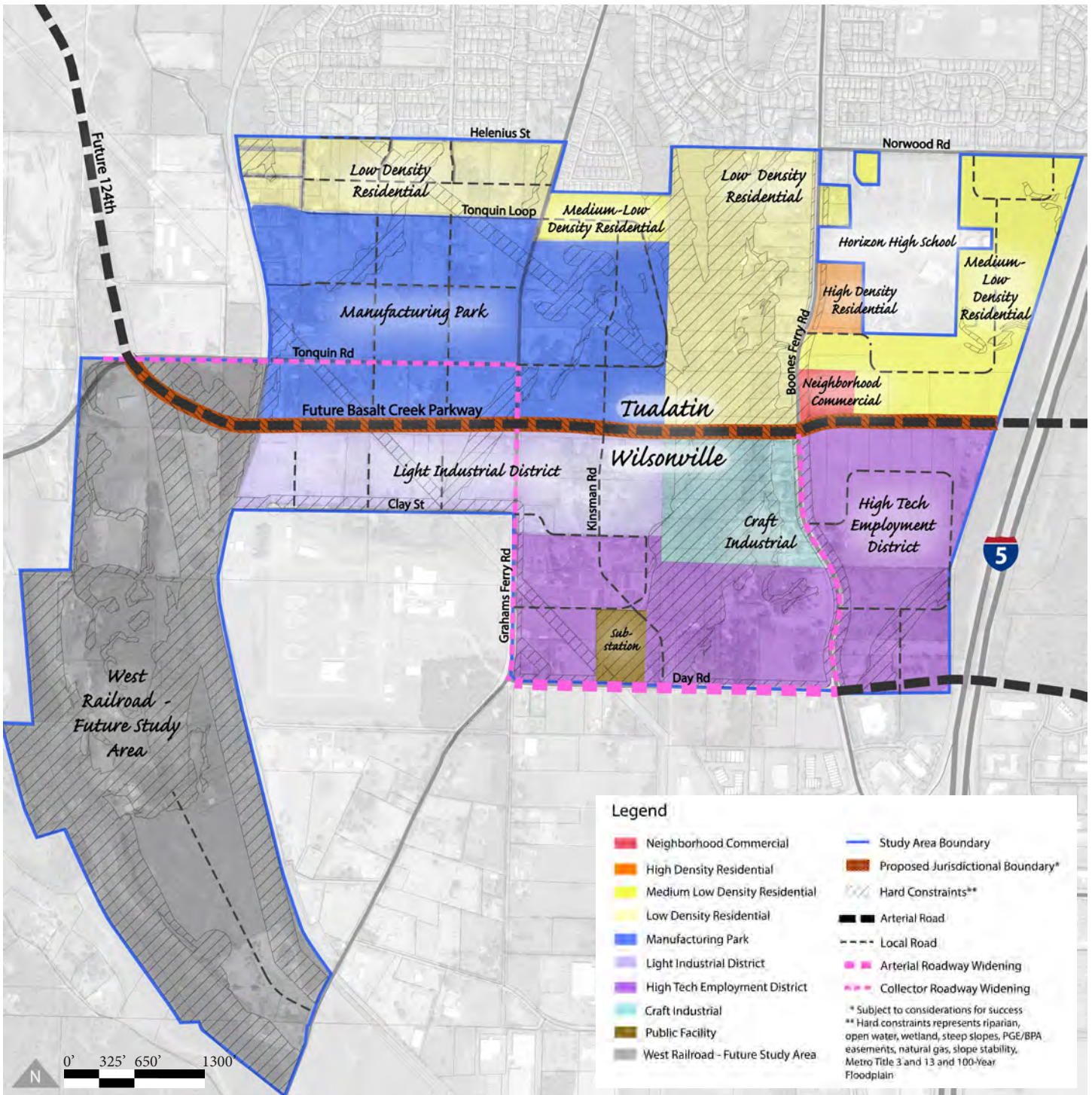
This map is derived from various digital database sources. While an attempt has been made to provide an accurate map, the City of Tualsis, OR, assumes no responsibility or liability for any errors or omissions in the information. This map is provided "as is".

EXHIBIT B



Central Subarea and Basalt Creek Parkway
overlaid on 2040 Growth Concept Map

EXHIBIT C



Basalt Creek Land Use Concept Map

DRAFT September 16, 2016

EXHIBIT D



WASHINGTON COUNTY OREGON

October 27, 2016

Mayor Ogden
Tualatin City Council
18880 SW Martinazzi Ave,
Tualatin, OR 97062

Dear Mayor Ogden and Members of the Tualatin City Council:

I am writing to express concerns to the Board of County Commissioners regarding potential increases in the amount of residential units proposed in the Tualatin side of the Basalt Creek Concept Plan.

We believe this area to be prime future industrial land needed to support the regional economy. In 2013, Washington County, City of Tualatin, City of Wilsonville, and Metro acknowledged the Basalt Creek Transportation Refinement Plan. This plan identified transportation infrastructure needed to support this future industrial area. We have moved forward in support of this agreement with construction of the new 124th arterial to leverage future economic development. We believe that eliminating industrial land beyond what the latest concepts show would be a big mistake for the economic health of South County and counter to our agreement.

Our IGA calls for the Cities to coordinate with the County in developing a concept plan for the Basalt Creek area. After the concept plan is complete, we can amend our Urban Planning Area Agreement to include this area, which is necessary for annexations to occur. This area is currently not included in our Urban Planning Area Agreement with Tualatin.

The City needs to be reminded the Basalt Creek Planning area is not currently within our Urban Planning Area Agreements. We believe Washington County is a partner in the planning of this area and would like to weigh in before any decision is made or report accepted that would substitute more residential units for employment areas.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Duyck". The signature is fluid and cursive, written over a horizontal line.

Andy Duyck, Chairman
Washington County Board of Commissioners

c: Andrew Singelakis, Director, Land Use & Transportation

Board of County Commissioners
155 N. First Avenue, Suite 300, MS 22 Hillsboro, OR 97124-3072
Phone: (503) 846-8681 Fax: (503) 846-4545

Basalt Creek Transportation Refinement Plan Recommendations

Introduction

The Basalt Creek transportation planning effort analyzed future transportation conditions and evaluated alternative strategies for phased investments that support regional and local needs.¹ This document reflects the Policy Advisory Group’s unanimous approval of the transportation investments, next steps for policy and plan updates, and potential funding strategies described in this document.

Purpose

The purpose of this refinement plan was to determine the major transportation system connecting Tualatin-Sherwood Road to I-5 in North Wilsonville through the Basalt Creek Planning Area, which is currently an unincorporated urban area of Washington County between the cities of Tualatin to the north, and Wilsonville to the south (see Figure 1). This plan refines recommendations from the I-5/99W Connector Study and the Regional Transportation Plan, setting the stage for land use concept planning and comprehensive plan development for the Basalt Creek area.

Planning Context

The need to plan for the future transportation system in the Basalt Creek area is driven not only by future growth in the Basalt Creek Planning area itself, but by future growth in surrounding areas targeted for industrial development. Basalt Creek currently lacks the multi-modal transportation facilities needed to support economic and urban-level development. Several planning

The Basalt Creek Transportation Refinement Plan was a joint effort involving:

- Washington County
- City of Tualatin
- City of Wilsonville
- Metro
- The Oregon Department of Transportation
- Area Citizens

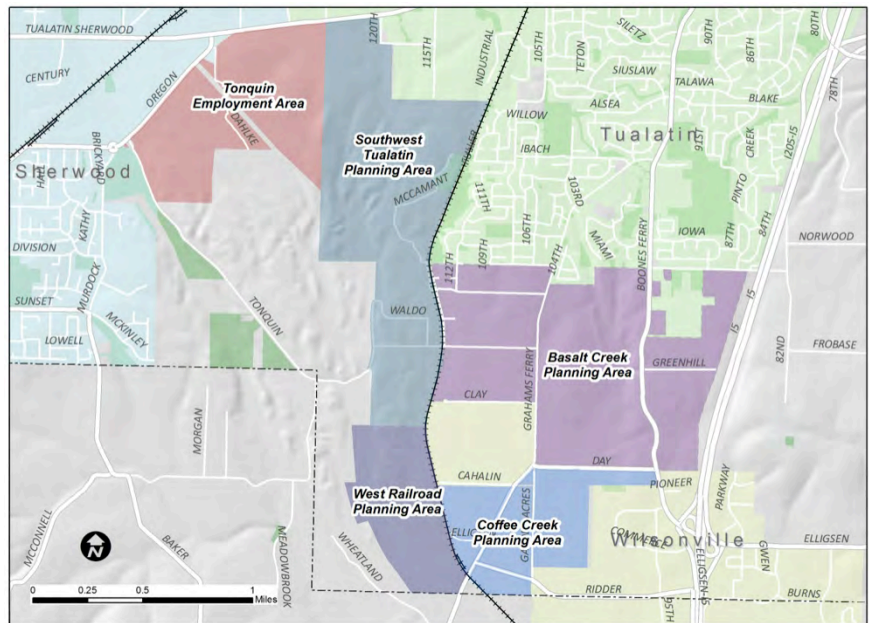


Figure 1: Basalt Creek Planning Area Location

¹ See *Basalt Creek Transportation Refinement Plan Technical Report* for more information.

efforts, summarized below, provide background and context for the Basalt Creek Transportation Refinement Plan.

- The **I-5/99W Connector Study** recommended an alternative that spreads east-west traffic across three smaller arterials rather than a single expressway. Although specific alignments for these arterials were not defined, the eastern end of the Southern Arterial was generally located within the Basalt Creek Planning Area, south of Tonquin Road. The present planning effort aims to further define the location of the connection between the SW 124th Avenue Extension and the I-5/Elligsen interchange in a manner that does not preclude the future Southern Arterial west of SW 124th.
- The **2035 Regional Transportation Plan (RTP)** calls for detailed project planning and near-term construction of an extension of SW 124th Avenue from Tualatin-Sherwood Road to the I-5/Elligsen Road interchange, supporting industrial access from the Tonquin, Southwest Tualatin, and Basalt Creek Planning Areas. The RTP also calls for the near-term construction of the Tonquin Trail (see below).
- The **Tonquin Employment Area, Southwest Tualatin Concept Planning Area, and Coffee Creek Planning Area** together comprise about 1,000 acres surrounding the Basalt Creek area that are planned primarily for industrial use. These areas are expected to generate growing freight and work-related travel demands on the multi-modal transportation network that runs through the Basalt Creek area.
- The **SW 124th Avenue Extension** Project, currently underway, is planning and designing the corridor described in the RTP from Tualatin-Sherwood Road to Tonquin Road. The present planning effort aims to extend the corridor to I-5 as envisioned in the RTP and ensure consistency with current SW 124th Avenue project.
- Washington County's **Boones Ferry Road** improvement project, also currently underway, provides pedestrian and bicycle improvements and an intermittent center turn lane between Norwood Road and Day Road. It is an assumed improvement for the Basalt Creek area.
- Near-term construction of the **Tonquin Trail** is called for in the RTP. The master plan identifies an alignment for new bicycle and pedestrian connections between Sherwood, Tualatin, and Wilsonville, with connections to the larger regional trail system. The Tonquin Trail will travel through the Southwest Tualatin Concept Plan Area and the Tonquin Employment Concept Plan Area, and is an assumed improvement within the Basalt Creek Transportation Refinement Plan.
- **Transportation System Plan** updates for Washington County, Tualatin, and Wilsonville are currently underway. Washington County will incorporate recommendations from this refinement plan into the County TSP update. The cities of Tualatin and Wilsonville will not incorporate these recommendations into their current TSP updates, but will carry the recommendations into land use concept planning and future TSP updates.

EXHIBIT E

January 2013

Facility Considerations and Characteristics

At the outset of this effort, agencies articulated a set of considerations to guide selection of the preferred transportation system as well as preferred characteristics of the primary east-west facility through the area.

- **Guiding considerations** included: ability to fund and phase improvements, level of impacts (environmental, right-of-way, etc.), support for development, consistency with regional policy, and traffic operations performance.
- **Facility characteristics** included: for the primary arterial connection, a 45 mph prevailing speed and access spacing of one-half mile to one mile to improve capacity.

Recommendation

The Policy Advisory Group (PAG), which consists of elected officials and key staff from the project's five partner agencies, recommends the following elements as part of an overall Action Plan (illustrated in Figure 2) for the area.

Roadways

The final recommendation is for a combination of new and improved roadways through the Basalt Creek area. The key new roadway through the area is a five-lane east-west extension of SW 124th Avenue, aligned south of Tonquin Road and extending east to Boones Ferry Road. The recommendation also includes improvements to existing roadways in the area, such as Tonquin Road, Grahams Ferry Road, Boones Ferry Road, and Day Road.

Protection of right-of-way for the new east-west roadway from the 124th Avenue extension to Boones Ferry Road is a key element of this recommendation. Right-of-way protection and purchase will be addressed separately, concurrent with the Basalt Creek land use concept planning.

During the planning process, the City of Wilsonville expressed concern about the structural condition of Day Road (i.e., failing roadway base and resulting pavement deterioration) and its ability to carry freight traffic for further development of industrial lands. While the Basalt Creek Transportation Refinement Plan focused on roadway needs related to capacity, the PAG agreed that the function of the arterial network in the Basalt Creek area includes providing roadways with adequate structural design for regional freight needs. Therefore, the PAG agreed that the project recommendations include a commitment to address the construction, operations, and maintenance of the arterial network through the concept planning process.

Overcrossings

The ability to construct two new I-5 overcrossings, including an off-street multi-use path, should be preserved in order to provide for future circulation and connectivity across the Basalt Creek area and into areas east of I-5. These overcrossings are recommended as long-term improvements and are likely not needed until 2035 or later. Forecasts show that the second overcrossing is not needed unless surrounding urban reserve areas east of I-5 and south of I-205 are developed. This refinement plan is neutral on the timing of urban reserves development, and therefore does not specify the timing and order of overcrossing improvements.

Active Transportation

All improved roadways in the Action Plan include bike lanes and sidewalks consistent with Washington County urban standards. This recommendation also includes integration of the regional Tonquin Trail into the transportation network. Metro, in close coordination the cities of Tualatin, Wilsonville, Sherwood, and Washington and Clackamas counties, led the master planning effort that identified a preferred alignment that travels through the Basalt Creek Planning Area. Roadway cross-sections and right-of-way purchases for the future east-west facility will consider needs for the Tonquin Trail in the design for the railroad overcrossing and improvements to Tonquin Road between Morgan Road and Tonquin Loop Road. Design for the east-west facility should also consider providing an of-street multi-use path that connects to the Tonquin Trail and extends east of I-5. Details of how this multi-use path will be integrated with the east-west facility design will be refined during later land use concept planning.

Action Plan

The recommended Action Plan consists of 18 transportation investments, shown in Figure 2. Timing of projects was prioritized through an analysis of likely transportation needs in 2020, 2030, and 2035 based on growth assumptions from the adopted Regional Transportation Plan. Because of uncertainty regarding the years during which development in the Basalt Creek Planning Area and surrounding areas will occur, phasing for investments is classified as short-term, medium-term, and long-term. Descriptions of these investments, as well as timing and the funding needed, are shown in Table 1. Cost estimates include right-of-way.

EXHIBIT E

January 2013

Table 1: Basalt Creek Action Plan

ID	Project	Short-Term	Medium-Term	Long-Term	Cost (\$2012)
1	124 th Avenue Extension (Tualatin-Sherwood Road to Tonquin Road): Construct three lane road extension with bike lanes and sidewalks	x			\$20,000,000
2	Tonquin Road (124 th Avenue to Grahams Ferry Road): Widen to three lanes with bike lanes and sidewalks, grade separate at railroad, improve geometry at Grahams Ferry Road ¹	x			\$10,500,000
3	Grahams Ferry Road (Tonquin Road to Day Road): Widen to three lanes with bike lanes and sidewalks	x			\$5,400,000
4	Boones Ferry Road (Norwood Road to Day Road): Widen to three lanes with bicycle and pedestrian improvements	x			\$10,800,000
5	124 th Avenue/Tonquin Road Intersection: Signal (may include Tonquin Trail crossing)	x			-. ²
6	Grahams Ferry Road/Tonquin Road Intersection: Signal	x			\$500,000
7	Boones Ferry Road/Day Road Intersection: Add second southbound through approach lane	x			-. ³
8	Boones Ferry Road/95 th Avenue Intersection: Construct dual left-turn and right-turn lanes; improve signal synchronization, access management and sight distance	x			\$2,500,000
9a	Tonquin Trail (Clackamas County Line to Tonquin Loop Road): Construct multi-use trail with some segments close to but separated from road	x			\$8,900,000 ⁴
9b	Tonquin Trail (Tonquin Loop Road to Tualatin-Sherwood Road): Construct multi-use trail with some segments close to but separated from road		x		\$7,100,000 ⁴
10	124 th Avenue Extension (Tualatin-Sherwood Road to Tonquin Road): Widen from three to five lanes with bike lanes and sidewalks		x		\$14,000,000
11	East-West Arterial (124 th Avenue to Boones Ferry Road): Construct 5 lane roadway with railroad and creek crossings, integrate segment of Tonquin Trail ⁵		x		\$57,900,000
12	Boones Ferry Road (East-West Arterial to Day Road): Widen to five lanes with bike lanes and sidewalks		x		\$1,100,000
13	Kinsman Road Extension (Ridder Road to Day Street): Construct three lane road extension with bike lanes and sidewalks		x		\$10,400,000
14	Day Road (Kinsman Road to Boones Ferry Road): Widen to five lanes with bike lanes and sidewalks		x		\$5,800,000
15	I-5 Southbound off-ramp at Boones Ferry Road/Elligsen Road: construct second right turn lane		x		\$500,000
16	Boones Ferry Road/95 th Avenue Intersection: Access management		x		-. ⁶
17	Day Road Overcrossing: Extend new four lane crossing over I-5 from Boones Ferry Road to Elligsen Road			x	\$33,700,000- \$44,100,000 ⁷
18	East-West Arterial Overcrossing: Extend new four lane crossing over I-5 from Boones Ferry Road to Stafford Road. Integrate multi-use path in corridor that connects to Tonquin Trail			x	\$38,000,000
TOTAL		\$59M	\$97M	\$72-82M	\$228-238M

¹ Grade separation for Tonquin Road is optional. An at-grade crossing would reduce cost by around \$2,000,000

² Cost included in Project 1

³ Coordinate with Project 4. Cost of approach lane included in estimate for Project 12

⁴ Tonquin Trail cost estimated by Metro as part of trail planning effort

⁵ Project 11 can potentially be built in two phases funded separately, west and east of Grahams Ferry Road. However, traffic benefits needed in the medium term (around 2030) will not be realized unless entire project is completed

⁶ Project details to be determined by further coordination between City of Wilsonville and ODOT. Cost expected to be minimal

⁷ Specific alignment approaching Elligsen Road will determine project cost. Alignment to Parkway Center Drive is estimated at \$33,700,000, and alignment to Canyon Creek Road is estimated at \$44,100,000

EXHIBIT E

January 2013

Each investment adds important improvements to the major transportation system in the Basalt Creek area to support future development, adding new multimodal facilities and upgrading existing facilities to urban standards. Although not shown on the map, it is expected that future concept planning will identify locations for additional, lower-classification roads and other transportation facilities to serve future development as well.

Are these new projects?

While cost estimates for the entire recommendation may total as high as \$238,000,000, all of the 18 projects have some relation to investments already planned in the adopted RTP. Table 2 shows projects from the RTP that have overlap or similarity to projects contained in the Action Plan. **Note that many of these projects are different in scope from those contained in the Action Plan, and will have different cost estimates. Future RTP updates may include updated cost estimates from this study.**

Table 2: Related projects from the Regional Transportation Plan

RTP ID	RTP Project	Related Action Plan Projects	Time Period	Cost (\$2007)
10736	124 th Avenue: Construct new street from Tualatin-Sherwood Road to Tonquin Road: 5 lanes	1,5,10,11	2008-2017	\$82,500,000
10590	Tonquin Road: Realign and widen to three lanes with bike lanes and sidewalks (Oregon Street to Grahams Ferry Road)	2,6	2018-2025	\$28,406,000
10588	Grahams Ferry Road: Widen to three lanes, add bike/pedestrian connections to regional trail system and fix undersized railroad crossing (Helenius Street to Clackamas County line)	3	2008-2017	\$28,000,000
10732	Boones Ferry Road: Widen to five lanes (Norwood Road to Day Road)	4,7,12	2018-2025	\$40,050,000
10852	95 th /Boones Ferry/Commerce Circle Intersection Improvements	8,16	2008-2017	\$2,500,000
10854	Tonquin Trail: Construct multi-use trail with some on-street segments (Tualatin-Sherwood Road to Clackamas County line)	9a,9b	2008-2017	\$3,000,000
10853	Kinsman Road extension with bike lanes and sidewalks (Ridder Road to Day Road)	13	2008-2017	\$6,500,000
11243	Day Road reconstruction to accommodate trucks (Grahams Ferry Road to Boones Ferry Road)	14	2008-2017	\$3,200,000
11342	I-5/99W Connector Southern Arterial/I-5 Interface ¹	15,17,18	2026-2035	\$50,000,000

¹ Construction of projects specifically related to the I-5/99W Connector Southern Arterial, such as the I-5 interface, are contingent on certain project conditions being met. See Regional Transportation Plan for details.

Policy and Plan Updates

Recommendations in this plan allow new concept planning efforts to move forward and provide guidance for updates of existing transportation plans.

Basalt Creek and West Railroad Area Concept Planning

The transportation system recommended in this plan becomes the framework for more detailed land use concept planning of the Basalt Creek Planning Area and West Railroad Planning Area by the cities of Tualatin and Wilsonville. Key recommendations to be carried forward during concept planning include:

- Protection of the major transportation facility corridors from development encroachment.
- Coordination of the local transportation system with the transportation investments included in this plan (unless amended by the parties of this study). Each roadway in the Basalt Creek area has access spacing standards that protect the safety and operations of the system, and these standards help determine appropriate local street connections. The new east-west facility is limited to accesses at 124th Avenue, Grahams Ferry Road, and Boones Ferry Road.
- Detailed concept planning in the Basalt Creek area should consider multi-use path connections to the Tonquin Trail that emphasize directness and minimize conflicts, enhancing bicycle and pedestrian access to new residential and employment areas. In the West Railroad area, concept planning will also include sections of the Tonquin Trail.

Regional Transportation Plan

In many cases, this transportation refinement plan provides new detail and cost estimates for projects that are already in the adopted RTP. These refined project descriptions, cost estimates, and timing considerations should be considered when projects are forwarded to Metro for the next RTP update. Examples of RTP projects that overlap with projects in this refinement plan include:

- 10590 (Tonquin Road). Action Plan project #2 includes a grade-separated railroad crossing, which is not included in the RTP project description.
- 10852 (95th/Boones Ferry/Commerce). Action Plan projects 8 and 16 will require further coordination with ODOT to determine geometry and timing of intersection improvements.
- 11243 (Day Road). Action Plan project #14, which widens part of Day Road, should also upgrade the roadway structure and pavement conditions to accommodate increasing heavy truck volumes. Although project #14 applies only to the section of Day Road between Kinsman Road and Boones Ferry Road, funding of roadway reconstruction between Kinsman Road and Grahams Ferry Road should also be discussed as part of land use concept planning.
- 10854 (Tonquin Trail). Action Plan projects #2, #5, #11 all need to consider Tonquin Trail in their design, including most recent alignment information and cost estimates from the trail master plan.

Washington County TSP Update

Most of the projects included in the Action Plan are new facilities in unincorporated Washington County or improved facilities already under County jurisdiction. An amendment to update the Washington County TSP will be done in 2013 to incorporate the descriptions, cost estimates, and timing of these projects.

EXHIBIT E

January 2013

Tualatin and Wilsonville TSP Updates

The Cities of Tualatin and Wilsonville are also currently updating their transportation system plans. However, because concept planning for Basalt Creek will include agreement on the future city limit boundary between the two cities, as well as more detailed transportation network considerations, the projects included in this plan will not be incorporated as part of the current TSP updates. Future TSP updates may reflect elements from this refinement plan by amending project lists, maps, and funding strategies.

Funding

Funding for some short-term Action Plan projects has already been programmed by Washington County through their Major Streets Transportation Improvement Program (MSTIP). This includes \$16.9 million (\$10.9 million in MSTIP funding and \$6 million from other sources) for an interim two-lane extension of SW 124th Avenue from Tualatin-Sherwood Road to Tonquin Road. It also includes an additional \$10 million for right-of-way purchase or other improvements from the list identified by this Plan. Washington County has also provided \$11 million in funding for the current Boones Ferry Road improvement project.

While this recommendation does not identify a specific overall funding strategy for the Action Plan, there are many existing revenue sources that may be used to fund the recommended investments. **Many are subject to a state or regionally competitive process where success can hinge on having a broadly supported plan in place.**

The revenue sources listed below form the basis of the financially constrained Regional Transportation Plan and related project list, which already contains many of the recommended Basalt Creek investments. The RTP assumes federal, state, and local sources, all of which will be key to funding the Action Plan.

Federal

Based on MAP-21² legislation, sources may include:

- **National Highway Performance Program (NHPP).** These funds are intended for rehabilitation and expansion of principal arterials, especially those with important freight functions.
- **Regional Surface Transportation Program (STP) funds.** These funds may be used for virtually any transportation purpose short of building local residential streets.
- **Congestion Mitigation/Air Quality (CMAQ) funds.** These funds typically support biking, walking, and transit projects, and other projects that help to achieve air quality standards.
- **Transportation Alternatives (TA) funds.** TA takes the place of previous programs such as Transportation Enhancements and Recreational Trails, and may be used to fund a variety of non-motorized projects.

² For more information see <http://www.fhwa.dot.gov/map21/>

These funds are allocated to projects through a state or regionally managed competitive process for inclusion in the Metropolitan Transportation Improvement Program (MTIP) and the State Transportation Improvement Program (STIP).

State

State sources include the statewide gas tax, vehicle registration fees, and weight-mile taxes on trucks. These funds typically go to road and bridge maintenance projects, but funding for projects of regional significance, such as those provided by Oregon House Bill 2001 Jobs and Transportation Act (JTA), may be made available for modernization. Again, having a plan in place allows projects to access funds when new funding opportunities become available.

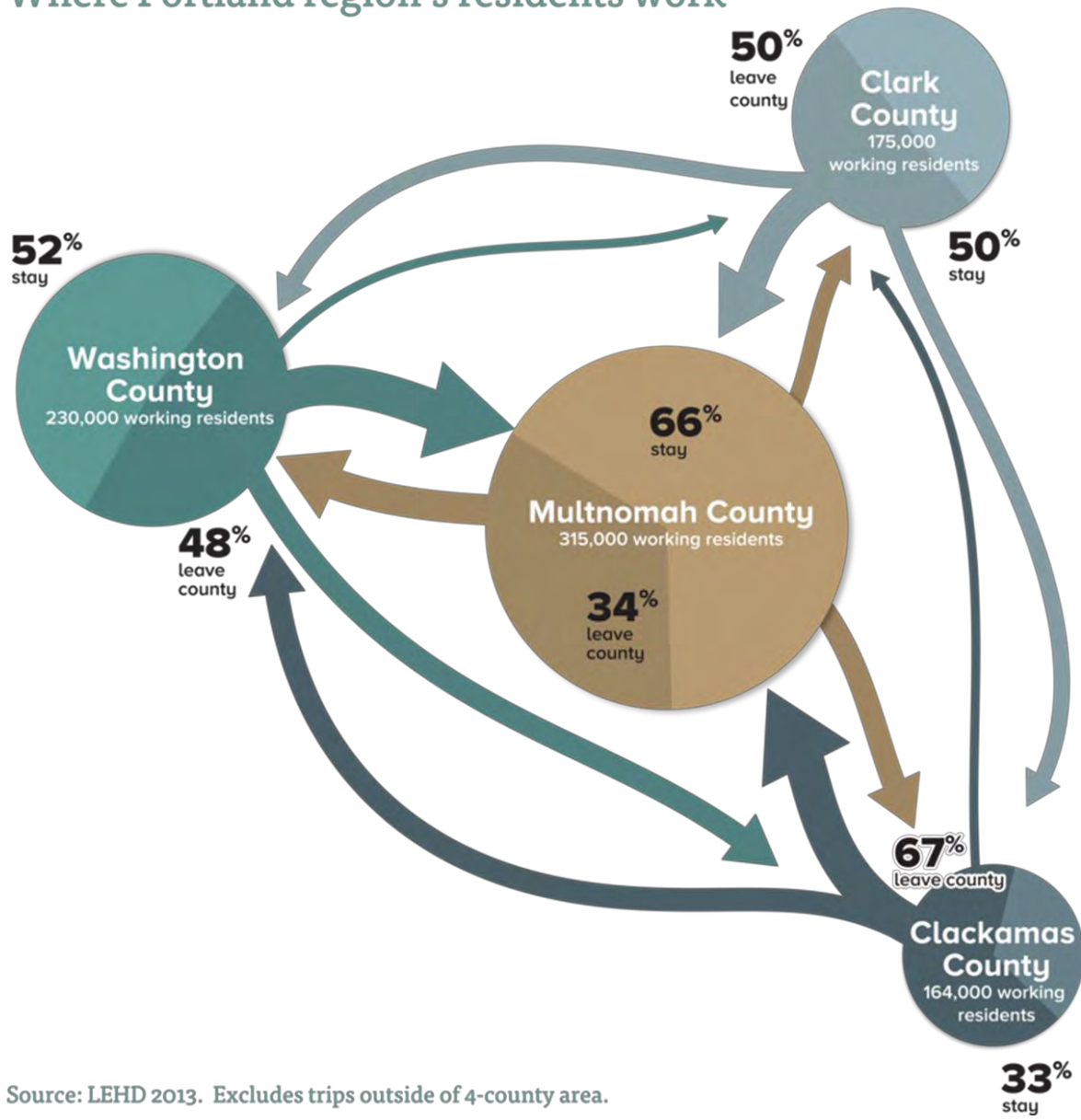
Local

A variety of local funding sources are available, although some, such as urban renewal and local improvement districts, are subject to approval. Sources may include:

- Washington County Major Streets Transportation Improvement Program (MSTIP)
- Local portion of State Highway Trust Fund
- Local gas tax
- Transportation System Development Charges (SDCs) or Transportation Development Taxes (TDTs) levied on new development
- Urban renewal funding
- Developer contributions
- Local improvement districts (LIDs)

EXHIBIT F

Where Portland region's residents work

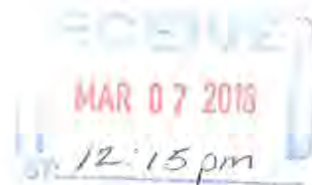




WASHINGTON COUNTY OREGON

March 5, 2018

Martha Bennett,
Chief Operating Officer, Metro
600 NE Grand Ave
Portland Or 97212



Dear Ms. Bennett:

I am writing in response to the February 21, 2018 staff report regarding the Basalt Creek Planning Area. I am in support of the staff recommendation to move forward with the Manufacturing Park designation in the Central Subarea in the Basalt Creek Concept Plan.

Our position remains consistent with my letter to Mayor Ogden and members of the Tualatin City Council dated October 27, 2016, wherein I expressed the concerns of the Board of County Commissioners regarding potential increases in the amount of residential units proposed in the Tualatin side of the Basalt Creek Concept Plan. The County supports the planned employment uses in this area and has invested over \$65 million in the construction of the new 124th arterial to leverage future economic development in the area.

Our position on the employment designation for the central subarea site was supported by the firm Mackenzie, who the County hired to assess site suitability. Despite the environmental constraints on the site, the firm concluded employment uses were viable based on general site development factors. These factors were validated by the study conducted by the City of Wilsonville.

I want to thank you for taking on this responsibility as arbiter of this land use designation issue and look forward to reaching an agreement allowing all parties to move forward to the completion of this planning process and successful development of the Basalt Creek area.

Sincerely

Andy Duyck
Chairman, Washington County Commission

AD/cd/cjj

cc: Washington County Board of Commissioners
Andrew Singelakis, Director, Land Use & Transportation



City of Tualatin

www.tualatinoregon.gov

BASALT CREEK LAND DESIGNATION

The City of Tualatin (“Tualatin”) appreciates Metro’s willingness to assist in deciding the land designation for the Subarea. Tualatin believes the Subarea should be designated for housing, consistent with the original intent of Metro Ordinance No. 04-1040B. Additionally, the Subarea is not economically feasible for industrial/employment development due to topography and costs, whereas housing provides the Subarea a market for development. Moreover, the Metro region is in a housing crisis. Both the City of Tualatin and the Basalt Creek area need housing lands. Designating the Subarea for housing is consistent with Ordinance, consistent with the market, and consistent with the housing goals for the region.

1. The Subarea Must Be Designated for Housing as Required by the Condition of Approval for Metro Ordinance 04-1040B.

Metro Ordinance 04-1040B requires all areas north of the Basalt Creek Parkway to be designated “Outer Neighborhood.” See, Exhibit 101 (Metro Ordinance No. 04-1040B, Exhibit F, page 3). The Subarea is north of the Basalt Creek Parkway and, therefore, must be designated “Outer Neighborhood.”

A. The Parkway Serves as a Buffer Between the Residential Areas to the North and Industrial Areas to the South.

Condition of Approval number C(2) states:

Title 11 planning shall incorporate the general location of the projected right of way alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the “South Alignment,” as shown on the Region 2040 Growth Concept Map, as amended by Ordinance No. 03-1014, October 15, 2003, the portion of the Tualatin Area that lies north of the right-of-way shall be designated “Outer Neighborhood” on the Growth Concept Map; the portion that lies south shall be designated “Industrial.”(strikeout and underline omitted) Exhibit 101 (Metro Ordinance 04-1040B, Exhibit F, page 3).

The reason for the condition of approval was for the Parkway to serve as the buffer between the industrial areas south of the Parkway and the residential areas north of the Parkway. This was in direct response to Tualatin’s and local residents’ concerns about compatibility between residential and industrial development. In multiple Metro Council meetings, Tualatin officials,

including Mayor Ogden, Council President Truax, and Community Development Director Rux explained why Tualatin opposed the area for industrial purposes, advocated for residential needs, and raised the problems of compatibility between industrial and residential uses. See, Exhibit 102 (Metro Council Meeting Minutes, November 3, 2003); Exhibit 103 (Metro Council Meeting Minutes, May 27, 2004, p. 2-3); and Exhibit 104 (Metro Council Meeting Minutes, June 10, 2004). Tualatin strongly advocated for balance of land uses in the area. See, Exhibit 102 (Metro Council Meeting Minutes, November 3, 2003); Exhibit 103 (Metro Council Meeting Minutes, May 27, 2004, p. 2-3); and Exhibit 104 (Metro Council Meeting Minutes, June 10, 2004). Mayor Ogden explained in 2004 that Tualatin had the highest percentage of industrial land in the Metro region at 33%, and that adding more industrial areas to Tualatin increased the industrial make-up of Tualatin to 50%. See, Exhibit 105 (Mayor Ogden, Letter to MPAC, May 24, 2004). In direct response to this testimony, Metro Council placed a condition of approval requiring those areas north of the Parkway to be designated “Outer Neighborhood.” As Metro explained in the findings of fact adopted with the Ordinance,

The City of Tualatin and many residents of the area expressed concern about compatibility between industrial use and residential neighborhoods at the south end of the city. They have also worried about preserving an opportunity to choose an alignment between Tualatin and Wilsonville for the I-5/99W Connector; the south alignment for this facility passes through the northern portion of the Tualatin Study Area.

* * *

In response to these concerns,... the Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use).” See, Exhibit 101 (Metro Ordinance No. 04-1040B, Exhibit G).

Recognizing these conflicts, the Metro Council, as advocated by Tualatin, wanted a clear buffer between the residential and industrial uses. The solution was for the Parkway to serve as the buffer.

Consistent with the conditions of approval and findings, Tualatin and Wilsonville recognized the need for housing and employment, as well as a clear buffer in their planning of the area. The Wilsonville and Tualatin *Basalt Creek Guiding Principles and Evaluation Criteria* state: “[w]hile integration of housing and employment can enrich a community, there remains a need for physical separation between uses that might negatively impact one another.” Exhibit 125, p. 2

(Basalt Creek Guiding Principles and Evaluation Criteria). Designating the Subarea for housing and utilizing the Parkway as housing is consistent with Metro Ordinance and the parties' guiding principles.

The Subarea is directly north of the Parkway and is required by the Ordinance to be designated for housing as "Outer Neighborhood." To do otherwise not only violates the conditions of approval and findings of the Ordinance, but causes immeasurable conflicts going forward. One need only consider the recent Bullseye Glass issue in Portland to recognize the need for a buffer between industrial and residential uses. Without a clear buffer set at the Parkway, conflicts between the residential and industrial uses will be inevitable. Metro realized this in 2004 when it adopted the Ordinance with the condition of approval and findings to require the Parkway to serve as a buffer and require areas north of the Parkway to be "Outer Neighborhood." As an area north of the Parkway and its buffer, the Subarea must be designated for housing, consistent with the Ordinance's requirements.

B. Basalt Creek Parkway Follows the Approximate Course of the South Alignment.

As noted above, the area north of the Parkway is to be declared "Outer Neighborhood" "[i]f the selected right-of-way for the connector follows the approximate course of the 'South Alignment,' as shown on the Region 2040 Growth Concept Map." Exhibit 101 (Ordinance 04-1040B, Exhibit F, page 3). The Ordinance's findings further explain the condition:

[S]o long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)." See, Exhibit 101 (Metro Ordinance No. 04-1040B, Exhibit G) (emphasis added).

In fact, the 2040 Concept Map (Metro Staff, Exhibit B) shows the south alignment going right through the Subarea. The exact location of the Parkway is within 1,800 feet of the broad-stroke drawing on the Metro 2040 Growth Map. See, Exhibit 106 (Wilsonville Measurement of the Parkway and South Alignment). The distance between the location of the Parkway and the broad-stroke drawing on the map is the equivalent of walking from Metro Council's Office to the Convention Center Max station – a 5 minute walk. There is no question that the actual location of the Parkway is "approximate" and "close to" the south alignment depicted on the 2040 Growth Map.

Since the Parkway follows the approximate location of the south alignment, as required by the condition of approval and findings, the area north of the Parkway must be designated as

“Outer Neighborhood.” The Subarea is north of the Parkway and, therefore, must be designated for housing.

C. Designating the Area for Housing is Consistent with Metro’s Goals.

Metro’s goal for the Basalt Creek planning area was 2,500 jobs and 1,200 households based on the modeling assumptions of the 2014 RTP. See, 2014 RTP, Appendix 1.3; TAZ2162: 980,981,982, 2012/35 delta. With the Subarea declared for housing, the Basalt Creek Planning area is projected to have 4,070 jobs and 1,194 households. See, Exhibit 109, p. 1-2 (OTAK Report, Revised November 21, 2016). Declaring the Subarea for housing is consistent with Metro’s goals for housing and still exceeds Metro’s goals for jobs.

2. The Subarea is Not Suitable for Industrial/Employment Development.

The Subarea is not suitable for industrial/employment development. Multiple experts have examined the Subarea to determine its feasibility for industrial/employment development and concluded it is not feasible due to steep slopes and high development costs.

A. The Slopes in the Subarea are Too Extreme for Industrial/Employment Development.

Metro’s own analysis of industrial/employment lands shows that tax lots with slopes over 25% are “deemed unbuildable.” Exhibit 110, p 2 (Appendix 9). Metro also declares properties with slopes over 7% as “an impediment to industrial uses with larger development footprints.” Exhibit 110, p. 2 (Appendix). The Subarea contains slopes in excess of 25% and over one-third of the site is constrained by slopes over 7%. As a result, the Subarea is not feasible as an industrial/employment site and should be designated for housing.

A study by CES/NW examined the feasibility of industrial/employment development within the Subarea. CES/NW found “[t]he plateau area is almost completely surrounded by steeply sloped land. The slopes range from over 10% to over 20%. The over 40 vertical rise need to get from Tonquin Road to the top of the plateau will take 800 feet at 5% not accounting for access to the lower property on either side or the potential impacts to wetlands.” Exhibit 112 (CES/NW Letter, February 10, 2017). CES/NW also found the easiest access would be to the north. However, this would route truck traffic through a residential neighborhood, which is neither reasonable, nor compatible. Exhibit 112 (CES/NW Letter, February 10, 2017) CES/NW concluded “[t]he southerly plateau area is not well suited for employment land. This is due to access constraints, surrounding steep slopes, lack of secondary access and grading costs.” Exhibit 112 (CES/NW Letter, February 10, 2017)

PacTrust, a potential industrial/employment client, had interest in developing the Subarea for light industrial purposes. However, after touring the site, PacTrust determined “[u]nfortunately,

the topography of your site makes development of industrial or flex buildings uneconomic.” Exhibit 115 (PacTrust Letter, November 14, 2016). PacTrust continued, “[i]ndustrial/employment land requires sites to be much more flat due to dramatically larger floor plates, parking requirements, loading areas for trucks and ingress/egress concerns for trucks.” Exhibit 115 (PacTrust Letter, November 14, 2016).

Washington County also commissioned Mackenzie to analyze the feasibility of industrial/employment within the Subarea. The goal of the Washington County study was to show the area feasible for industrial development. However, even that study found the area unsuitable because of slope constraints. Mackenzie found, “[n]early a third of this site, approximately 22 acres, contain slopes greater than 10% or are surrounded by 10% and greater slopes, which is extremely difficult to develop for industrial/employment uses.” See, Exhibit 116, p. 3 (Mackenzie Report) (emphasis added).

Similarly, KPFF, the firm hired by Wilsonville to show the area is suitable for industrial/employment development, concluded the Subarea “has slopes towards the middle and east that are in the 15-25% range. Adjacent to Basalt Creek, the slopes are above 25%.” Exhibit 117, p. 7 (KPFF Report for Wilsonville). KPFF then concludes the area is useful, at best, for “split elevation” office use. Exhibit 117, p. 7 (KPFF Report for Wilsonville). However, a closer look at KPFF’s Report shows that even its analysis is not feasible. All of KPFF’s “schemes” show an internal cul de sac or t-road that traverses slopes from 10% to over 20%. See, Exhibit 117, p. 7, 11, 16, and 20 (KPFF Report). In doing this, KPFF completely ignores the Oregon Fire Code, which specifies the grade of an access road can be no more 10% and buildings in excess of 62,000 square feet must have two fire access roads. See, Oregon Fire Code D103.2 and D104.2. Further, none of KPFF’s site configurations can accommodate a secondary access for fire safety. See Exhibit 116 (CES/NW Letter, February 10, 2017.) KPFF’s analysis completely ignores the need to comply with the Oregon Fire Code, ignores construction costs, and ignores the navigational reality of truck traffic ascending and descending steep slopes. It is fair to say that given the omissions in KPFF’s report, even its “office use” analysis proves the site is not feasible for industrial/employment development.

The expert evidence is that the Subarea contains slopes that are too extreme for industrial/employment development. Even by the rosiest of analyses, the Subarea is “extremely difficult to develop for industrial/employment uses.” See, Exhibit 116, p. 3 (Mackenzie Report). As a result, the Subarea should be designated for housing consistent with the conditions of approval and findings of the Ordinance.

B. Developing the Site for Industrial/Employment Purposes is Not Economically Feasible.

Developing the site for industrial/employment purposes is not economically feasible. The site preparation costs alone will be massive, with the costs of grading reaching at least \$10 million.

Several experts examined the development costs of the Subarea and concluded the costs make the Subarea infeasible for industrial/employment use. Ken Leahy Construction Inc. provided a comprehensive review of the site preparation costs and concluded the cost of site preparation will exceed \$5.00 per foot. See, Exhibit 118 (Ken Leahy Construction Letter, February 10, 2017). CES/NW estimated the cost of grading to be \$10.5 million, with another \$1.5 million needed for retaining walls. Exhibit 114 (CES/NW Letter, July 20, 2017). Similarly, OTAK Engineering looked at the costs of grading provided by CES/NEW and found “[t]he hard costs [provided by CES/NW] are actually on the low side for grading the site based on [] recent experience on similar sites.” See, Exhibit 109 (OTAK Letter, May 19, 2017). In addition, Real Estate Development Group, concluded “[t]he topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use.” Exhibit 119 (Real Estate Development Group Letter, November 21, 2016). Finally, PacTrust concluded the site could not be feasibly developed for industrial/employment uses. See, Exhibit 115 (Pac Trust Letter, November 14, 2016).

As a result, consistent with the conditions of approval and findings of the Ordinance, the Subarea should be designated for housing. At the time of adoption of the Ordinance, Metro envisioned a residential designation north of the Parkway to provide an orderly transition and buffer from the more suitable industrial to the south. See, Exhibit 101 (Ordinance No. 04-1040B). The constructions costs for the Subarea make the site not suitable for industrial/employment development and more suitable for housing. Declaring the Subarea for housing allows a natural transition of uses and a buffer, consistent with the original intent of the Ordinance.

3. Designating the Subarea for Housing Responds to the Housing Crises.

All government bodies involved in this issue acknowledge the following:

- The Metro Region is in need of housing;
- Development of the Basalt Creek Area increases the need for housing; and
- Housing needs to be designated in the immediate vicinity to account for the jobs created in Basalt Creek.

While industrial lands was the topic in 2004, the political realities of today are the housing needs of the region. Tualatin is attempting to respond to the need for housing by advocating for the Subarea to be declared for housing use, consistent with the intent and findings of Ordinance 04-1040B.

A. There is a Shortage of Housing in the Metro Area.

The Metro area is in a housing crisis. Exhibit 120 (Metro Memo, August 28, 2017). See, Metro Work Session of September 7, 2017.¹ Metro has been active in trying to solve the housing crisis. Metro is currently considering going to the voters with a housing bond and allowing mid-cycle amendments to the UGB to allow for housing construction. See, Metro Work Session of September 7, 2017; Metro Work Session of September 14, 2017.² See, also <https://www.oregonmetro.gov/tools-partners/guides-and-tools/guide-equitable-housing>.

Designating the Subarea for housing adds one piece to help solve the housing crisis. Even Wilsonville, which has some of the highest permit levels of housing in the Metro area sees the need for more housing because of Basalt Creek. See, Exhibit 121 (Metro - Saying they need more housing, Wilsonville leaders look to grow east). Wilsonville is actually using the jobs created by Basalt Creek as a justification for further expanding the UGB. As reported by Metro, “Wilsonville Mayor Tim Knapp says there will be a need for more housing with...the influx of jobs that’s expected to come with the development of the Coffee Creek and Basalt Creek industrial areas.” Exhibit 121 (Metro - Saying they need more housing, Wilsonville leaders look to grow east) (emphasis added). And, Mayor Knapp notes, “[w]e can’t make people live close by, but we can give them an option of finding housing close by to those new jobs.” Exhibit 121 (Metro - Saying they need more housing, Wilsonville leaders look to grow east)

Tualatin believes housing can occur within the Basalt Creek planning area to accompany jobs. Furthermore, Metro has advocated for locating workforce housing close to employment lands to lessen commute time to work. Designating the Subarea for housing is consistent with these goals.

B. There is a Shortage of Housing Land in Tualatin.

Tualatin has a shortage of available housing lands. Tualatin has as many jobs as residents, and by some accounts has more jobs than residents. See, Exhibit 123 (Tualatin City Profile); see also, <https://www.oregonmetro.gov/news/tualatin-businesses-rally-modern-herman-road>, (quote of Linda Moholt of Tualatin Chamber of Commerce, “We have over 30,000 jobs now in Tualatin and there are only 26,000 or 27,000 people that actually live here.”). This is primarily due to Tualatin being zoned industrial. Tualatin has over 700 acres of available industrial land. Exhibit 123 (Tualatin City Profile). While Tualatin is proud to be an economic engine for the region,

¹ Available at <https://oregonmetro.legistar.com/View.ashx?M=A&ID=558674&GUID=113C2A99-537F-496A-9407-80253B7AE9D8> ; <https://www.oregonmetro.gov/tools-partners/guides-and-tools/guide-equitable-housing>.

² Available at <https://oregonmetro.legistar.com/View.ashx?M=A&ID=559404&GUID=0E2ECFC9-53B4-41FA-B92C-2739923677B7>

Tualatin also seeks to be in balance; a place where the people have the opportunity to live near their place of work.

Unfortunately, Tualatin currently has little area available for new housing. Metro's own data bears this out. As of 2014, Tualatin had 539 Developable Units for new housing, with 314 Developable Units of that being infill development. See, Exhibit 111, p. 3 (Appendix 3, Buildable Land Inventory Results (revised as of 10/27/15), 2014 Urban Growth Report). Compare that to Wilsonville, which has 7 times as much available housing, with 3,852 Developable Units of housing and 1,485 of that as infill. Exhibit 111, p. 3 (Appendix 3, Buildable Land Inventory Results (revised as of 10/27/15), 2014 Urban Growth Report). Tualatin has land for a mere 37 single family homes. Exhibit 111, p. 3 (Appendix 3, Buildable Land Inventory Results (revised as of 10/27/15), 2014 Urban Growth Report); see also, Exhibit 122 (You are here: A snapshot of housing affordability in greater Portland).

Tualatin needs housing lands. The Subarea provides a small, but needed, piece of housing for Tualatin. This will allow those already working in Tualatin to have the opportunity to live where they work, and provide housing for the jobs created in the nearby industrial lands of the Southwest Concept Plan and Basalt Creek Concept Plan areas. Making the Subarea available for housing is consistent with the Metro UGB decision, consistent with the Metro goals to provide housing, including workforce housing.

C. The Basalt Creek area Needs Housing.

The Basalt Creek area needs housing to balance the jobs created in Basalt Creek. As Wilsonville Mayor Knapp recently explained to Metro, "there will be a need for more housing with...the influx of jobs that's expected to come with the development of the Coffee Creek and Basalt Creek industrial areas." See, Exhibit 121 (Metro- Saying they need more housing, Wilsonville leaders look to grow east) (emphasis added). While Mayor Knapp was using this statement as a basis to further expand the UGB to allow housing in Wilsonville, the statement is even more relevant for the need to provide housing in Basalt Creek itself. As advocated by Tualatin in 2004, the area needs to balance industrial and residential uses.

Similarly, both Wilsonville and Tualatin recognized the need for housing in Basalt Creek as part of the *Basalt Creek: Guiding Principles and Evaluation Criteria*. In those guiding principles, the parties agreed to look for "integrating residential and employment land uses to create more high quality living and working environments." See, Exhibit 125, p. 2 (Basalt Creek Guiding Principles and Evaluation Criteria). The parties also recognized "[w]hile integration of housing and employment can enrich a community, there remains a need for physical separation between uses that might negatively impact one another." Exhibit 125, p. 2 (Basalt Creek Guiding Principles and Evaluation Criteria).

Designating the Subarea for housing allows for some of those who work in Basalt Creek to live in Basalt Creek and allows for the creation of needed workforce housing. Before expanding the UGB to create housing for Basalt Creek farther to the east, Metro should designate housing in Basalt Creek itself. The Ordinance's conditions of approval and findings envisioned housing north of the Parkway, and this has been a guiding principle of the planning efforts of Wilsonville and Tualatin. As a result, the Subarea should be designated for housing.

D. Tualatin Has Enough Underdeveloped Industrial Lands Immediately Adjacent to the Subarea.

Metro added the Southwest Concept Plan (Accepted by Tualatin in October 2010) as a Metro-designated Regionally Significant Industrial Area (RSIA) under Metro's UGB expansion decisions of December 2002 and June 2004. The Southwest Concept Plan Area was brought into the UGB with Basalt Creek. The Southwest Concept Plan area contains 518 gross acres of industrial land and approximately 352 RSIA acres. Tualatin zoned the Manufacturing Business Park under Tualatin Development Code Chapter 64.

<https://www.tualatinoregon.gov/developmentcode/tdc-chapter-64-manufacturing-business-park-mbp-planning-district>

The Southwest Concept Plan remains significantly underdeveloped at this time. Tualatin does not need more underdeveloped industrial land. As explained above, the Subarea cannot feasibly be developed for industrial/employment use. Declaring the Subarea for industrial/employment development only creates more underdeveloped industrial/employment sites in Tualatin.

The addition of both the Southwest Concept and Basalt Creek lands was done with knowledge of the compatibility and land use balance concerns raised by Tualatin. See, Exhibit 101 (Metro Ordinance No. 04-1040B); Exhibit 102 (Metro Council Meeting Minutes for November 3, 2003); Exhibit 103 (Metro Council Meeting Minutes May 27, 2004); Exhibit 104 (Metro Council Meeting Minutes June 10, 2004); Exhibit 105 (Mayor Ogden Letter to MPAC, May 24, 2004). Metro took into consideration Tualatin's concerns, by including the addition of industrial lands with an explicit promise of housing in Tualatin, as provided by Conditions of Approval C(2). See, Exhibit 101 (Ordinance No. 04-1040B). That condition provides for housing to be declared north of the Parkway. Tualatin accepted a significant amount of industrial /employment lands within its jurisdiction with the expectation housing would be north of the Parkway. Metro should honor the commitment stated in the Ordinance's conditions of approval and findings and to declare the Subarea for housing.

E. The Property Owners want the Subarea Designated for Housing.

Tualatin and Wilsonville received multiple requests from the current property owners to designate the area for housing. See, Exhibit 123 (Herb Koss Letter, November 28, 2016). These

property owners have real concerns, as explained in detail above, about the lack of feasibility of industrial/employment development on their land. Metro should acknowledge these viewpoints and declare the area for housing purposes. This is consistent with the original goal of Ordinance No. 04-1040B and consistent with the ability of these lands to be developed for a marketable use.

4. Tualatin's Response to the Metro Staff Findings and Conclusions.

There are several key problems with the Metro Staff Report's findings and conclusions. There are mistakes of fact and lack of analysis of issues favorable to declaring the Subarea for housing. Below is a discussion of Tualatin's issues with the Metro Staff Report's findings and conclusions.

A. Tualatin Did Not Agree to a Land Use Designation for the Subarea.

First, the Metro Staff Report references an "agreement" in December of 2015 between the four parties regarding the land use designations. The Tualatin City Council never agreed to the land use designation for the Subarea. Tualatin did not pass a resolution or execute an intergovernmental agreement regarding the land use designation for the Subarea, or any area within Basalt Creek for that matter. To say an agreement existed between Tualatin and the other parties is factually and legally false.

What did occur was Tualatin engaged in multiple work sessions in trying to come to agreement on the land use designation. In going through the process, Tualatin reviewed the Ordinance and original intent for the Basalt Creek area. The original intent was to have a balance of housing and industrial lands. Tualatin recognized the Basalt Creek area, as proposed by other parties, was out of balance with the original intent of the Ordinance. Additionally, the housing crises in the Metro region illuminated the need for more housing. Tualatin proposed the need for industrial and residential balance in 2004, the Ordinance required housing north of the Parkway, and Tualatin's position to declare the Subarea for housing is consistent with its, and Metro's, prior actions.

B. The Metro Staff Report Ignores All Information Contrary to the Washington County/Mackenzie and Wilsonville KPFF Studies and Fails to Acknowledge those Reports' Flaws.

Tualatin also takes issue with the Metro Staff Report's complete lack of acknowledgement or reference to any information or studies that contradict or challenge the Washington County/Mackenzie and Wilsonville/KPFF studies. The Metro Staff Report is devoid of any mention of the positions advocated by Tualatin and those residents and property owners that testified in favor of a housing designation for the Subarea. The overwhelming evidence, even including the Washington County/Mackenzie and Wilsonville/KPFF studies, is that the Subarea

is not feasible for industrial/employment development. This is discussed in detail above, and not repeated here for convenience. See, Section 2 of this Brief. Nevertheless, the lack of any analysis of the evidence creates serious doubt as to the reliability of the conclusions in the Metro Staff Report.

The Metro Staff Report also relies heavily on flawed analysis by the Washington County/Mackenzie report. While the Mackenzie analysis was correct regarding the significant problems the Subarea's slopes pose to industrial/employment development – something the Metro Staff Report does not mention – Mackenzie's conclusion that the "site" was feasible is simply wrong. The "site" examined by Mackenzie included flat land, both north and south, outside of the actual Subarea. Additionally, its report was based on a series of assumptions regarding site access, road construction, and zoning on the northern portion of the property that will not occur. See, Exhibit 126 (Peter Watts Email, February 12, 2017). Access to the property from Basalt Creek Parkway will not occur; the north-south Kinsman road will not be built as eliminated by Wilsonville; and the property directly north of the Subarea is residential and cannot handle industrial traffic. Mackenzie was not aware of these realities and Washington County did not authorize Mackenzie to conduct a site visit. See, Exhibit 126 (Peter Watts Email, February 12, 2017). Put simply, the Mackenzie analysis relied on flawed assumptions and insufficient information to accurately assess the property.

The Metro Staff Report also mentions the KPFF study commissioned by Wilsonville as a basis for finding the site feasible for industrial/employment use. However, in reviewing the KPFF study, it is clear the Subarea has significant slope problems. See, Exhibit 117 (Figure 10, p 7, KPFF Study). KPFF uses "alternative building types" and office buildings with "split elevations and access at varying levels to accommodate grade." See, Exhibit 117, p. 7 (KPFF Study). In fact, in all of the schemes developed by KPFF have "office space" as the predominant use, not industrial. See, Exhibit 117 p. 13, 17, 28 (KPFF Study). As explained by an industrial/employment developer, stepped floors are not desired for industrial/employment development. See, Exhibit 115 (PacTrust Letter, November 14, 2016).

Perhaps most troubling, however, is KPFF's lack of analysis with regard to the feasibility of any of its "schemes" given the slopes within the Subarea. All of KPFF's "schemes" show an internal cul de sac or t-road that traverses slopes from 10% to over 20%. See, Exhibit 117, p. 7, 11, 16, and 20 (KPFF Report). KPFF makes no mention of costs or how this feat is accomplished in their analysis. KPFF also completely ignores the Oregon Fire Code, which specifies the grade of an access road can be no more 10% and buildings in excess of 62,000 square feet must have two fire access roads. See, Oregon Fire Code, D103.2 and D104.2. Further, none of KPFF's site configurations can accommodate a secondary access to the plateau area for fire safety. See Exhibit 112 (CES/NW Letter, February 10, 2017.) KPFF's analysis completely ignores the need to comply with the Oregon Fire Code, ignores construction costs, and ignores the navigational

reality of industrial truck traffic ascending and descending steep slopes. The Metro Staff Report completely fails to mention these points. It is fair to say the omissions in KPFF's report shows the site is not feasible for industrial/employment development and the Metro Staff Report's conclusions based upon the KPFF report are wrong.

C. The Metro Staff Conclusions Are Not Supported by the Evidence.

Page 4 of the Metro Staff Report contains four conclusions. Tualatin disagrees with all four. With regard to the first conclusion, the Metro Staff Report seems to equate the lack of a challenge to the area being brought in to the UGB with some sort of consent for the Subarea to be dedicated for industrial purposes; completely contrary to the facts. As discussed in detail above, Tualatin was originally concerned about land use balance and a buffer between residential and industrial uses in 2004 when the Metro Ordinance was adopted. That concern led directly to the addition of the housing/parkway condition of approval. The City did not challenge those findings because it believed housing would be designated north of the Parkway, as specifically outlined in the condition of approval and findings to the Ordinance. The Metro Staff Report is now recommending something different than what was outlined in the Ordinance and its findings. Tualatin sees this as violating both the intent and spirit of the Ordinance.

In the second conclusion, the Metro Staff Report states "[t]he Central subarea is located immediately south of the proposed 'south alignment.'" and claims this supports an industrial/employment designation. The factual basis for this finding is completely incorrect. The south alignment actually goes directly through the Subarea. See, Exhibit 106 (Wilsonville Map Measuring Parkway Distance to South Alignment). Moreover, the Metro Staff Report ignores the language of the condition of approval regarding alignment being "approximate" and the statement in the findings of fact regarding the alignment being "close to" the south alignment. The Metro Staff Report makes no mention of distance or proximity from the "south alignment" to the current Parkway alignment south of the Subarea. As stated previously, the distance is approximately 1,800 feet, or about the distance between the north and south ends of the Convention Center. The approximate location of the Parkway to the south alignment requires the Subarea to be designated for housing, consistent with the Ordinance and its findings. The Metro Staff Report's conclusion is contrary to the requirements of the Ordinance.

In the third conclusion, the Metro Staff Report claims there will be increased vehicle trips on the Parkway if the land designation of the Subarea is housing. Quantifying trip impacts is outside the scope of the Metro decision process under the IGA, and outside the scope contemplated by the parties. This is because the parties will determine traffic issues once a land designation is made. Tualatin and Wilsonville previously discussed traffic impacts as it relates to land designations and purposely put that issue on hold pending the outcome of the land designation for the Subarea.

The traffic impacts for the Basalt Creek area will not change because of the land designation. The Basalt Creek area has a total trip impact of 1,989 trips. See, 2014 RTP, Appendix 1.3; TAZ2162: 980,981,982, 2012/35 delta. The trip impacts given to the area contemplate both housing and industrial/employment trips. The land designation has zero impact on the vehicle trips designated for the Basalt Creek area, as the total trips remains unchanged regardless of the land designation. Additionally, Metro previously planned for the Basalt Creek Planning Area to have 1,200 households. See, 2014 RTP, Appendix 1.3; Metro's TAZ shapefiles, TAZ2162: 980,981,982, 2012/35 delta. With the Subarea declared for housing, the Basalt Creek Planning area is projected to have 1,194 households, which is less than Metro projected. See, Exhibit 109, p. 1-2 (OTAK Report, Revised November 21, 2016). The traffic impacts of the Subarea designated for housing are consistent with Metro's goals for the Basalt Creek planning area. The Metro Staff Report's conclusion that declaring the Subarea for housing will "negatively impact traffic operations in the area" is beyond the scope of the decision Metro is to make, not based on the evidence, and completely contradicts both the planning goals and trip generation impacts designated for the area.

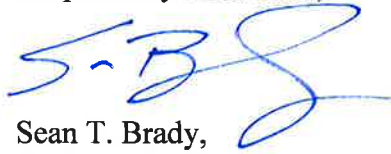
Finally, the Metro Staff Report makes a Fourth Conclusion that placing a residential community in the Subarea creates compatibility issues. Declaring the Subarea for industrial use increases, not decreases, compatibility issues. By declaring the Subarea for industrial use, industrial uses will be immediately adjacent to residential areas and there will be no buffer, as specifically contemplated by the Ordinance. In adopting the Ordinance, Metro recognized compatibility as the reason areas north of the Parkway should be designated for housing. The Ordinance included the condition of approval for the Parkway to serve as the buffer between residential and industrial uses. The Metro Staff Report's conclusion goes completely against compatibility and the intent of the Ordinance. The only way for the area to have compatible uses is to maintain the Ordinance's requirements to have the Parkway serve as the buffer between the residential areas north of the Parkway and the industrial/employment uses south of the Parkway. The Subarea is north of the Parkway. Declaring the Subarea for housing, not industrial/employment, is consistent with the Ordinance's intent.

5. Conclusion

For the reasons stated above, the Subarea must be designated for housing. This is consistent with the original intent of Metro Ordinance No. 04-1040B, its conditions of approval, and its adopted findings. Additionally, the Subarea is not economically feasible for industrial/employment development due to topography and costs. Housing provides a market for development for the Subarea. Furthermore, the Metro region is in a housing crisis. Both the City of Tualatin and the Basalt Creek area need housing lands to accommodate the housing needs of the region and the housing needs within Basalt Creek. Metro should designate the Subarea for

housing as it is consistent with Ordinance, consistent with the market and development constraints of the property, and consistent with the housing goals for the region.

Respectfully Submitted,



Sean T. Brady,
Tualatin City Attorney

CITY OF TUALATIN
BASALT CREEK
EXHIBIT LIST

- Exhibit 101 – Metro Ordinance No. 04-1040B
- Exhibit 102 – Metro Council Meeting Minutes, November 3, 2003
- Exhibit 103 – Metro Council Meeting Minutes, May 27, 2004
- Exhibit 104 - Metro Council Meeting Minutes, June 10, 2004
- Exhibit 105 – Mayor Ogden Letter to MPAC, May 24, 2004
- Exhibit 106 – Wilsonville Map Measuring Parkway Distance to South Alignment
- Exhibit 107 – OTAK Report, November August 24, 2016
- Exhibit 108 – OTAK Report, November 21, 2016
- Exhibit 109 – OTAK Letter, May 19, 2017
- Exhibit 110 – Appendix 9, p. 2, Excerpt of Employment Land Site Characteristics, 2014 Urban Growth Report
- Exhibit 111 – Appendix 3, Buildable Land Inventory Results (revised as of 10/27/15), 2014 Urban Growth Report
- Exhibit 112 – CES/NW Letter, February 10, 2017
- Exhibit 113 – CES/NW Letter, May 18, 2017
- Exhibit 114 – CES/NW Letter, July 20, 2017
- Exhibit 115 – PacTrust Letter, November 14, 2016
- Exhibit 116 – Mackenzie Report
- Exhibit 117 – KPFF Report for City of Wilsonville, June 30, 2017
- Exhibit 118 – Ken Leahy Construction Letter, February 10, 2017
- Exhibit 119 – Real Estate Development Group Letter, November 21, 2016.
- Exhibit 120 – Metro Memo, August 28, 2017.
- Exhibit 121 – Metro - Saying they need more housing, Wilsonville leaders look to grow east
- Exhibit 122 – Metro - You are here: A snapshot of housing affordability in greater Portland

Exhibit 123 – Tualatin City Profile

Exhibit 124 – Herb Koss Letter, November 28, 2016

Exhibit 125 – Basalt Creek Guiding Principles and Evaluation Criteria

Exhibit 126 – Peter Watts Email, February 12, 2017

City of Tualatin

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) ORDINANCE NO. 04-1040B
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) Introduced by the Metro Council
)

WHEREAS, by Ordinance 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), the Council amended Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan to increase the capacity of industrial land to accommodate industrial jobs; and

WHEREAS, the Metro Council adopted an Employment and Industrial Areas Map as part of Title 4 (Retail in Employment and Industrial Areas) in Ordinance No. 96-647C (For the Purpose of Adopting a Functional Plan for Early Implementation of the 2040 Growth Concept) on November 21, 1996; and

WHEREAS, the Council amended the Regional Framework Plan (RFP) by Exhibit D to Ordinance No. 02-969B (For the Purpose of Amending the Metro 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), adopted on December 5, 2002, to establish a new 2040 Growth Concept design type entitled "Regionally Significant Industrial Area" (RSIA) and to add Policies 1.4.1 and 1.4.2 to protect such areas by limiting conflicting uses; and

WHEREAS, by Exhibit F to Ordinance No. 02-969B the Council amended Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan ("UGMFP") to implement Policies 1.4.1 and 1.4.2 of the RFP; and

WHEREAS, by Exhibit E of Ordinance No. 02-969B the Council adopted a "Generalized Map of Regionally Significant Industrial Areas" depicting certain Industrial Areas that lay within the UGB prior to its expansion as part of Task 2 of periodic review as RSIA's; and

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WHEREAS, Title 4 calls upon the Council to delineate specific boundaries for RSIA's derived from the "Generalized Map of Regionally Significant Industrial Areas" after consultation with cities and counties; and

WHEREAS, by Ordinance No. 02-969B, the Council added capacity to the UGB but did not add sufficient capacity to accommodate the full need for land for industrial use; and

WHEREAS, the Metro Council submitted Ordinance No. 969B, in combination with other ordinances that increased the capacity of the UGB, to the Land Conservation and Development Commission (LCDC) as part of Metro's periodic review of the capacity of its UGB; and

WHEREAS, on July 7, 2003, LCDC issued its "Partial Approval and Remand Order 03-WKTASK-001524" that approved most of the Council's decisions, but returned the matter to the Council for completion or revision of three tasks: (1) provide complete data on the number, density and mix of housing types and determine the need for housing types over the next 20 years; (2) add capacity to the UGB for the unmet portion of the need for land for industrial use; and (3) either remove tax lots 1300, 1400 and 1500 in Study Area 62 from the UGB or justify their inclusion; and

WHEREAS, the Council completed its analysis of the number, density and mix of housing types and the need for housing over the planning period 2002-2022 and incorporated its conclusions in a revision to its Housing Needs Analysis; and

WHEREAS, the Council increased the capacity of the UGB both by adding land to the UGB and by revising the Regional Framework Plan and Title 4 of the UGMFP to meet the previously unmet portion of the need for land for industrial use; and

WHEREAS, a change in design type designation of a portion of Study Area 12 added to the UGB on December 5, 2002, by Ordinance No. 02-969B from residential to industrial will help the region accommodate the need for industrial use without reducing the region's residential capacity below the region's residential need; and

WHEREAS, the Council decided to remove tax lots 1300, 1400 and 1500 in Study Area 62 from the UGB; and

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WHEREAS, the Council consulted its Metropolitan Policy Advisory Committee and the 24 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 more than 100,000 households in the region and held public hearings on Title 4 and the efficient use of industrial land on December 4 and 11, 2003, public workshops at six locations around the region in March, 2004, on possible amendments to the UGB, and public hearings on the entire matter on April 22 and 29, May 6, [May 27](#), and June 10 and 24, 2004; now, therefore

THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

1. Policy 1.12 of the Regional Framework Plan is hereby amended, as indicated in Exhibit A, attached and incorporated into this ordinance, to guide the choice of farmland for addition to the UGB when no higher priority land is available or suitable.
2. Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan is hereby amended, as indicated in Exhibit B, attached and incorporated into this ordinance, to improve implementation of Title 4 by cities and counties in the region.
3. The Employment and Industrial Areas Map is hereby amended, as shown in Exhibit C, attached and incorporated into this ordinance, to depict the boundaries of Regionally Significant Industrial Areas pursuant to Policy 1.4.1 of the Regional Framework Plan in order to ensure more efficient use of the areas for industries reliant upon the movement of freight and to protect the function and capacity of freight routes and connectors in the region.
4. The Revised Housing Needs Analysis, January 24, 2003, is hereby further revised, as indicated in Exhibit D, Addendum to Housing Needs Analysis, April 5, 2004, attached and incorporated into this ordinance, to comply with the first item in LCDC's "Partial Approval and Remand Order 03-WKTASK-001524."
5. The Metro UGB is hereby amended to include all or portions of the Study Areas shown on Exhibit E [with the designated 2040 Growth Concept design type, and more precisely identified in the Industrial Land Alternative Analysis Study, February, 2004, Item \(c\) in Appendix A](#), subject to the conditions set forth in Exhibit F, and to exclude tax lots 1300, 1400 and 1500 in Study Area 62 ~~and the southeast portion of Study Area 9 from the UGB~~, also shown on Exhibit E and more precisely identified in the Staff Report, "In Consideration of Ordinance No. 04-1040, 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", Item (a) in Appendix A. Exhibits E and F are attached and incorporated into this ordinance to comply with the second and third items in LCDC's "Partial Approval and Remand Order 03-WKTASK-001524."

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6. Ordinance No. 02-969B is hereby amended to change the 2040 Growth Concept design type designation for that 90-acre portion of Study Area 12 that projects from the rest of the study area to the southeast along Highway 26 from 'Inner Neighborhood' to 'Regionally Significant Industrial Area.'
67. The Appendix, attached and incorporated into this ordinance, is hereby adopted in support of the amendments to the UGB, the Regional Framework Plan and the Metro Code in sections 1 through 3 of this ordinance. The following documents comprise the Appendix:
- a. Staff Report, 'In Consideration of Ordinance No. 04-1040, 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', April 5, 2004.
 - b. 2002-2022 Urban Growth Report: An Employment Land Need Analysis, June 24, 2004 Supplement.
 - c. Industrial Land Alternative Analysis Study, February, 2004.
 - d. Measure 26-29 Technical Report: Assessment of the Impacts of the June, 2004, UGB Expansion on Property Owners.
 - e. Industrial Land Expansion Public Comment Report, March, 2004.
 - f. 'An Assessment of Potential Regionally Significant Industrial Areas', memorandum from Mary Weber to Dick Benner, October 21, 2003.
 - g. 'Recommended Factors for Identifying RSIA's', memorandum from Mary Weber to MTAC, June 30, 2003.
 - h. 'Slopes Constraints on Industrial Development', memorandum from Lydia Neill to David Bragdon, November 25, 2003.
 - i. 'Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use', prepared by the Metro Agricultural Lands Technical Workgroup, April, 2004.
 - j. 'Technical Assessment of Reducing Lands within Alternatives Analysis Study Areas', memorandum from Lydia Neill to David Bragdon, October 30, 2003.
 - k. Agriculture at the Edge: A Symposium, October 31, 2003, Summary by Kimi Iboshi Sloop, December, 2003.
 - m. 'Industrial Land Aggregation Methodology, Test and Results', memorandum from Lydia Neill to David Bragdon, September 24, 2003.
 - n. 'Industrial Areas Requested by Local Jurisdictions', memorandum from Tim O'Brien to Lydia Neill, July 29, 2003.

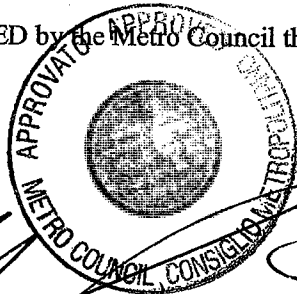
City of Tualatin

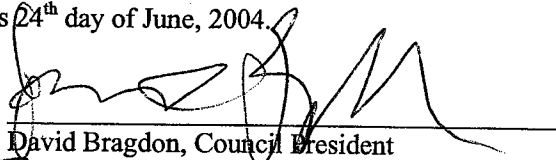
Exhibit No. 101

- o. 'Industrial Land Locational and Siting Factors', memorandum from Lydia Neill to David Bragdon, June 9, 2003.
- p. 'A Review of Information Pertaining to Regional Industrial Lands', memorandum from Dick Benner to David Bragdon, January 26, 2004.
- q. Map of Freight Network and Freight Facilities, Metro, November, 2003.
- r. 'Evaluating the Industrial Land Supply with Projected Demand', memorandum from Lydia Neill to David Bragdon, May 14, 2003.
- s. 'Identifying 2003 Industrial Land Alternatives Analysis Study Areas', memorandum from Tim O'Brien to Lydia Neill, July 9, 2003.
- t. 'For the Purpose of Reducing the Land Under Consideration in the 2002 and 2003 Alternatives Analysis for Meet the Remaining Need for Industrial Land through Urban Growth Boundary Expansion', Staff Report, November 18, 2003.
- u. 'Formation of Industrial Neighborhoods', memorandum from Lydia Neill to David Bragdon, October 24, 2003.
- v. 'Developed Lots 5 Acres and Smaller Outside the UGB', memorandum from Amy Rose to Lydia Neill, November 18, 2003.
- w. 'Employment Land Included in the 2002 Urban Growth Boundary Expansion', memorandum from Andy Cotugno to David Bragdon, March 10, 2003.
- x. 'Identifying Additional Land for Industrial Purposes', memorandum from Tim O'Brien to Lydia Neill, March 7, 2003.
- y. Staff Report, 'In Consideration of Ordinance 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', June 21, 2004.

78. The Findings of Fact and Conclusions of Law in Exhibit G, 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 24th day of June, 2004.

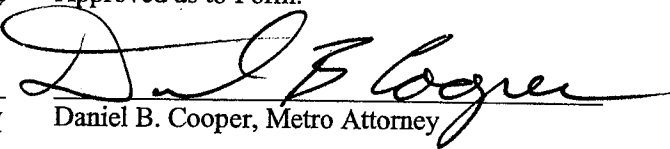



David Bragdon, Council President

Approved as to Form:

ATTEST:


Christina Billington, Recording Secretary


Daniel B. Cooper, Metro Attorney

City of Tualatin

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Exhibit A to Ordinance No. 04-1040B

REGIONAL FRAMEWORK PLAN POLICY 1.12 Protection of Agriculture and Forest Resource Land

~~1.12~~1.12.1 Agricultural and forest 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 Goal 10, and Goal 14, Urbanization, are of equal importance to Goals 3 and 4, which protect agriculture and forest resource lands. These goals represent competing and, some times, conflicting policy interests which need to be balanced.

~~1.12.1 Rural Resource Lands~~

~~Rural resource lands outside the UGB that have significant resource value should actively be protected from urbanization. However, not all land zoned for exclusive farm use is of equal agricultural value.~~

1.12.2 When the Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Council shall choose agricultural land deemed less important to the continuation of commercial agriculture in the region.

~~1.12.2 Urban Expansion~~

~~Expansion of the UGB shall occur in urban reserves, established consistent with the urban rural transition objective. All urban reserves should be planned for future urbanization even if they contain resource lands.~~

1.12.3 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.

~~1.12.3 Farm and Forest Practices~~

~~Protect and support the ability for farm and forest practices to continue. The designation and management of rural reserves by the Metro Council may help establish this support, consistent with the Growth Concept. Agriculture and forestry require long term certainty of protection from adverse impacts of urbanization in order to promote needed investments.~~

1.12.4 Metro shall work with neighboring counties to provide a high degree of certainty for investment in agriculture in agriculture and forestry and to reduce conflicts between urbanization and agricultural and forest practices.

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Exhibit B to Ordinance No. 04-1040B

TITLE 4: INDUSTRIAL AND OTHER EMPLOYMENT AREAS

3.07.410 Purpose and Intent

A. The Regional Framework Plan calls for a strong economic climate. To improve the region's economic climate, **[the plan] Title 4** seeks to **provide and** protect **[the] a** supply of sites for employment by limiting **[incompatible uses within] the types and scale of non-industrial uses in Regionally Significant Industrial Areas (RSIAs)**, Industrial Areas and Employment Areas. **Title 4 also seeks to provide the benefits of "clustering" to those industries that operate more productively and efficiently in proximity to one another than in dispersed locations. Title 4 further seeks [T]to** protect the capacity and efficiency of the region's transportation system for **the** movement of goods and services, and to **[promote the creation of jobs within designated Centers and discourages certain kinds of commercial retail development outside Centers] encourage the location of other types of employment in Centers, Employment Areas, Corridors, Main Streets and Station Communities.** **[It is the purpose of Title 4 to achieve these policies.] The Metro Council will [consider amendments to this title in order to make the title consistent with new policies on economic development adopted] evaluate the effectiveness of Title 4 in achieving these purposes** as part of **its** periodic **[review] analysis of the capacity of the urban growth boundary.**

3.07.420 Protection of Regionally Significant Industrial Areas

A. Regionally Significant Industrial Areas (RSIA) are those areas **[that offer the best opportunities for family-wage industrial jobs] near the region's most significant transportation facilities for the movement of freight and other areas most suitable for movement and storage of goods.** Each city and county with land use planning authority over **[areas] RSIAs** shown on the **[Generalized Map of Regionally Significant Industrial Areas adopted in Ordinance No. 02-969] Employment and Industrial Areas Map** shall derive specific plan designation and zoning district boundaries of **[the areas] RSIAs within its jurisdiction** from the Map, taking into account the location of existing uses that would not conform to the limitations on non-industrial uses in **[subsection C, D and E] this section**, and **[its] the** need **[of individual cities and counties]** to achieve a mix of **[types of]** employment uses.

B. **[Each city and county with land use planning authority over an area designated by Metro on the 2040 Growth Concept Map, as amended by Ordinance No. 02-969, as a Regionally Significant Industrial Area shall, as part of compliance with section 3.07.1120 of the Urban Growth Management Functional Plan, derive plan designation and zoning district boundaries of the areas from the Growth Concept Map] Cities and counties shall review their land use regulations and revise them, if necessary, to include measures to limit the size and location of new buildings for retail commercial uses - such as stores and restaurants - and retail and professional services that cater to daily customers – such as financial, insurance, real estate, legal, medical and dental offices - to ensure that they serve primarily the needs of workers in the area. One such measure shall be that new buildings for stores, branches, agencies or other outlets for these retail uses and services shall not occupy more than 3,000 square feet of sales or service area in a single outlet, or multiple outlets that occupy more than 20,000 square feet of sales or service area in a single building or in multiple buildings that are part of the same development project, with the following exceptions:**

1. Within the boundaries of a public use airport subject to a facilities master plan, customary airport uses, uses that are accessory to the travel-related and freight movement activities of airports, hospitality uses, and retail uses appropriate to serve the needs of the traveling public; and

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2. Training facilities whose primary purpose is to provide training to meet industrial needs.

C. [After determining boundaries of Regionally Significant Industrial Areas pursuant to subsections A and B, the city or county] Cities and counties shall [adopt implementing ordinances that limit development in the areas to industrial uses, uses accessory to industrial uses, offices for industrial research and development and large corporate headquarters in compliance with subsection E of this section, utilities, and those non-industrial uses necessary to serve the needs of businesses and employees of the areas] review their land use regulations and revise them, if necessary, to include measures to limit the siting and location of new buildings for the uses described in subsection B and for non-industrial uses that do not cater to daily customers - such as bank or insurance processing centers - to ensure that such uses do not reduce off-peak performance on Main Roadway Routes and Roadway Connectors shown on Metro's Freight Network Map, November, 2003, below standards set in the 2004 Regional Transportation Plan or require added road capacity to prevent falling below the standards.

D. [Notwithstanding subsection C, a city or county shall not approve:

1. A commercial retail use with more that 20,000 square feet of retail sales area in a single building or in multiple buildings that are part of the same development project;
or

2. Commercial retail uses that would occupy more than five percent of the net developable portion of all contiguous Regionally Significant Industrial Areas] No city or county shall amend its land use regulations that apply to lands shown as RSIA on the Employment and Industrial Areas Map to authorize uses described in subsection B that were not authorized prior to July 1, 2004.

E. [As provided in subsection C of this section, a city or county may approve an office for industrial research and development or a large corporate headquarters if:

1. The office is served by public or private transit; and

2. If the office is for a corporate headquarters, it will accommodate for the initial occupant at least 1,000 employees]

[F. A city or county] Cities and counties may allow division of lots or parcels into smaller lots or parcels as follows:

1. Lots or parcels [less] smaller than 50 acres may be divided into any number of smaller lots or parcels[;].

2. Lots or parcels [50 acres or] larger than 50 acres may be divided into smaller lots and parcels pursuant to a master plan approved by the city or county so long as the resulting division yields [the maximum number of lots or parcels of] at least [50 acres] one lot or parcel of at least 50 acres in size[;].

3. Lots or parcels 50 acres or larger, including those created pursuant to paragraph (2) of this subsection, may be divided into any number of smaller lots or parcels pursuant to a master plan approved by the city or county so long as at least 40 percent of the area of the lot or parcel has

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been developed with industrial uses or uses accessory to industrial use, and no portion has been developed, or is proposed to be developed, with uses described in subsection B of this section.

4. Notwithstanding paragraphs 2[,] **and** 3 [**and**] of this subsection, any lot or parcel may be divided into smaller lots or parcels or made subject to rights-of-way for the following purposes:

- a. To provide public facilities and services;
- b. To separate a portion of a lot or parcel in order to protect a natural resource, to provide a public amenity, or to implement a remediation plan for a site identified by the Oregon Department of Environmental Quality pursuant to ORS 465.225;
- c. To separate a portion of a lot or parcel containing a nonconforming use from the remainder of the lot or parcel in order to render the remainder more practical for a permitted use; **or**
- d. **[To reconfigure the pattern of lots and parcels pursuant to subsection G or this section]**

[e.] To allow the creation of a lot for financing purposes when the created lot is part of a master planned development.

[G. A city or county may allow reconfiguration of lots or parcels less than 50 acres in area if the reconfiguration would be more conducive to a permitted use and would result in no net increase in the total number of lots and parcels. Lots or parcels 50 acres or greater in area may also be reconfigured so long as the resulting area of any such lot or parcel would not be less than 50 acres.]

[H] F. Notwithstanding subsections **[C and D] B** of this section, a city or county may allow the lawful use of any building, structure or land existing at the time of adoption of its ordinance to implement this section to continue and to expand to add up to 20 percent more floor area and 10 percent more land area. Notwithstanding subsection E of this section, a city or county may allow division of lots or parcels pursuant to a master plan approved by the city or county prior to **[December 31, 2003] July 1, 2004.**

3.07.430 Protection of Industrial Areas

A. [In Industrial Areas mapped pursuant to Metro Code section 3.07.130 that are not Regionally Significant Industrial Areas, c] Cities and counties shall [limit new and expanded retail commercial uses to those appropriate in type and size to serve the needs of businesses, employees and residents of the Industrial Areas] review their land use regulations and revise them, if necessary, to include measures to limit new buildings for retail commercial uses - such as stores and restaurants - and retail and professional services that cater to daily customers – such as financial, insurance, real estate, legal, medical and dental offices - in order to ensure that they serve primarily the needs of workers in the area. One such measure shall be that new buildings for stores, branches, agencies or other outlets for these retail uses and services shall not occupy more than 5,000 square feet of sales or service area in a single outlet, or multiple outlets that occupy more than 20,000 square feet of sales or service area in a single building or in multiple buildings that are part of the same development project, with the following exceptions:

1. Within the boundaries of a public use airport subject to a facilities master plan, customary airport uses, uses that are accessory to the travel-related and freight movement activities of airports, hospitality uses, and retail uses appropriate to serve the needs of the traveling public; and

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2. Training facilities whose primary purpose is to provide training to meet industrial needs.

B. [In an Industrial Area, a city or county shall not approve:

1. A commercial retail use with more than 20,000 square feet of retail sales area in a single building or in multiple buildings that are part of the same development project; or

2. Commercial retail uses that would occupy more than ten percent of the net developable portion of the area or any adjacent Industrial Area] Cities and counties shall review their land use regulations and revise them, if necessary, to include measures to limit new buildings for the uses described in subsection A to ensure that they do not interfere with the efficient movement of freight along Main Roadway Routes and Roadway Connectors shown on Metro's Freight Network Map, November, 2003. Such measures may include, but are not limited to restrictions on access to freight routes and connectors, siting limitations and traffic thresholds. This subsection does not require cities and counties to include such measures to limit new other buildings or uses.

C. No city or county shall amend its land use regulations that apply to lands shown as Industrial Area on the Employment and Industrial Areas Map to authorize uses described in subsection A of this section that were not authorized prior to July 1, 2004.

D. Cities and counties may allow division of lots or parcels into smaller lots or parcels as follows:

1. Lots or parcels smaller than 50 acres may be divided into any number of smaller lots or parcels.

2. Lots or parcels larger than 50 acres may be divided into smaller lots and parcels pursuant to a master plan approved by the city or county so long as the resulting division yields at least one lot or parcel of at least 50 acres in size.

3. Lots or parcels 50 acres or larger, including those created pursuant to paragraph (2) of this subsection, may be divided into any number of smaller lots or parcels pursuant to a master plan approved by the city or county so long as at least 40 percent of the area of the lot or parcel has been developed with industrial uses or uses accessory to industrial use, and no portion has been developed, or is proposed to be developed with uses described in subsection A of this section.

4. Notwithstanding paragraphs 2 and 3 of this subsection, any lot or parcel may be divided into smaller lots or parcels or made subject to rights-of-way for the following purposes:

a. To provide public facilities and services;

b. To separate a portion of a lot or parcel in order to protect a natural resource, to provide a public amenity, or to implement a remediation plan for a site identified by the Oregon Department of Environmental Quality pursuant to ORS 465.225;

c. To separate a portion of a lot or parcel containing a nonconforming use from the remainder of the lot or parcel in order to render the remainder more practical for a permitted use; or

d. To allow the creation of a lot for financing purposes when the created lot is part of a master planned development.

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E. Notwithstanding **[subsection B] subsection A** of this section, a city or county may allow the lawful use of any building, structure or land **existing** at the time of **[enactment of an] adoption of its ordinance [adopted pursuant to this section] to implement this section** to continue and to expand to add up to 20 percent more **[floorspace] floor area** and 10 percent more land area. **Notwithstanding subsection D of this section, a city or county may allow division of lots or parcels pursuant to a master plan approved by the city or county prior to July 1, 2004.**

3.07.440 Employment Areas

- A. Except as provided in subsections C, D and E, in Employment Areas mapped pursuant to Metro Code Section 3.07.130, cities and counties shall limit new and expanded retail commercial uses to those appropriate in type and size to serve the needs of businesses, employees and residents of the Employment Areas.
- B. Except as provided in subsections C, D and E, a city or county shall not approve a commercial retail use in an Employment Areas with more than 60,000 square feet of gross leasable area in a single building, or retail commercial uses with a total of more than 60,000 square feet of retail sales area on a single lot or parcel, or on contiguous lots or parcels, including those separated only by transportation right-of-way.
- C. A city or county whose zoning ordinance applies to an Employment Area and is listed on Table 3.07-4 may continue to authorize retail commercial uses with more than 60,000 square feet of gross leasable area in that zone if the ordinance authorized those uses on January 1, 2003.
- D. A city or county whose zoning ordinance applies to an Employment Area and is not listed on Table 3.07-4 may continue to authorize retail commercial uses with more than 60,000 square feet of gross leasable area in that zone if:
1. The ordinance authorized those uses on January 1, 2003;
 2. Transportation facilities adequate to serve the retail commercial uses will be in place at the time the uses begin operation; and
 3. The comprehensive plan provides for transportation facilities adequate to serve other uses planned for the Employment Area over the planning period.
- E. A city or county may authorize new retail commercial uses with more than 60,000 square feet of gross leasable area in Employment Areas if the uses:
1. Generate no more than a 25 percent increase in site-generated vehicle trips above permitted non-industrial uses; and
 2. Meet the Maximum Permitted Parking – Zone A requirements set forth in Table 3.07-2 of Title 2 of the Urban Growth Management Functional Plan.

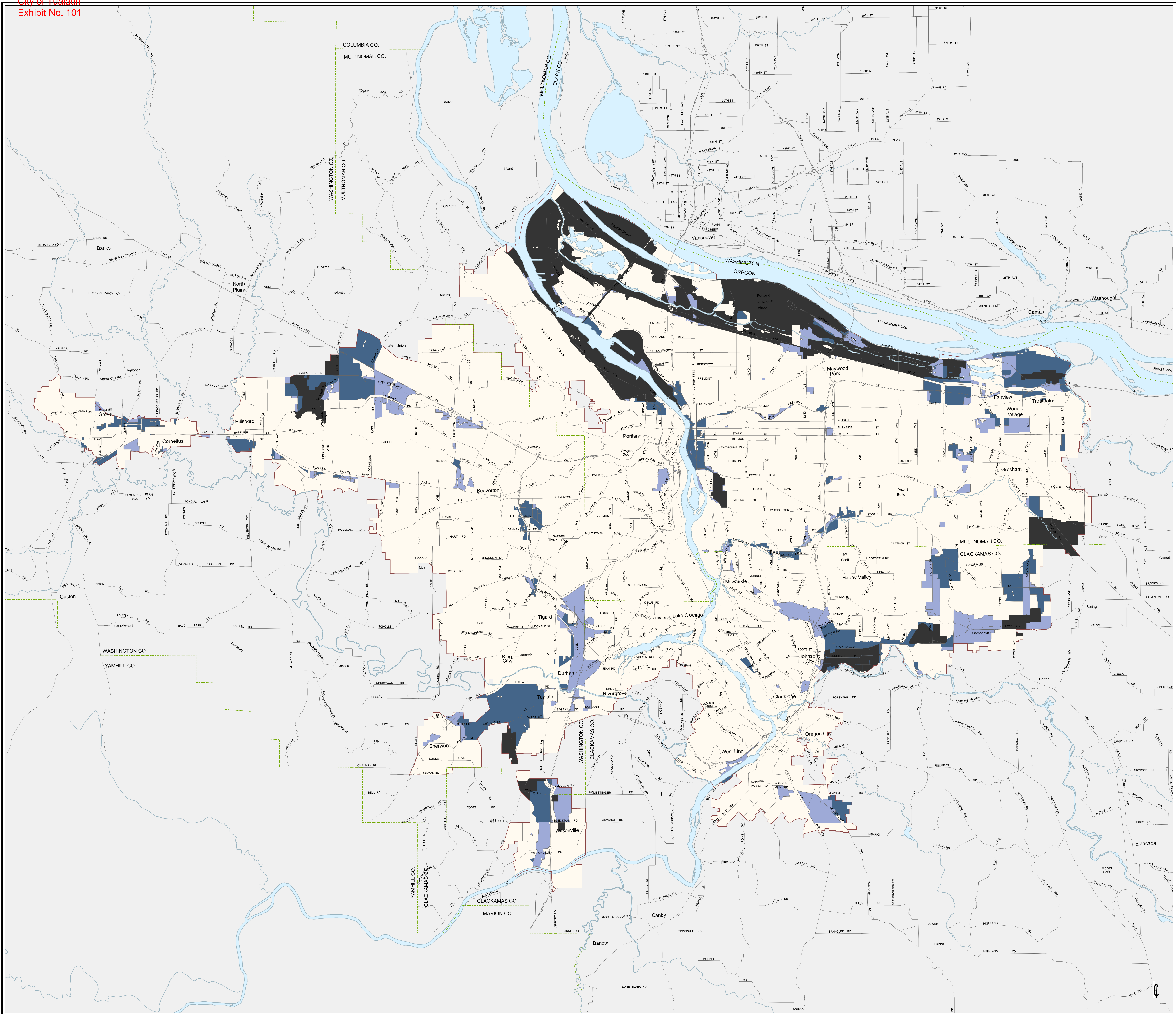
Title 4 Industrial and Employment Areas

Ordinance No. 04-1040B

Exhibit C

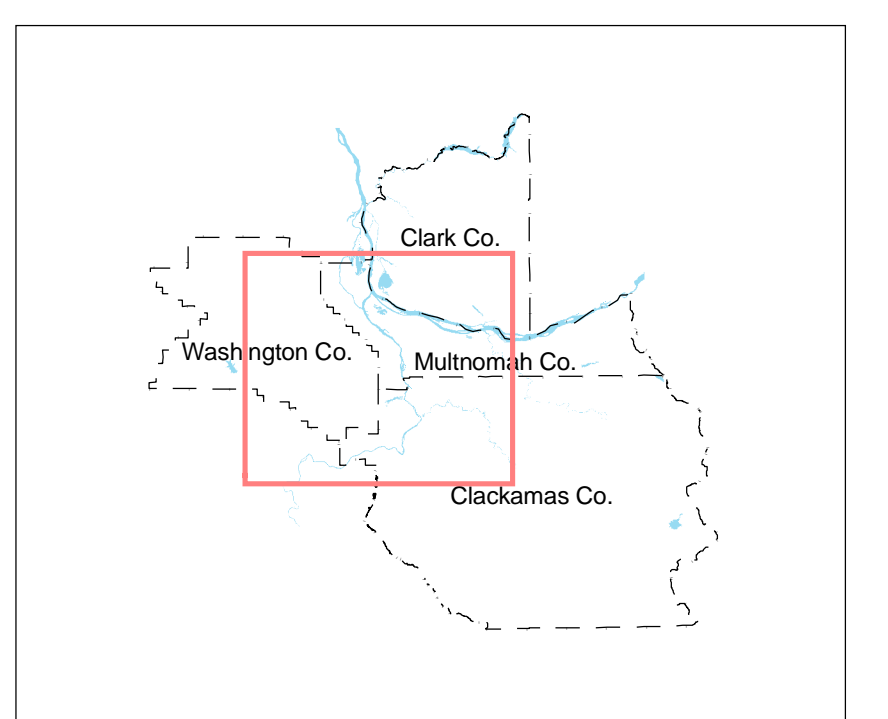
June 24, 2004

-  Employment Land
-  Industrial Land
-  Regionally Significant Industrial Areas



WARNING: Some maps combine data layers of differing map accuracies, e.g. flood plains can be based on tax lots. When this occurs, the map is not reliable to correctly show data at the tax lot level.

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 accuracy of the information or fitness for a particular purpose, accompanying this product. However, notification of any errors will be appreciated.



Location Map



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drc@metro.dsti.or.us www.metro-region.org

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Exhibit D to Ordinance No. 04-1040B Addendum to Housing Needs Analysis April 5, 2004

I. INTRODUCTION

The attached three Tables satisfy the requirements of ORS 197.298(5)(a)(E) to provide at least 3 years of data on the number, density and average mix of housing for vacant, partially vacant, redevelopment and infill (refill) and mixed use designated land. Table 5(a)(E) – 1 provides number, density and mix data on refill land for the period 1997 through 2001. Table 5(a)(E) – 2 provides the same data for development on vacant and partially vacant land for the period 1998 through 2001. Table 5(a)(E) – 3 displays the number, density and mix data for development on mixed use land for the period 1998 – 2001.

As noted in the original Housing Needs Analysis submission, the data in the attached Tables are subsets of more aggregated data contained in the original Housing Needs Analysis Report. While interesting and informative, the data in the attached Tables do not contradict the conclusions and actions taken in conjunction with the Urban Growth Report and periodic review. Nor do the data affect the determinations of the overall average density and overall mix of housing types at which residential development must occur in order to meet housing needs through 2022, as depicted in the original Housing Needs Analysis, pages 2 through 7 and Figures 3.1, 3.2, 3.3, 5.1 and 5.3.

The remainder of the report consists of an explanation of methodology and data sources and a synopsis of the data content of each of the tables.

II. METHODOLOGY AND DATA SOURCES

A. Data Sources

In order to retrospectively meet the requirements of State Statute we made maximum use of Metro's RLIS archived data that extend back in some degree to 1995. These data consist of the following elements:

1. Land use data at the tax lot level designating land by vacant, developed and zoning category.
2. County assessor tax lot data showing use, value, sales data, etc.
3. Geo-coded building permit data by building type.
4. Air photos for each year taken approximately in July of each year with a trend of improving resolution level over time.

B. Sampling Approach

We elected to measure the data using a 20% sampling approach so that we could manually audit each of the selected data points to insure accuracy. Machine processing of the data is not possible due to the following sources of measurement error.

1. Building permit geo-coding variability as approximately 70% of building permits actually geo-code exactly to the correct tax lot.

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2. Building permit data error due to incomplete reporting, undetected duplicates and inaccurate descriptions of building type, work done and location.
3. Slight registration discrepancies between tax lot maps, air photos and archived land use coverages.
4. Variability between the time a building permit is issued, building takes place and the tax lot is created and enumerated in the County Assessor's tax lot coverage. The practical consequence of this is often that a row house constructed on a 2,500 sq. ft. lot appears to be on a 100,000 sq. ft. plus lot because the subdivision plat is not yet available in the data base.

For multi-family units we modified the 20% sample to include 100% of all building permits for 20 or more units and applied the 20% rate to permits of under 20 units. This avoided the potential sampling errors associated with having a few permits for multi-family of over 100 or more units.

C. Expansion Back to the Population Totals

Because we elected a 100% count of multi-family the sample was not self-weighting. As a consequence after the analysis was complete we used a two phase approach to estimate the building permit population. First, we expanded our sample by building type back to the totals reported in our building permit data base. Secondly, since our building permit data base is incomplete relative to the totals reported to the State and Federal Government, we expanded our building permit data base to match the County totals by building type.

D. Definition of Entities Being Measure

State Statute requires we report on the number and densities by building type of development on "refill", "vacant", "partly vacant" and "mixed use" land. These entities we define and discuss in the context of our RLIS data base and measurement protocols as follows:

1. Refill: Housing units developed on land that Metro already considers developed in its data base. Refill is further divided into redevelopment and infill. Redevelopment occurs after an existing building has been removed. Infill is additional building without removal of existing buildings.
 - a. **Method of Measurement**: We measure refill by counting the number of permits that locate on land Metro considers developed in the next fiscal year. For instance for the year "1998" we would compare the RLIS developed and vacant lands inventory for the year ending June 30, 1998 with all building permits issued beginning July 1, 1998 and ending June 30, 1999. Building permits located on land Metro classed vacant as of June 30, 1998 would be classed as development on vacant land and permits landing on land Metro classed as developed as of June 30, 1998 would be classed as refill.
 - b. **Measurement Protocols**: As noted earlier we select a 20% sample of all permits for new residential construction from the RLIS data base for the relevant years (with the exception of the 100% of multi-family permits equal to or exceeding 20 units). Each permit is scrutinized manually by a

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trained intern using the RLIS data base and air photos to insure it is properly located and that the permit is for valid construction that did occur as the permit indicated. The analyst then determines whether the permit constitutes refill or vacant land development. Beginning with this study the analyst further classifies the permit to “legal – Urban Growth Report” refill and “economic – MetroScope” refill. This distinction results from the fact that RLIS analysts classify some individual lots in developing green field areas as developed prior to actual development occurring and also classify land cleared for urban renewal areas as vacant. In the former case the economic interpretation is development on new and in the latter case the economic interpretation is refill development. However, to be consistent with the RLIS land accounting system on which the Urban Growth Report is based we classify development the way RLIS accounts for it. On the other hand, the MetroScope land use model used for forecasting and policy evaluation counts green field development as vacant land consumption and urban renewal as refill (redevelopment). Consequently, we report refill data for both classifications.

2. Vacant and partially vacant: In RLIS tax lots that are “completely vacant” (90% vacant) are classed as totally vacant. If the unoccupied portion of a tax lot with development exceeds ½ acre, the unoccupied portion is classed a partially vacant. Green field sites under development may transition from vacant to partially vacant, back to totally vacant to developed and back again to totally vacant depending on the patterns of tax lot subdivision activity and zone changes. This also is true for urban renewal redevelopment sites. There are also a limited number of partially vacant sites in established residential areas where present zoning would allow further subdivision and development.
 - a. **Method of Measurement**: Using the audited building permit sample we machine processed the permits classed as legally vacant to fully vacant and partially vacant. Due to map registration discrepancies the RLIS developed lands coverage for 1997 could not be used so we dropped 600 observations for that year. In addition, another 1400 observations failed the machine screening in that they could not be conclusively classed as either vacant or partially vacant without manual auditing. The 2000 observations excluded from the vacant and partially vacant analysis resulting in the number of units developed on some type of vacant land dropping from 39,000 to 25,000. Though not relevant to the refill study or overall results, discussions with RLIS analysts indicated that the machine filtering process was more likely to exclude partially vacant than vacant tax lots. The bias, resulting from this procedure was minimized, by restating our inventory totals of vacant and partially vacant land using the same screening procedures.
 - b. **Measurement Protocols**: Once the refill data base was reclassified between vacant and partially vacant, we tabulated all the development on vacant land by the type of vacant land it fell on by building type (multi-family and single family) and by lot size.

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3. **Mixed use development:** In our RLIS data base mixed use development is classed as MUC1, MUC2 and MUC3. From the original audited refill data base we selected all the records of building permits that fell on land classed as MUC1, MUC2 or MUC3 regardless of whether it was refill, vacant or partially vacant. Again matching the RLIS land use inventory for 1997 proved problematic for machine selection procedures and this year was excluded. The resulting selection process produced 402 observations representing over 4,600 units constructed from 1998 through 2001.

E. Years of Data Included in the Retrospective Analysis

We included building permit data from 12/97 through 6/2002 that could be reliably recovered and geo-coded from our existing RLIS data base. This time period allows us to evaluate 5 years of recent history in regard to “refill” and 4 years of history for “vacant”, “partly vacant” and “mixed use” land.

III. SYNOPSIS OF RESULTS

A. Data Table 5E1: Refill Numbers by Type and Density 1997 – 2001

The data displayed on Table 5E1 show the amount of residential development of vacant and refill land that occurred during the period 1997 through 2001. During that period nearly 54,000 dwelling units located within the Metro region.¹ Of the 54,000 dwelling units, 26.5% occurred as refill according to the legal – Urban Growth Report definition. Using the economic-MetroScope definition 30.4% were refill reflecting the increasing importance of redevelopment in urban renewal areas and centers. Nearly 20,000 of the units constructed were multi-family with a legal refill rate of 31.5% and an economic rate of 40.2%. 34,000 units constructed were single family with a legal refill rate of 23.6% and an economic rate of 24.7%. Average lot sizes are also reported for every category.² For multi-family average lot sizes range from 1,800 to 2,000 sq. ft. depending on category. For single family average lot sizes range from 6,600 to 8,400 sq. ft. with refill development generally in the 6,500 – 7,000 sq. ft. range.

B. Table 5E1(a): Median Lot Size Data

This table provides additional and somewhat more meaningful weighted median lot size data. When we compare the average lot sizes in Table 5E1, we observe substantive differences in most cases. In general the median lot sizes are 30% less for vacant single family, 25% more for vacant multi-family, 25% less for refill single family and 30% less for refill multi-family. For all types combined the weighted median is 27% less for vacant and 26% less for refill. Assuming that the present median is a superior measure of long run average lot size, the combined weighted median of 4,417 sq. ft. should be used to determine vacant land consumption. This figure combined with the 39,619 units located on legally vacant land over the 5 year period implies a land consumption of slightly over 4,000 net buildable acres. Using a plausible range of gross to net conversion factors of .55 - .7 yields a gross buildable acre consumption of 1,150 to 1,450 acres per year, within the range estimated in the original Housing Needs Analysis.³

¹ **Real Estate Report for Metropolitan Portland, Oregon**, Spring 2003. Numbers are based on building permits summarized at the County level and only approximate the UGB. This procedure slightly overstates UGB land consumption.

² Average as contrasted to median inflates land consumption as the measure is substantially influenced by a few large lot single family permits on urban land still zoned RRFU that will subsequently be subdivided. RLIS procedure of assuming ½ acre of land consumption for permits on non-subdivided land also inflates average lot size.

³ While appearing precise, attempting to estimate long run densities and land consumption from individual lot sizes involves substantial uncertainties. The most serious of these is the gross to net conversion factor as we only observe

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C. Table 5E2: Housing on Fully Vacant and Partially Vacant Land

The accompanying table presents the required data on development on a subcategory of vacant land – fully vacant land and land partially vacant. As noted in the methods section, fully or partially vacant is classified relative to the tax lot existing at the time of the RLIS vacant and developed lands inventory. As also noted in the methods section, due to procedures and quirks of the land development and reporting process land may be fully vacant, partially vacant or developed refill land several times during the development process. In addition as a result of attempting to categorize and measure “partially vacant” we discover that the acreage totals are extremely volatile and sensitive to whatever criteria we use in the machine query process to differ partial from full. Very minor discrepancies between vacant land coverages and assessor’s tax lot coverages can dramatically change the inventories of fully and partially vacant. In the methods section we note that we use the same selection criteria for both the inventory totals and the classification of the refill sample into fully and partially vacant.

Of the over 39,000 legal vacant units located in the Metro Region for the period 1997 – 2001 we were able to reliably classify 25,000 units covering the period 1998 – 2001. Of these 15,500 (62.6%) were on fully vacant land and 9,300 (37.4%) were on partially vacant land. Looking at *Table 5E2(a) Fully Vacant and Partially Vacant Land Inventory 1998 – 2001* (replacing Table 4.1AB in the original Housing Needs Analysis) that on average partially vacant comprised 34.3% of the vacant land inventory. In sum development on partially vacant land overall has been occurring at roughly the same rate as development on fully vacant land and appears to not be materially different.

At the same time we recognize that there are a number of instances where partially vacant land shares a tax lot with a high valued single family home. In order to better understand the likelihood of further development under these circumstances, we used our single family sales price study to estimate the “optimum lot size” by neighborhood and house size. We define optimum lot size as the lot size at which at the loss of value to a homeowner by selling off part of his lot just equals the amount he gains by selling the land. If the homeowner sells more land, the value of his house declines more than he gains by the sale. Conversely, if he sells less land, the land unsold contributes less to the value of his home than the amount he would receive were he to sell it. Making that calculation for Dunthorpe we found that a \$1,000,000 home on 5 acres would have a positive incentive to sell off land down to about 1 – 1.5 acres. By comparison, a \$600,000 home on 1 acre would have an incentive to sell off no more than ½ acre. Significantly, in 2000 the average Dunthorpe selling price was \$590,000 for a 3,100 sq. ft. house on a 22,000 sq. ft. lot, almost exactly the optimum lot size determined from our estimates. On average then we would expect Dunthorpe to have no additional capacity other than that resulting from subdivision of lots at least 1 acre to sizes no smaller than ½ acre. Optimum lot size calculations vary dramatically by neighborhood. For instance, the average house in the Powellhurst-Gilbert neighborhood has a positive incentive to sell off land down to and sometimes below a 5,000 sq. ft. lot minimum. This is more often the case within the Metro region notwithstanding the exceptionally high value areas such as Dunthorpe.

D. Table 5E3: Housing on Mixed Use Designated Land

As required by statute the accompanying table shows development for the period 1998 – 2001 that occurred on land Metro considered at the time of development to be MUC1, MUC2 and MUC3. As pointed out in the methods section, the mixed use inventory includes refill, vacant and partially vacant

net buildable land consumption and cannot measure land lost to streets, parks, schools, freeways, etc. The second drawback is that average lot size measures are always exaggerated by a few large lot placements (often of manufactured homes) done by private individuals that will undoubtedly be further subdivided sometime in the future.

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lands. Over the 4 year period we noted 4,600 housing units developed of which 3,000 were multi-family and 1,600 were single family. Average lot size for multi-family was 1,400 sq. ft. and single family lot size was 2,300 sq. ft. Table 5E3(a) depicts the 2040 Plan mixed use capacity as of 8/98. Total mixed use capacity at that time was roughly 23,000 units. Mixed use development constituted about 11% of residential development for the 4 year period 98 – 2001. As of 1998, mixed use capacity of 23,000 units constituted 12% of the capacity 193,000 dwelling unit capacity estimated at the time. As was the case with vacant and partially vacant, this sub-classification of land type seems to produce housing at a rate commensurate with its proportion of the land inventory.

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Exhibit 5E1_: Housing on Vacant and Refill Land - Number, Type and Density 1997 Through 2001

Vacant/Refill Status	Year					Grand Total
	1997	1998	1999	2000	2001	
Legal - Urban Growth Report Basis						
Vacant Legal						
Multi Family	4,412	3,761	2,407	1,824	1,274	13,678
Average Lot Size	2,208	2,021	813	1,244	2,502	1,810
Single Family	4,594	5,670	4,814	5,425	5,439	25,941
Average Lot Size	8,516	8,611	10,104	6,292	8,161	8,292
Total All Types	9,005	9,431	7,221	7,249	6,713	39,619
Average Lot Size	5,425	5,983	7,007	5,022	7,087	6,054
Refill Legal						
Multi Family	2,228	1,567	918	503	1,059	6,275
Average Lot Size	2,729	2,042	1,178	1,353	1,499	2,013
Single Family	2,446	1,451	1,994	958	1,170	8,020
Average Lot Size	6,017	7,505	5,787	7,521	9,260	6,882
Total All Types	4,675	3,018	2,912	1,461	2,229	14,295
Average Lot Size	4,450	4,669	4,334	5,397	5,573	4,744
Percent of Development Refill	34.2%	24.2%	28.7%	16.8%	24.9%	26.5%
Economic - MetroScope Basis						
Vacant Economic						
Multi Family	4,300	3,103	1,983	1,484	1,068	11,938
Average Lot Size	2,260	2,124	955	1,245	2,304	1,885
Single Family	5,196	4,962	5,466	4,503	5,455	25,582
Average Lot Size	8,352	9,035	9,614	6,463	8,178	8,384
Total All Types	9,496	8,065	7,449	5,986	6,523	37,520
Average Lot Size	5,593	6,376	7,309	5,169	7,216	6,317
Refill Economic						
Multi Family	2,340	2,225	1,342	843	1,265	8,015
Average Lot Size	2,608	1,894	852	1,309	1,830	1,856
Single Family	1,844	2,159	1,342	1,880	1,154	8,379
Average Lot Size	5,664	6,891	5,686	6,510	9,196	6,660
Total All Types	4,184	4,384	2,684	2,724	2,419	16,394
Average Lot Size	3,955	4,355	3,269	4,899	5,344	4,311
Percent of Development Refill	30.6%	35.2%	26.5%	31.3%	27.0%	30.4%

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Exhibit 5E1(a)_: Housing on Vacant and Refill Land - Median Lot Size 1997 - 2001

Year	Legal - Urban Growth Report Basis				2001 Totals	
	1997	1998	1999	2000		
Single Family						
Median Lot Size Vacant	5,936	5,887	6,021	5,268	5,001	5,605
Median Lot Size Refill	5,406	5,628	4,001	5,301	5,047	5,032
Multi Family						
Median Lot Size Vacant	3,550	2,348	352	825	2,377	2,242
Median Lot Size Refill	1,630	2,318	953	408	534	1,384
Total All Types						
Median Lot Size Vacant	4,684	4,480	4,159	4,105	4,562	4,417
Median Lot Size Refill	3,930	3,902	3,003	3,851	2,724	3,506
Economic - MetroScope Basis						
Single Family						
Median Lot Size Vacant	5,955	5,897	6,000	5,277	5,026	5,636
Median Lot Size Refill	5,196	5,569	3,177	5,267	5,001	4,958
Multi Family						
Median Lot Size Vacant	3,562	2,367	385	933	2,377	2,420
Median Lot Size Refill	1,100	2,007	485	404	1,172	1,131
Total All Types						
Median Lot Size Vacant	4,835	4,555	4,628	4,515	4,688	4,660
Median Lot Size Refill	3,031	3,739	1,731	3,218	2,816	2,997

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Exhibit 5E3_ : Housing on Mixed Use Designated Land by Number, Type and Density 1998 Through 2001

Land Use Class	Year				Grand Total
	1998	1999	2000	2001	
Mixed Use One					
Multi Family	1,116	367	262	321	2,066
Average Lot Size	1,834	1,427	1,437	2,313	1,786
Single Family	226	100	304	737	1,367
Average Lot Size	3,127	4,386	2,482	1,946	2,439
Mixed Use Two					
Multi Family	41	153	132	-	326
Average Lot Size	2,277	252	1,090	-	846
Single Family	40	87	55	25	207
Average Lot Size	1,919	2,159	1,265	1,574	1,803
Mixed Use Three					
Multi Family	133	203	146	107	590
Average Lot Size	1,605	345	250	100	561
Single Family	37	23	21	-	80
Average Lot Size	2,108	1,841	2,144	-	2,043
Total Mixed Use					
Multi Family	1,290	723	541	428	2,982
Average Lot Size	1,824	874	1,032	1,758	1,441
Single Family	303	210	380	763	1,655
Average Lot Size	2,845	3,187	2,287	1,934	2,340
Total All Types	1,593	933	920	1,190	4,637
Average Lot Size	2,018	1,394	1,549	1,870	1,762

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Exhibit 5E3(a)_: Mixed Use 2040 Plan Designated Land Capacity 8/98 (Includes Capacity of Vacant, Infill and Redevelopment Land & Areas)

Plan Category	DU Capacity
MUC 1	10,320
MUC 2	7,250
MUC 3	4,650
Total Capacity	22,220

Source: Compiled from Urban Growth Report Addendum, August 1998, page 40.
MUC 1 includes MUEA capacity.

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Exhibit 5E2_: Housing on Fully Vacant and Partially Vacant Land - Number, Type and Density 1998 Through 2001

Land Vacancy Class	Year				Grand Total
	1998	1999	2000	2001	
Fully Vacant					
Multi Family	1,012	1,910	714	801	4,438
Average Lot Size	2,383	871	1,720	2,784	1,698
Single Family	2,554	2,894	2,808	2,951	11,206
Average Lot Size	6,517	6,743	5,684	5,327	6,054
Total	3,566	4,804	3,522	3,752	15,644
Average Lot Size	5,344	4,408	4,880	4,784	4,818
Partly Vacant					
Multi Family	2,496	319	271	126	3,213
Average Lot Size	1,847	638	778	1,339	1,617
Single Family	2,219	1,159	1,501	1,244	6,122
Average Lot Size	5,984	7,764	5,624	4,622	5,956
Total	4,715	1,478	1,772	1,370	9,335
Average Lot Size	3,794	6,227	4,882	4,320	4,463
Combined					
Multi Family	3,508	2,229	986	927	7,651
Average Lot Size	2,002	837	1,460	2,588	1,664
Single Family	4,773	4,053	4,309	4,194	17,329
Average Lot Size	6,269	7,035	5,663	5,118	6,019
Total	8,281	6,282	5,295	5,122	24,979
Average Lot Size	4,461	4,836	4,881	4,660	4,685
Percent Units on Fully Vacant:					62.6%
Percent Units on Partly Vacant:					37.4%

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Exhibit 5E2(a)_: Housing on Fully Vacant and Partially Vacant Land - Inventory of Fully Vacant and Partially Vacant All Land Classes

Land Vacancy Class	Year				2001 4 Year Average	Percent
	1998	1999	2000			
Fully Vacant	33,422	30,820	28,789	26,631	29,916	65.7%
Partly Vacant	16,678	15,776	15,401	14,738	15,648	34.3%
Total	50,100	46,596	44,190	41,369	45,564	100.0%

Filter Criteria: Full - 90% of year 1 tax lot is vacant

Maybe - Vacant area is <90% of year 1 taxlot and \geq 5,000 sq. ft. and <1/2 acre

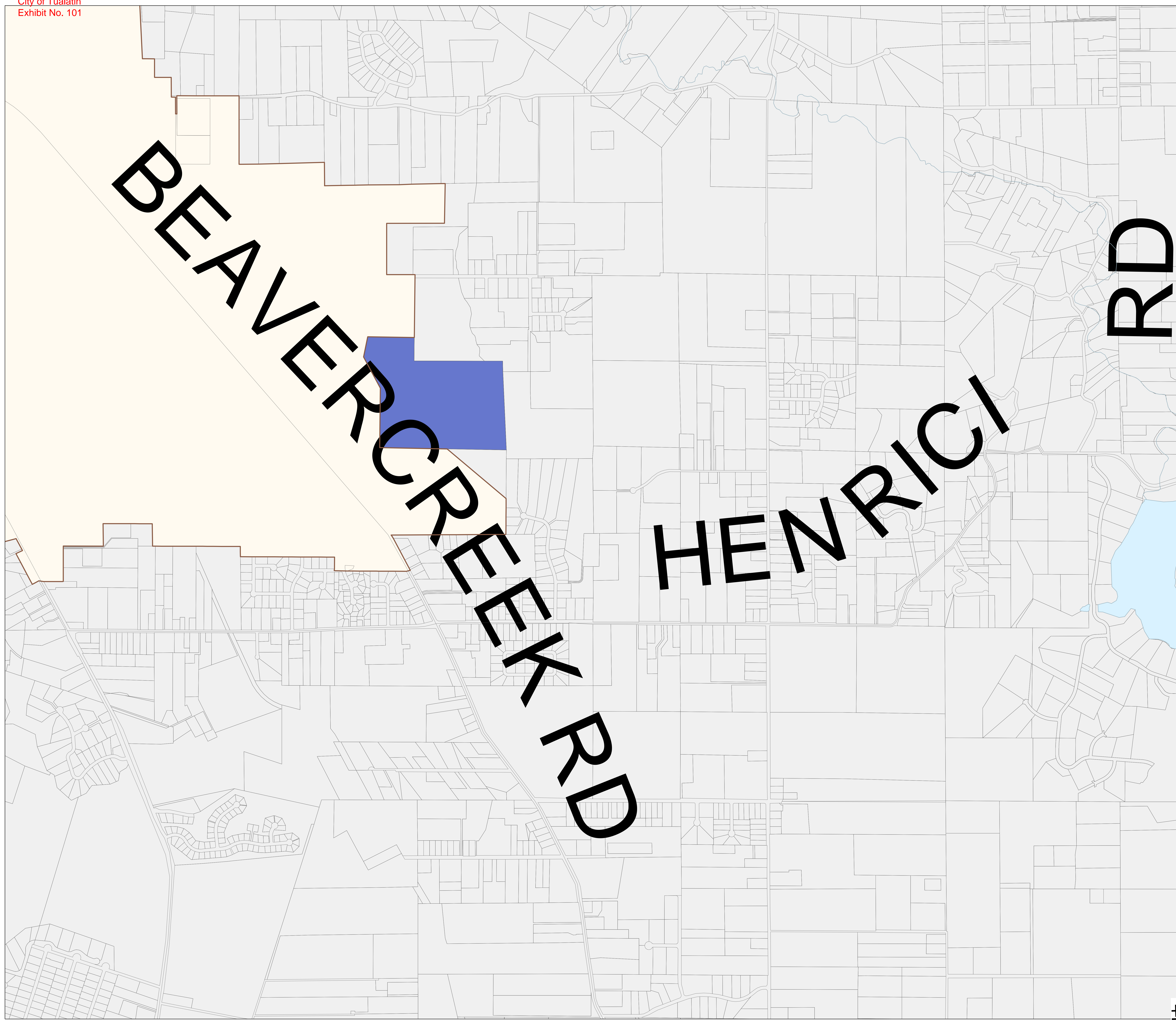
Part - Vacant area is <90% of year 1 taxlot and \geq 1/2 acre

Sliver - vacant area is <90% of year 1 taxlot and < 5,000 sq. ft.

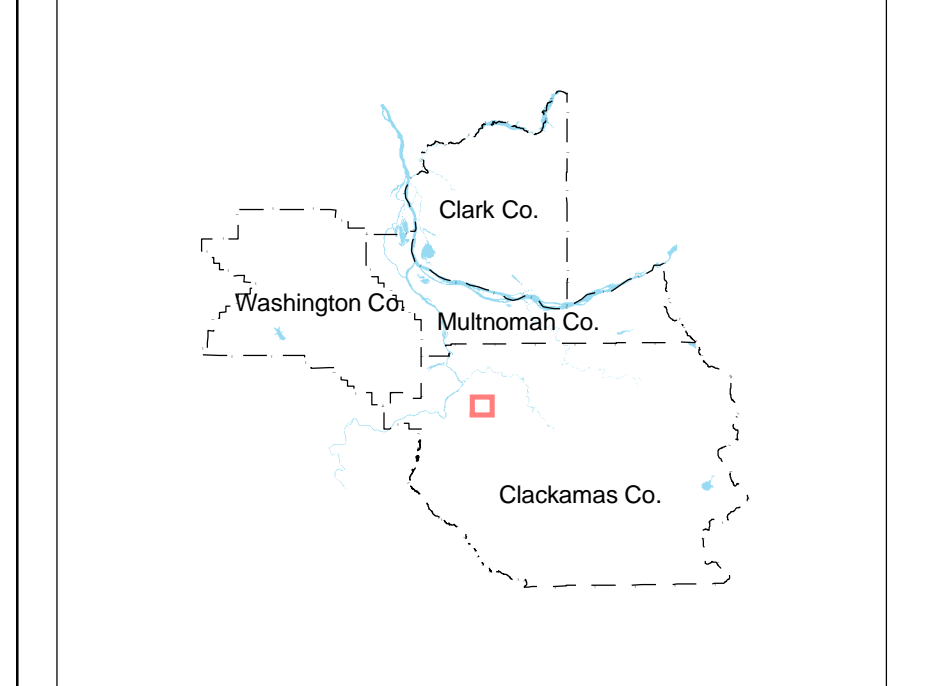
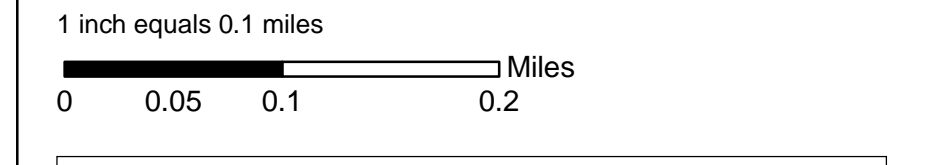
2004 UGB Expansion
Ordinance 04-1040B
Exhibit E
June 24, 2004

2040 Design Type
 Industrial Land
 Urban Growth Boundary

Beaver Creek Area



WARNING: some maps combine data layers of differing map accuracies, e.g. flood plains can be laid on tax lots. When this occurs, the map is not reliable to correctly show data at the tax lot level.
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Location Map



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2004 UGB Expansion

Ordinance 04-1040B

Exhibit E

June 24, 2004

2040 Design Type

 Industrial Land

 Urban Growth Boundary

Coffee Creek Area

Sherwood

TUALATIN-SHERWOOD ROAD

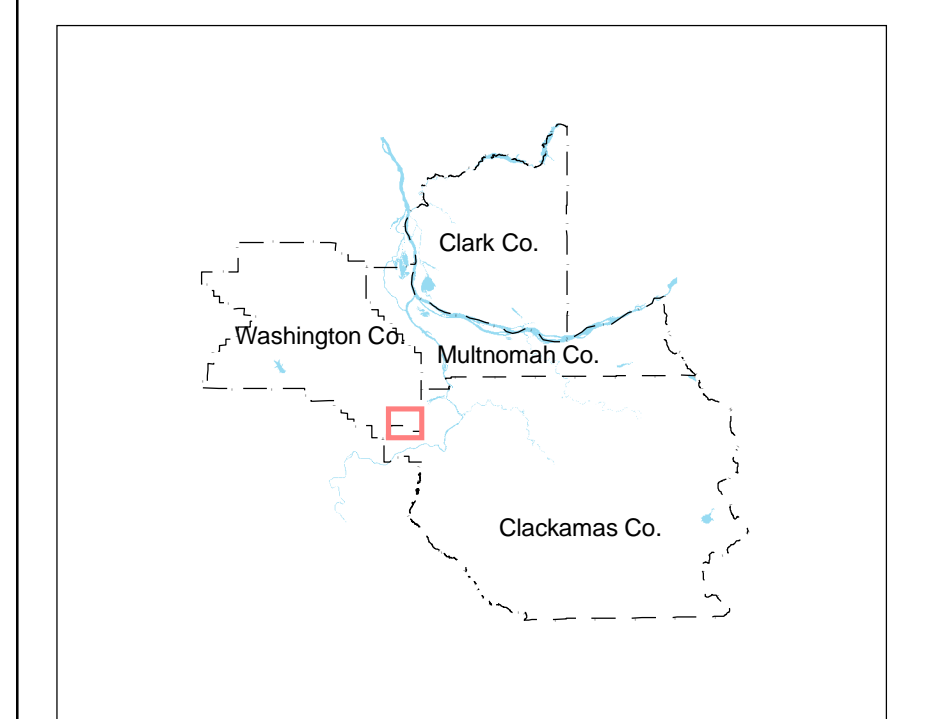
BOONES FERRY RD

WASHINGTON CO.

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1 inch equals 0.1 miles
0 0.05 0.1 0.2 Miles



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Verboort

Forest Grove

Cornelius

Tualatin

River

HWY 8

HWY 17

2004 UGB Expansion

Ordinance 04-1040B

Exhibit E

June 24, 2004

2040 Design Type

 RSIA

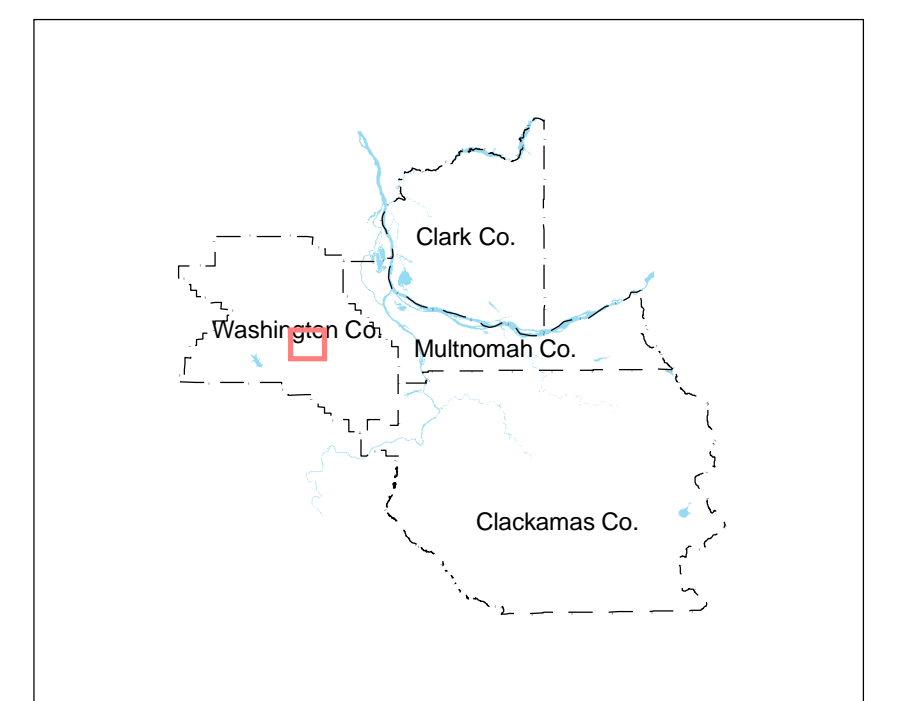
 Urban Growth Boundary

Cornelius Area

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1 inch equals 0.1 miles
0 0.05 0.1 0.2 Miles



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2004 UGB Expansion

Ordinance 04-1040B

Exhibit E

June 24, 2004

2040 Design Type

 Industrial Land

 Urban Growth Boundary

Damascus West Area

HWY 212

Damascus

Carver

HWY 224

River

Clackamas

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1 inch equals 0.1 miles
0 0.04 0.08 0.16 Miles



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Helvetia

West Union

SUNSET HWY

RD

PASS

2004 UGB Expansion
Ordinance 04-1040B
Exhibit E
June 24, 2004

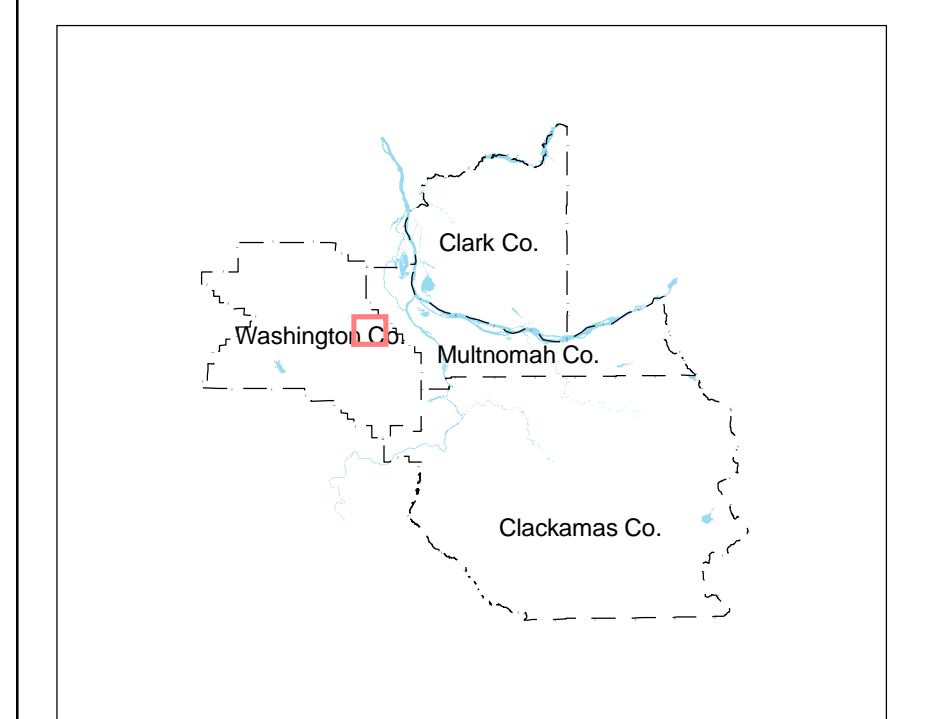
2040 Design Type
■ RSIA Land
— Urban Growth Boundary

Helvetia
Area

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1 inch equals 0.1 miles
0 0.05 0.1 0.2 Miles



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2004 UGB Expansion

Ordinance 04-1040B

Exhibit E

June 24, 2004

2040 Design Type

 RSIA

 Urban Growth Boundary

Orient
Area

Orient

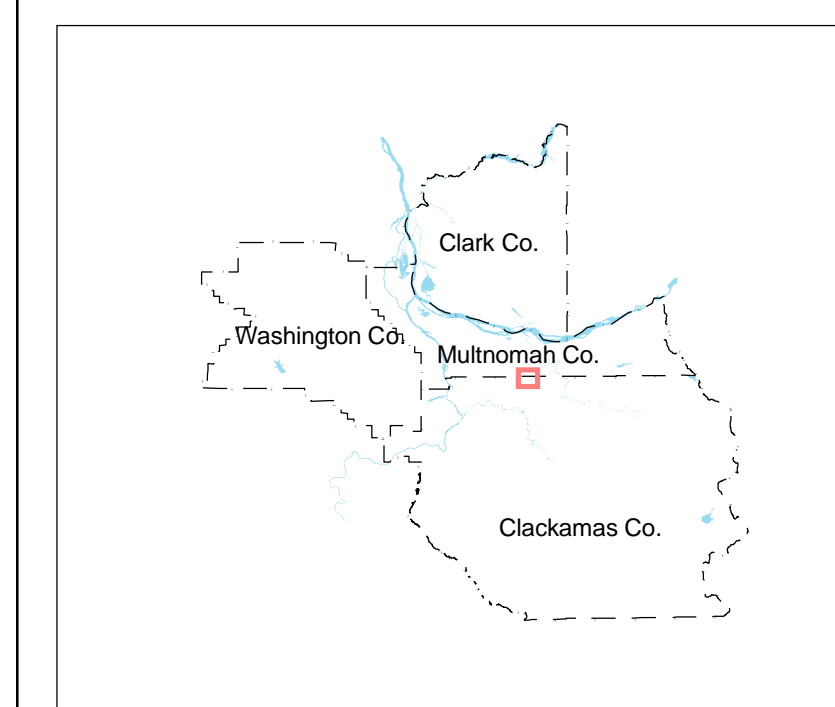
US

204

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1 inch equals 0.1 miles
0 0.03 0.06 0.12 Miles



Location Map



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2004 UGB Expansion

Ordinance 04-1040B

Exhibit E

June 24, 2004

2040 Design Type

 Industrial Land

 Urban Growth Boundary

Quarry
Area

Tualatin

TUALATIN-SHERWOOD RD

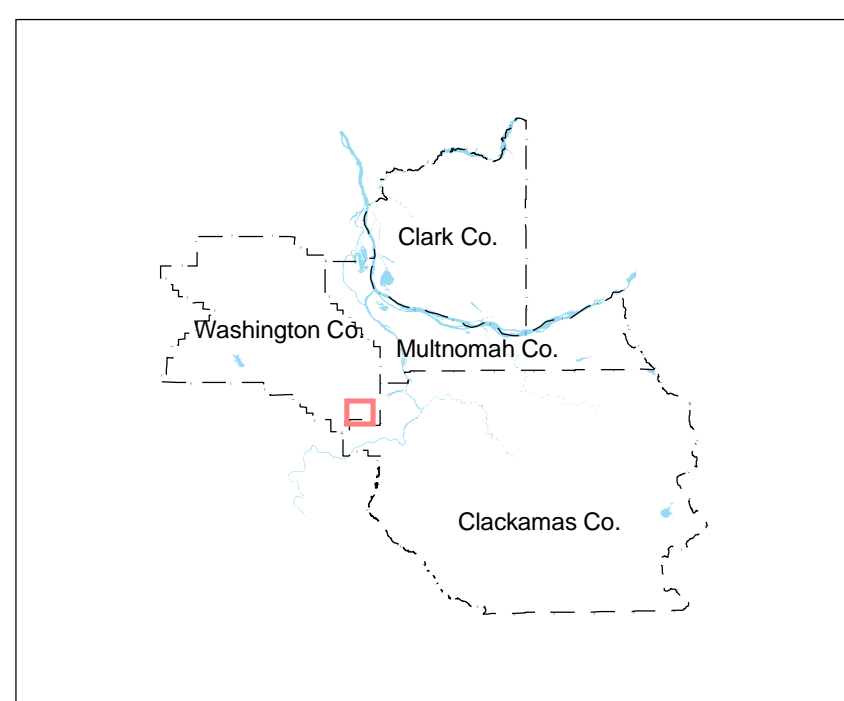
BOONES FERRY RD

Sherwood

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accompanying this product. However, notification of any errors will be appreciated.

1 inch equals 0.1 miles
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Location Map

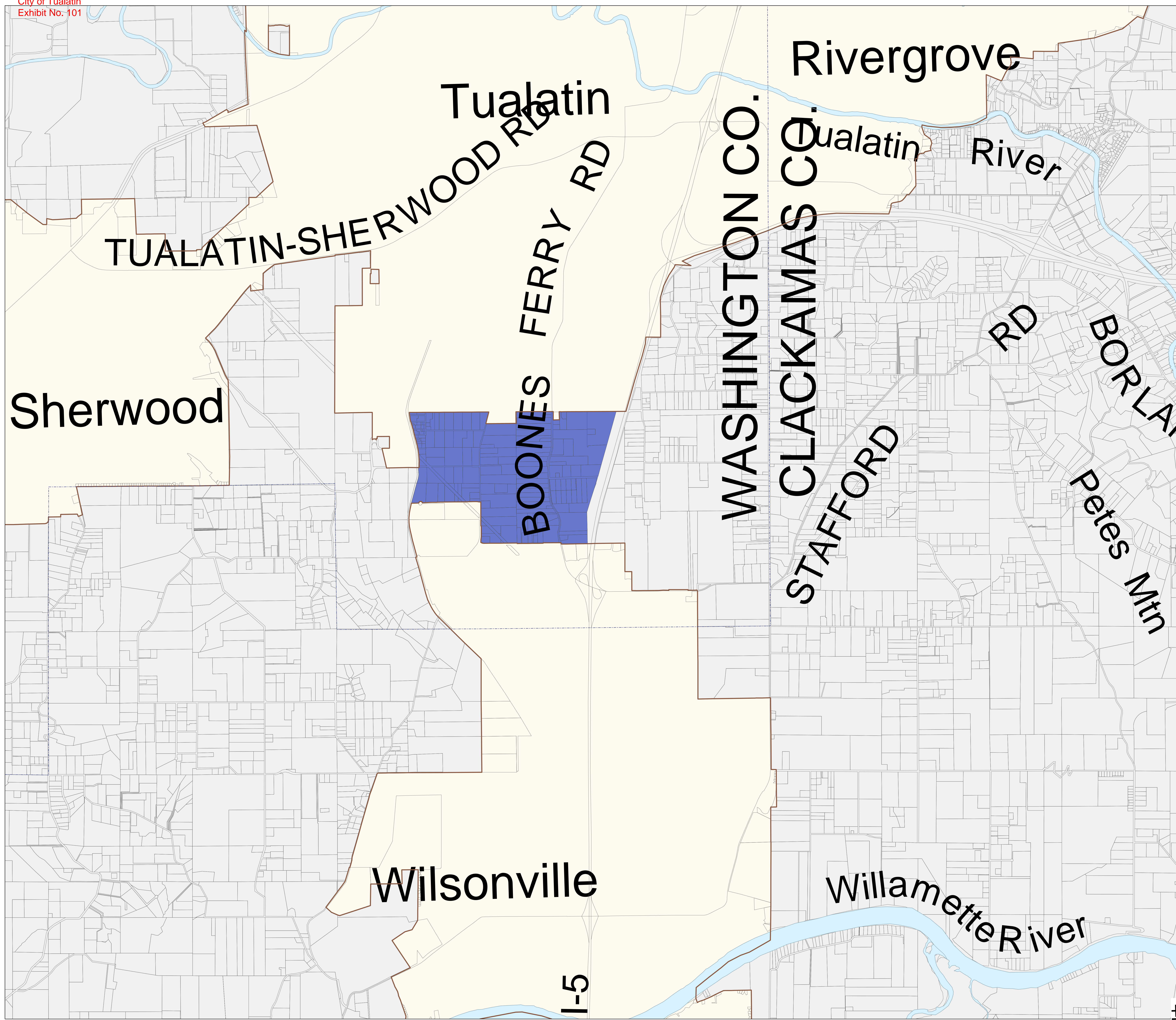


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2004 UGB Expansion
Ordinance 04-1040B
Exhibit E
June 24, 2004

2040 Design Type
 Industrial Land
 Urban Growth Boundary

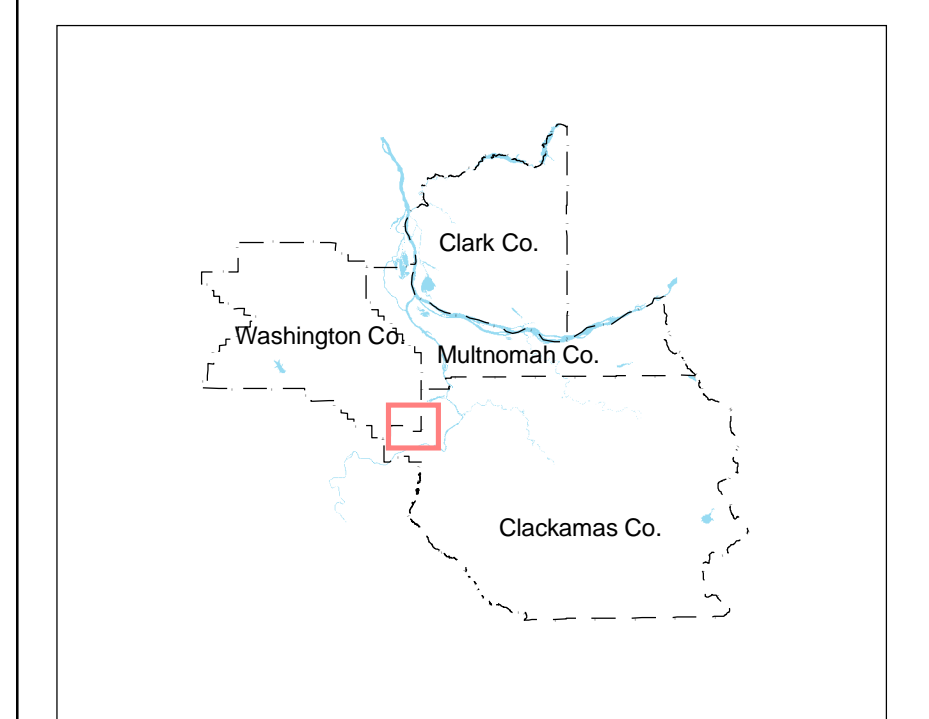
Tualatin Area



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1 inch equals 0.2 miles
0 0.1 0.2 0.4 Miles



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City of Tualatin

Exhibit No. 101

Exhibit F to Ordinance No. 04-1040B Conditions on Addition of Land to the UGB

I. GENERAL CONDITIONS APPLICABLE TO ALL LANDS ADDED TO THE UGB

A. The city or county with land use planning responsibility for a study area included in the UGB 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 area. Unless otherwise stated in specific conditions below, the city or county shall complete Title 11 planning within two years after the effective date of this ordinance. Specific conditions below identify the city or county responsible for each study area.

B. The city or county with land use planning responsibility for a study area included in the UGB, as specified below, shall apply the 2040 Growth Concept design types shown on Exhibit E of this ordinance to the planning required by Title 11 for the study area.

C. The city or county with land use planning responsibility for a study area included in the UGB shall apply interim protection standards in Metro Code Title 11, UGMFP, section 3.07.1110, to the study area until the effective date of the comprehensive plan provisions and land use regulations adopted to implement Title 11.

D. In Title 11 planning, each city or county with land use planning responsibility for a study area included in the UGB shall recommend appropriate long-range boundaries for consideration by the Council in future expansions of the UGB or designation of urban reserves pursuant to 660 Oregon Administrative Rules Division 21.

E. Each city or county with land use planning responsibility for an area included in the UGB by this ordinance 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 urban uses in the UGB and agricultural practices on adjacent land outside the UGB zoned for farm or forest use.

F. Each city or county with land use planning responsibility for a study area included in the UGB shall apply Title 4 of the UGMFP to those portions of the study area designated Regionally Significant Industrial Area (“RSIA”), Industrial Area or Employment Area on the 2040 Growth Concept Map (Exhibit C). If the Council places a specific condition on a RSIA below, the city or county shall apply the more restrictive condition.

G. In the application of statewide planning Goal 5 (Natural Resources, Scenic and Historic Areas, and Open Spaces) to Title 11 planning, each city and county with land use responsibility for a study area included in the UGB shall comply with those provisions of Title 3 of the UGMFP acknowledged by the Land Conservation and Development Commission (“LCDC”) to comply with Goal 5. If LCDC has not acknowledged those provisions of Title 3 intended to comply with Goal 5 by the deadline for completion of Title 11 planning, the city or county shall consider, in the city or county’s application of Goal 5 to its Title 11 planning, any inventory of regionally significant Goal 5 resources and any preliminary decisions to allow, limit or prohibit conflicting uses of those resources that is adopted by resolution of the Metro Council.

[H. Each city and county shall apply the Transportation Planning Rule \(OAR 660 Div 012\) in the planning required by subsections F \(transportation plan\) and J \(urban growth diagram\) of Title 11.](#)

City of Tualatin

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II. SPECIFIC CONDITIONS FOR PARTICULAR AREAS

A. Damascus Area

1. Clackamas County and Metro shall complete Title 11 planning requirements through the incorporation of this area into the greater Damascus/Boring Concept Plan planning effort currently underway. This planning shall be completed within the same time frame as specified in Ordinance No. 02-969B.
2. In the planning required by Title 11, subsections (A) and (F) of section 3.07.1120, Clackamas County or any future governing body responsible for the area shall provide for annexation of those portions of the area whose planned capacity is sufficient to support transit to the Tri-met District.
3. In the planning required by Title 11, subsections (A) and (F) of section 3.07.1120, Clackamas County or any future governing body responsible for the area shall provide for annexation of those portions of the area whose planned capacity is sufficient to support transit to the Tri-met District.

B. Beavercreek Area

1. Clackamas County or, upon annexation to Oregon City, the city and county, with Metro, shall complete Title 11 planning for the area.
2. This area shall be planned in conjunction with the adjoining tax lot added to the UGB in 2002, under Ordinance No. 02-969B.

~~C. Borland Area North of I-205~~

- ~~1. Clackamas County or, upon annexation to the City of Tualatin, the city and county, in coordination with the Cities of Lake Oswego, Tualatin, and West Linn and Metro, shall complete Title 11 planning within four years following the effective date of Ordinance No. 04-1040. The county and city, in conjunction with Lake Oswego and West Linn and Metro shall recommend long range boundaries in the Stafford Basin and general use designations for consideration by the Council in future expansions of the UGB.~~
- ~~2. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.~~

~~DC. Tualatin Area~~

1. Washington County or, upon annexation to the Cities of Tualatin or Wilsonville, the cities, in conjunction with Metro, shall complete Title 11 planning within ~~four~~ two years following the selection of the right-of-way alignment for the I-5/99W Connector, or within seven years of the effective date of Ordinance No. 04-1040, whichever occurs earlier.

City of Tualatin

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2. Title 11 planning shall incorporate the general location of the projected right of way ~~location~~ alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the "South Alignment," as shown on the Region 2040 Growth Concept Map, as amended by Ordinance No. 03-1014, October 15, 2003, the portion of the Tualatin Area that lies north of the right-of-way shall be designated "Inner~~Outer~~ Neighborhood" on the Growth Concept Map; the portion that lies south shall be designated "Industrial."
3. The governments responsible for Title 11 planning shall consider using the I-5/99W connector as a boundary between the city limits of the City of Tualatin and the City of Wilsonville in this area.

~~ED.~~ Quarry Area

1. Washington County or, upon annexation to the cities of Tualatin or Sherwood, the cities, and Metro shall complete Title 11 planning for the area.
2. Title 11 planning shall, if possible, be coordinated with the adjoining area that was included in the UGB in 2002 under Ordinance No. 02-969B.
3. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.
4. Title 11 planning shall incorporate the general location of the projected right-of-way for the Tonquin Trail as shown on the 2004 Regional Transportation Plan.

~~FE.~~ Coffee Creek Area

1. Washington and Clackamas Counties or, upon annexation of the area to the ~~City~~ cities of Tualatin or Wilsonville, the city, ~~and in conjunction with~~ Metro, shall complete the Title 11 planning for the area within ~~four~~ two years following the selection of the right-of-way alignment for the I-5/99W Connector, or within seven years of the effective date of Ordinance No. 04-1040B, whichever occurs earlier.
2. ~~The concept~~ Title 11 planning shall incorporate the general location of the projected right of way location for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan.

~~G.~~ Wilsonville East Area

1. ~~Clackamas County or, upon annexation of the area to the City of Wilsonville, the city, and Metro shall complete the Title 11 planning for the area within two years of the effective date of Ordinance No. 04-1040.~~
2. ~~In the planning required by Title 11 a buffer shall be incorporated to mitigate any adverse effects of locating industrial uses adjacent to residential uses located southwest of the area.~~

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- ~~3. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.~~

~~H~~F. Cornelius Area

1. Washington County, or, upon annexation of the area to the City of Cornelius, the city and Metro shall complete the Title 11 planning for the area.

~~I~~G. Helvetia Area

1. Washington County, or upon annexation of the area to the City of Hillsboro, the city, and Metro shall complete the Title 11 planning for the area.
2. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.

City of Tualatin

Exhibit No. 101

Exhibit G to Ordinance No. 04-1040B Findings of Facts, Conclusions of Law

Introduction

The Metro Council adopted Ordinance 04-1040B in response to LCDC Partial Approval and Remand Order 03-WKTASK-001524, entered July 7, 2003. LCDC's order followed its review of seven ordinances (Nos. 02-969B, 02-983B, 02-984A, 02-985A, 02-986A, 02-987A and 02-990A) adopted by the Metro Council as part of Periodic Review Work Task 2. The findings of fact and conclusions of law that explained how those ordinances complied with state planning laws, together with the supplemental findings and conclusions set forth in this exhibit, are part of the explanation how Ordinance No. 04-1040B complies with those laws. These findings also explain how Ordinance No. 04-1040B complies with the three requirements of the remand order.

REQUIREMENT NO. 1:

REMAND ORDER ON SUBTASK 17: COMPLETE THE ACCOMMODATION OF THE NEED FOR THE INDUSTRIAL LAND NEED COMPONENT OF EMPLOYMENT LAND THAT REMAINS APPROVAL OF WORK TASK 2.

I. GENERAL FINDINGS FOR TASK 2 REMAND DECISION ON UGB

A. 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 all elements of this periodic review decision. MPAC made recommendations to the Metro Council on most portions of the decision. All recommendations were forwarded formally to the Council and the Council responded. Metro Councilors and staff held many meetings with local elected officials in the year since LCDC's remand (July 7, 2003).

The record of this decision includes correspondence between local governments and Metro, including 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 state planning laws and its own Regional Framework Plan (Policy 1.11) and Regional Transportation Plan (Policy 2.0).

B. Citizen Involvement

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

To gather public input on this Task 2 remand decision, Metro conducted an extensive citizen involvement effort. The findings for Ordinance No. 02-969B set forth Metro's effort leading to adoption of that ordinance on December 5, 2002. Those findings are incorporated here. Since that time, the Metro notified by mail nearly 75,000 people of the pending decision to expand the UGB for industrial land. Metro also provided individual mailed notice to nearly 5,000 landowners of possible revisions to Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan ("UGMFP"). In March, 2004, Metro held six workshops on industrial land throughout the region, attended by some 1,200 people. Finally, the Council held public hearings on the UGB expansion and Title 4 on December 4 and December 11 of 2003 and April 22 and 29, May 6 and 27, and June 10 and 24 of 2004.

City of Tualatin

Exhibit No. 101

These efforts bring Metro into compliance with Goal 1 and Metro's Regional Framework Plan. More important, this work to involve Metro area citizens has contributed greatly to their understanding of the importance of this set of decisions for the region and have brought Metro invaluable comment on options available to it.

C. Need for Land

These findings address ORS 197.296; ORS 197.732(1)(c)(A); Goal 2, Exceptions, Criterion (c)(1); Oregon Administrative Rules 660-004-0010(1)(c)(B)(i) and 660-004-0020(2)(a); Goal 9 (local plan policies); Goal 10; Goal 14, Factors 1 and 2; Metro Regional Framework Plan ("RFP") Policies 1.2, 1.4, 1.4.1 and 1.4.2; and Metro Code 3.01.020(b)(1) and (2).

The findings for Ordinance No. 02-969B set forth Metro's analysis of the need for land for new jobs through the year 2022. The Urban Growth Report-Employment ("UGR-E") provides the details of that analysis. The analysis indicates that the region will need approximately 14,240 acres to accommodate an additional 355,000 jobs (all employment, commercial and industrial). Based upon new information that came to the Council during hearings on Title 4 revisions and UGB expansion, Metro completed a supplement (Ordinance No. 04-1040B, Appendix A, Item b) to the UGR-E that describes emerging trends in industrial use.

Leading to adoption of the ordinances that expanded the UGB in December, 2002, Metro analyzed the capacity of the existing UGB to accommodate this employment growth. The analysis determined that the UGB contained a surplus of land (759.6 acres) for commercial employment and a deficit of land (5,684.9 acres) for industrial development. The UGR-E provides the details of this analysis.

Following adoption of the December, 2002, ordinances, Metro analyzed the capacity of the expanded UGB. Those ordinances left Metro with a deficit of 1,968 acres of industrial land and a surplus of 393 acres of commercial land. From this analysis, the Council concluded that the UGB, as expanded by ordinances in December, 2002, did not have sufficient capacity to accommodate the remaining unmet need for industrial land. This deficit was one reason for LCDC's July 7, 2003, remand order directing Metro to complete the accommodation of this need for industrial land.

Based upon interviews with industrial developers, brokers and consultants, the Regional Industrial Land Survey ("RILS") and Metro's UGR-E, Metro refined the need for industrial land. Not just any land will satisfy the need for industrial use. Metro defined the need as 1,968 acres of land composed generally of less than 10 percent slope that lies either within two miles of a freeway interchange or within one mile of an existing industrial area. RILS and the UGR-E also calculate the need for parcels of varying sizes by sectors of the industrial economy. Table 13 of the UGR-E shows a need for 14 parcels 50 acres or larger for the warehouse and distribution and tech/flex sectors (page 25).

D. Alternatives: Increase Capacity of the UGB

These findings address ORS 197.732(c)(B); Goal 14, Factors 3 and 4; Goal 2, Exceptions, Criterion 2; OAR 660-004-0010(1)(B)(ii) and 660-004-0020(2)(b); Metro Code 3.01.020(b)(1)(E); and RFP Policies 1.2, 1.3, 1.4, 1.6, 1.7, 1.8 and 1.9.

To address the shortfall in employment capacity, Metro considered measures to increase the efficiency of land use within the UGB designated for employment. Metro's UGMFP Title 4, first adopted in 1996, limited non-employment uses in areas designated Industrial and Employment. Analysis of results of local implementation of Title 4 indicates that commercial uses and other non-industrial uses are converting land designated for industrial use to non-industrial use.

City of Tualatin

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In response to this information, the Metro Council amended the RFP in Ordinance No. 02-969B in December, 2002, to improve the protection of the existing industrial land base. The Council created a new 2040 Growth Concept design type – “Regionally Significant Industrial Land” (“RSIA”) – and revised Title 4 to establish new limitations on commercial office and commercial retail uses in RSIA. Metro estimated that these new measures would reduce the shortfall in industrial land by 1,400 acres by reducing encroachment by commercial uses. The Council counted this “savings” of industrial land in its determination that the deficit of industrial land following the December, 2002, expansion of the UGB was 1,968 net acres.

Following adoption of the December ordinances, the Council began implementation of the new policy and code, including the mapping of RSIA. The process of developing the map with cities and counties in the region uncovered implementation difficulties with the provisions of the new Title 4 that limited commercial retail and office uses. With Ordinance No. 04-1040B, the Council once again revised Title 4 with two objectives: greater flexibility for traded-sector companies and retention of the 1,400-acre “savings” estimated from the December, 2002, revisions. Based upon the analysis of Title 4 revisions in the supplement to the UGR-E (Ordinance No. 04-1040B, Appendix A, Item b), the Council estimates that the revisions, in combination with conditions placed upon areas added to the UGB for industrial use, will continue to “save” 1,400 acres of industrial land from intrusion by commercial uses.

During hearings on the remand from LCDC, the Council received testimony that an increasing number of industrial jobs is finding space in office buildings rather than in traditional industrial buildings. The Council relied upon this testimony to revise Title 4 limitations on offices in industrial areas. The Council also relied upon the testimony to apply the 393-acre surplus of commercial land taken into the UGB by the December, 2002, ordinances to the need for 1,968 acres of industrial land. The Council assumed that offices in the region’s designated Employment Areas, Centers, Corridors, Station Communities and Mains Streets would absorb industrial jobs. This assumption reduced the need for industrial land from 1,968 to 1,575 net acres.

Also during the hearings, the cities of Wilsonville, Oregon City and Fairview brought news of recent plan amendments (adopted after completion of Metro’s inventory of industrial land) adding land to the industrial land supply. The Council concluded that the land added by Wilsonville (127 acres) and Oregon City (74 acres) are actually available for industrial use, subject to timing and infrastructure requirements. The Council concluded that the Fairview land, though designation industrial in the city’s comprehensive plan, is not yet appropriately zoned to make it available for industrial use. These actions reduced the need for industrial land from 1,575 to 1,374 net acres.

The City of Gresham requested a change to the 2040 Growth Concept Map and the Title 4 Employment and Industrial Areas map for a 90-acre tract that is part of Study Area 12 and adjacent to land added to the UGB in December, 2002, for industrial use. The city says further planning work on its part has revealed that some 20 acres of the tract are suitable for industrial use. The Council makes this change in Ordinance No. 04-1040B, reducing the need from 1,374 to 1,354.

In a further effort to accommodate industrial development more efficiently within the UGB, the Council discovered that it had assumed a commercial development refill rate of 50 percent, lower than the most recently observed rate of 52 percent. For the reasons stated above, the Council concludes that this infill and re-development of lands in designated Employment Areas, Centers, Corridors, Station Communities and Mains Streets will accommodate some of the increasing number of industrial jobs that is locating in offices rather than factories or other traditional industrial buildings. Correction of the commercial refill rate assumption reduces the need for industrial land from 1,354 to 1,180 acres.

City of Tualatin

Exhibit No. 101

E. Alternatives: Expand the UGB

These findings address ORS 197.732(c)(B), (C) and (D) and Goal 2, Exceptions; ORS 197.298(1); Goal 11; Goal 14, Factors 3-7; OAR 660-004-0010(1) and 660-004-0020(2); RFP Policies 1.2, 1.3.1, 1.4, 1.4.1, 1.7, 1.7.2, 1.9, 1.12.1, 1.12.2 and 5.1.1; Regional Transportation Plan Policy 3.0 and Metro Code 3.01.020(b)(3) through (7) and 3.01.020(d)

The measures taken by the Council to increase the capacity of the existing UGB for industrial use, described above leave an unmet need for industrial land of 1,180 acres.

Metro began the search for the most appropriate land for inclusion in the UGB by applying the priorities in ORS 197.298(1). Because Metro has not re-designated “urban reserve” land since its 1997 designation was invalidated on appeal, the highest priority for addition of land is exception land.

Metro first included for consideration all exception land that was studied for inclusion in the December, 2002, ordinances, but not included at that time (59,263 acres). Metro then expanded the search to consider all other land, resource land included, that met the siting characteristics that help define the need for industrial land (less than 10 percent slope and within two miles of a freeway interchange or one mile of an existing industrial area (9,071 acres). In all, Metro looked at approximately 68,000 acres to find the most appropriate land.

Once Metro mapped land by its statutory priority, Metro analyzed the suitability of the land for industrial use, considering the locational factors of Goal 14, the consequences and compatibility criteria of the Goal 2 and statutory exceptions process, the policies of the Regional Framework Plan (RFP) and the criteria in the Metro Code that are based upon Goal 14. This analysis is set forth in the Alternatives Analysis Study, Item (c) in Appendix A of Ordinance No. 04-1040B and subsequent staff reports [Appendix A, Items (a) and (y)].

The Alternatives Analysis and testimony from the hearings gave the Council few easy or obvious choices among the lands it considered. The land most suitable for the types of industrial use forecast in the region for the next 20 years is flat land near freeway interchanges or near existing industrial areas. In addition, the region needs parcels 50 acres or larger for the warehouse and distribution and tech/flex sectors. The land most likely to meet these needs at the perimeter of the UGB is agricultural land, the last priority for inclusion under ORS 197.298(1).

The highest priority for inclusion, under the priority statute, where no urban reserves have been designated, is exception land. But the character of most exception areas makes them unable to fill the region’s needs for industrial use. The great majority of exception land outside the UGB is designated for residential use, and most of that is settled with residences. Parcels are generally small (five acres and smaller), the topography is usually rolling and often steep, and streams, small floodplains and wildlife habitat are common. And residents, as evidenced by testimony at Council hearings, are often vigorously opposed to industrial intrusions into what they consider their neighborhoods.

The Council excluded from further consideration those exception lands that lie further than two miles from a freeway interchange and more than one mile from existing industries for the reason that these areas cannot meet the identified need for industrial land. The Staff Report [Appendix A, Item (a)] describes these specific areas in detail at pages 13 to 18.

The Council excluded other study areas (or portions of them) from further consideration even though they could meet the identified need (less than 10 percent slope and either within two miles from a freeway interchange or within one mile from existing industries) because they are unsuitable for industrial use. Further analysis showed that some combination of parcelization, existing development, limitations on use

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imposed by Title 3 of the UGMFP (Water Quality, Flood Management and Fish and Wildlife Conservation), poor road access, difficulty in providing public services and negative effects of urbanization on nearby agricultural practices renders the areas unsuitable for industrial use. Portions of the areas contain designated farm or forest land. The Staff Report [Appendix A, Item (a)] describes these specific areas in detail at pages 18 to 25 (and portions of other areas at pages 13 to 18).

The Council also excluded those exception areas that are not contiguous to the UGB, or to areas added to the UGB for industrial use, and do not contain enough suitable land to comprise a minimum of 300 gross acres. Based upon an analysis of industrial areas within the pre-expansion UGB and reasoning set forth in “Formation of Industrial Neighborhoods”, memorandum from Lydia Neill to David Bragdon, October 24, 2003, the Council concludes that these small areas cannot satisfy the need for industrial land.

The Council looked next to resource land, beginning with land of lowest capability. The Council included 354 acres (236 net acres) designated for agriculture in the Quarry Study Area, composed predominantly of the poorest soils (Class VII) in the region. Other land with poor soils in the vicinity were rejected due to steep slopes. The Council included 63 acres (30 net acres) designated for forestry in the Beaver Creek Study Area composed of Class IV and VI soils and 102 acres (69 net acres) of Class III and IV soils in the Damascus West Study Area. No other land with soil capability lower than Class II can meet the need for industrial use identified by the Council.

Finally, the Council turned to the many lands under consideration with predominantly Class II soils. To choose among thousands of acres of this flat farmland near urban industrial areas or near freeway interchanges, the Council considered the locational factors of Goal 14 and policies in its Regional Framework Plan (“RFP”) and Regional Transportation Plan (“RTP”). Further, the Council sought advice from a group of farmers and agriculturalists in the three counties, assembled by the Oregon Department of Agriculture (“ODA”). This group submitted a report to the Council entitled “Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use.” [Appendix A, Item (i).] Preliminary guidance from ODA led the Council to consider an amendment to Policy 1.12 of the RFP on agricultural land, adopted and applied in Ordinance No. 04-1040B: “When the Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Council shall choose agricultural land deemed less important to the continuation of commercial agriculture in the region.” (Exhibit A.)

The Council finds that the region will be able to urbanize the lands it has added to the UGB in an efficient and orderly fashion. The Council concludes that the overall consequences of urbanization of these lands are acceptable, especially given the protections in place in the RFP and Metro Code for sensitive resources. Through mitigation measures required by the conditions in Exhibit F, the Council believes it can achieve compatibility between urbanization of the land added to the UGB and adjacent land outside the UGB.

The Council also believes that it is able to maintain separations between communities at the urban fringe sufficient to allow each community to retain a sense of place. The Council chose ridgelines, streams, power lines, roads and property lines to define the boundaries of the UGB in an effort to provide a distinct boundary and a clear transition between urban and rural uses.

The Council also finds that the lands it added to the UGB for industrial use contribute to a compact urban form. The lands are adjacent to the existing UGB. Many involve exception lands that are already partially urbanized and contain some components of public facilities needed to serve urban industrial uses. The Council rejected some areas of exception land that extend far from the UGB and would require long extensions of linear services such as sewer, water and stormwater lines. The Council chose land that adheres closely to siting characteristics needed by the industries likely to grow during the planning period: proximity

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to existing industrial areas and accessibility to freeway interchanges. These choices contribute to the region's urban form which, among other things, calls for siting uses with higher densities (commercial and residential) in Centers and other design types served by high-capacity public transit.

Combined with areas added to the UGB for employment in the December, 2002, periodic review ordinances, areas added by Ordinance No. 04-1040B for industrial use are distributed round the region. Most of the jobs land was added to the east side of the region in December, 2002. This ordinance adds industrial land mostly to the south and west sides of the region. In particular, addition of 262 acres north of Cornelius will add jobs, income, investment and tax capacity to a part of the region with disproportionately little of those resources.

F. Water Quality

Each local government responsible for an area added to the UGB must complete the planning requirements of Title 11, Urban Growth Management Functional Plan ("UGMFP"), including compliance with the water quality provisions of Title 3 of the UGMFP.

G. Areas Subject to Natural Disasters and Hazards

The Council has excluded environmentally constrained areas from the inventory of buildable land (see UGRs) and from its calculation of the housing and jobs capacity of each study area (see Alternatives Analysis). Each local government responsible for an area added to the UGB must complete the planning requirements of Title 11, Urban Growth Management Functional Plan ("UGMFP"), including compliance with Title 3 of the UGMFP on floodplains and erosion control.

The Council considered the best information available on known hazards, including earthquake hazard. The study areas with the highest earthquake hazard have been rejected. The are small portions of several study areas with known earthquake hazards added to the UGB. Local governments responsible for Title 11 planning are required by that title (and Goal 7) to take these portions into account in their comprehensive plan amendments.

H. Economic Development

As part of Task 2 of periodic review, Metro reviewed the economic development elements of the comprehensive plans of each of the 24 cities and three counties that comprise the metro area. Metro used the review in its determination of the region's need for employment land and for coordination with local governments of its choices to add land to the UGB for employment purposes.

Revisions to Title 4 (Industrial and Other Employment Areas) of the UGMFP and the conditions placed upon lands added to the UGB (Exhibit F of Ordinance No. 04-1040B and exhibits to December, 2002, ordinances) add significant protection to sites designated for industrial use, both those added to the UGB and those within the UGB prior to expansion, to help ensure their availability for that purpose.

Inclusion of these areas adds 1,920 acres (1,047 net acres) to the UGB for industrial use. Combined with the efficiency measures described in Section D of these Findings (Alternatives: Increase Capacity of the UGB), above, and actions taken in December, 2002, these additions to the UGB accommodate approximately 99 percent of the need for industrial land [identified in the 2002-2022 Urban Growth Report: An Employment Land Need Analysis (9,366 net acres)]. Given the unavoidable imprecision of the many assumptions that underlie the determination of need for industrial land – the population forecast; the employment capture rate; the industrial refill rate; employment density (particularly given changes in building types used by industry over time); the rate of encroachment by non-industrial uses; and the vintage

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industrial relocation rate – the Council concludes that its actions in the December, 2002, ordinances and in this Ordinance No. 04-1040B provide a 20-year supply of industrial land for the region and comply with part 2 (periodic review Subtask 17) of LCDC’s Partial Approval and Remand Order 03-WKTASK-001524, July 7, 2003.

II. SPECIFIC FINDINGS FOR PARTICULAR AREAS ADDED TO UGB IN TASK 2 REMAND DECISION

These findings address ORS 197.298; ORS 197.732(1)(c)(B), (C) and (D); Goal 2, Exceptions, Criteria (c)(2), (3) and (4); Oregon Administrative Rules (OAR) 660-004-0010(1)(B)(ii), (iii) and (iv); OAR 660-004-0020(2)(b), (c) and (d); Goal 5; Goal 11; Goal 12; Goal 14, Factors 3 through 7; Metro Code 3.01.020(b)(3) through (7) and 3.01.020(d); Metro RFP Policies 1.2, 1.3, 1.4, 1.6, 1.7, 1.11 and 1.12; and Regional Transportation Plan Policies 2.0, 3.0, 4.0 and 14.0.

A. Damascus West

The Council relies upon the facts and analysis in the Industrial Land Alternative Analysis Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 21-23; 111; A-1 – A-4] and the Staff Report [Appendix A, Item (a), p. 27] to support its conclusion that addition of a portion of Damascus West will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area of resource land because it contains a concentration of larger parcels (five parcels between 10 and 20 acres). Parcels of this range are needed for the types of industries Metro expects will grow during the planning period (UGR-E, p. 25) and are generally unavailable in exception areas. Also, soils in the area are Class III and IV, of lower capability than other resource land under consideration. In addition, the area lies within a ground-water restricted area designated by the Oregon Department of Water Resources. Finally, it occupies a small notch that extends into land within the UGB and is relatively isolated by topography and forested land from other agricultural lands to the south, as noted in the report of the Metro Agricultural Lands Technical Workgroup led by the Oregon Department of Agriculture [“Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use”, Appendix A, Item (i)].

1. Orderly Services

The Council relies upon the Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Alternative Analysis Study (Appendix A, Item 6, pages 111 and Table A-2, respectively) for its determination that these services can be provided to the Damascus West area in an orderly and economic manner by extending services from existing serviced areas. Condition IIA(1) of Exhibit F calls for transportation and public facility and service plans within the same four years allowed for Title 11 planning of the entire Damascus area by Condition IIA(1) of Exhibit M of Ordinance No. 02-969B.

The Alternative Analysis Study (p. 20) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the larger Damascus Study Area. Serviceability generally ranges from “easy” to “difficult” to serve (Table 1, p. 111) and compares favorably with areas not included (such as Borland Road South, Norwood/Stafford and Wilsonville West). Transportation services will be only moderately difficult to provide for reasons set forth in the Alternative Analysis Study, p. 21.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above for its conclusion that the area can urbanize efficiently, particularly knowing that Damascus West will be planned in conjunction with the greater Damascus area added to the UGB in December, 2002. The Council

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also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on the Damascus West area set forth in the Alternative Analysis Study, pp. 21-22 and Table A-3. The analysis indicates that the consequences will be low, especially considering 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 F of Ordinance No. 04-1040B.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro's adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local governments will eventually adopt provisions to implement Metro's Goal 5 program following the Council's adoption of that program, if the local government's ordinance do not already comply.

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Damascus West area would have low adverse consequences for nearby agriculture (Alternative Analysis Study, p. 21; Table A-4). This is, in part, due to the facts that the area occupies a small notch that extends into land within the UGB and is relatively isolated by topography and forested land from other agricultural lands to the south, as noted in the report of the Metro Agricultural Lands Technical Workgroup led by the Oregon Department of Agriculture ["Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use", Appendix A, Item (i)]. Ordinance No. 04-1040B, Exhibit F, imposes Condition IE upon urbanization of Damascus West to reduce conflict and improve compatibility between urban use in the area and agricultural use on land to the south.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Damascus West area protected by Clackamas County in its acknowledged comprehensive plan (p. 22). The county will be responsible for protecting these resources in the area when it amends its comprehensive plan and zoning ordinance to implement expansion of the UGB. Condition IG of Exhibit F requires the county to consider Metro's inventory of Goal 5 resources in their application of Goal 5 to the Damascus area. Title 3 (Water Quality, Flood Management and Fish and Wildlife Conservation) of the UGMFP requires Clackamas County to protect water quality and floodplains in the area. Title 11 of the UGMFP, section 3.07.1120G, requires the county to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county planning for the area.

6. Public Utilities and Services

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 Clackamas County from upzoning and from dividing land into resulting lots or parcels smaller than 20 acres until the county revises its comprehensive plan and zoning ordinances to authorize urbanization of land Metro brings into the UGB; and (2) requires the county to develop public facilities and services plans and urban growth diagrams with the general locations of necessary public

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facilities such as sanitary sewers, storm sewers and water lines for the area. Metro and the county began this work with the evaluation of the serviceability of the Damascus area in the Alternative Analysis Study (pages 20-21 and 111).

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Damascus West area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Clackamas County from upzoning and from land divisions into resulting lots or parcels smaller than 20 acres in the area until the county revises its comprehensive plans and zoning ordinances to authorize urbanization of land Metro brings into the UGB; and (2) requires the county to develop conceptual transportation plans and urban growth diagrams with the general locations of arterial, collector and essential local streets for the area. Metro and Clackamas County began this work with the evaluation of the serviceability of the area in the Alternative Analysis Study (p. 21 and Table A-2) and consideration of how to provide services as part of the analysis required to satisfy Goal 14, factors 3 and 4.

Metro's 2000 Regional Transportation Plan (RTP) anticipated inclusion of the area within the UGB. The plan's "Priority System" of planned transportation facilities shows improvements planned for the area to serve anticipated growth. Among the improvements is the Sunrise Highway, a likely alignment for which (shown on the 2040 Growth Concept Map) borders the portion of the Damascus West Study Area included by this ordinance. The "Financially Constrained System" includes improvements that will add capacity to East Sunnyside Road near the included area (see discussion of RTP below).

8. Regional Framework Plan

The area lies within ½-mile of Damascus Town Center and will provide additional employment to support the center. The area will not only provide employment opportunities for new residents of the Damascus area, but also improve the ratio between jobs and housing in the east side of the region.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan adopted a "Priority System" of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements are the "East Multnomah County Transportation Projects" and the "Pleasant Valley and Damascus Transportation Projects" that will provide the basic transportation services to the area (pages 5-49 to 5-57). Figures 1.4, 1.12, 1.16, 1.17, 1.18 and 1.19 of the RTP show how the region's street design, motor vehicle, public transportation, freight, bicycle and pedestrian systems will extend into the Damascus area.

B. Beavercreek

The Council relies upon the facts and analysis in the Alternative Analyses Study [2003 in Appendix A, Item(d) in Ordinance No. 04-1040B, pp. 32-34; 111; A-1 – A-4] and the Staff Report [Appendix A, Item (a), p. 25] to support its conclusion that addition of a portion of the Beavercreek area will provide for an orderly and efficient transition from rural to urban land use. The Council added this single tract, zoned for forest use but occupied by a portion of a larger golf course, in part because the Council included the other half of the golf course in the UGB by Ordinance No. 02-969B in December, 2002 (as part of Task 2), and

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designated it for industrial use. The predominant soils on the tract are Class IV and VI. This parcel (63 acres; 30 net acres) helps satisfy the identified need for large parcels (see UGR-E, page 25), particularly in combination with the other part of the golf course included in December, 2002.

1. Orderly Services

The Council relies upon the Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Alternative Analysis Study (Appendix A, Item 6, pages 111 and Table A-2, respectively) for its determination that these services can be provided to this portion of the Beavercreek area in an orderly and economic manner by extending services from existing serviced areas. Condition IA of Exhibit F calls for transportation and public facility and service plans within two years. Condition IIB(2) specifies that Title 11 planning of the area be done in conjunction with Title 11 planning for the adjoining area added to the UGB by Ordinance No. 02-969B.

The Alternative Analysis Study (p. 32-33) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the larger Beavercreek area. The developable portion of the area included in the UGB adjoins and will be served by the same providers that will serve the area added to the UGB in December, 2002. Serviceability generally ranges from “easy” to “difficult” to serve (Table 1, p. 111) and compares favorably with areas not included (such as Borland Road South, Norwood/Stafford and Wilsonville West). Table A-2 shows transportation services for the larger Beavercreek area to be difficult. However, for the portion of Beavercreek added, transportation services will be the same as those provided to the adjoining property added to the UGB in December, 2002.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above for its conclusion that the area can urbanize efficiently, particularly knowing that this portion of the Beavercreek area will be planned in conjunction with the portion added to the UGB and designated for industrial use in December, 2002. Both portions can be urbanized more efficiently if the portions are planned and urbanized together.

The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on this portion of the Beavercreek area set forth in the Industrial Land Alternative Analysis Study, p. 34 and Table A-3). The analysis indicates that the consequences will be high if the Council were to include the entire Beavercreek study area (2,540 acres). But Ordinance No. 04-1040B includes only a single, 63-acre tract, half of a golf course the other half of which was included in the UGB by Ordinance No. 02-969B. Title 11 of the UGMFP requires that comprehensive planning and land use regulations for the area protect the portions (streams, wetlands, floodplains and steep slopes) of the tract subject to Title 3 of the UGMFP and the conditions in Exhibit F of this ordinance.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro’s adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local governments will eventually adopt provisions to implement Metro’s Goal 5 program following the Council’s adoption of that program, if the local government’s ordinance do not already comply.

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4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Beaver creek area would have moderate adverse consequences for nearby agriculture (p. 111). There will be little effect on agriculture from urbanization of this small portion of the area, however, because the tract itself is part of a golf course, and there are no nearby agricultural activities.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the larger Beaver creek area protected by Clackamas County in its acknowledged comprehensive plan (page 34). The single portion of the larger area added to the UGB by this ordinance contains no inventoried Goal 5 sites protected by Clackamas County. Condition IG of Exhibit F requires the county to consider Metro's inventory of Goal 5 resources in their application of Goal 5 to the small portion of the Beaver creek area included in the UGB. Title 3 (Water Quality, Flood Management and Fish and Wildlife Conservation) of the UGMFP requires Clackamas County to protect water quality and floodplains in the area. Title 11 of the UGMFP, section 3.07.1120G, requires the counties to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county planning for the area.

6. Public Facilities and Services

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 Clackamas County or Oregon City from upzoning and 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 facilities 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. Metro, the county and the city began this work with the evaluation of the serviceability of the Beaver creek area in the Alternative Analysis Study done as part of Ordinance No.02-969B (pages 108-09; A-9, A-13;) and the Industrial Land Alternative Analysis Study done as part of Ordinance No. 04-1040A (pages 25, 32-33 and 111).

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Beaver creek area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Clackamas County or Oregon City from upzoning and from land divisions into resulting lots or parcels smaller than 20 acres in the area 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 a conceptual transportation plan and urban growth diagram with the general locations of arterial, collector and essential local streets for the area. Metro, the county and the city began this work with the evaluation of the serviceability of the Beaver creek area in the Alternative Analysis done as part of Ordinance No.02-969B (pages 108-09; A-9, A-15-19) and the Analysis done as part of Ordinance No. 04-1040B (pages 25 and 33 and A-2).

The City of Oregon City indicates that the Beaver creek area can be provided with transportation services. The small included portion adjoins an area that is more serviceable than other portions of the larger Beaver creek area considered by the Council. It is contiguous to the city and can be served in an orderly manner.

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8. Regional Framework Plan

This small addition of industrial land (63 acres) will be planned in combination with adjoining industrial land added by Ordinance No. 02-969B to comprise a more efficient industrial area. The area will provide employment to support the Oregon City Regional Center.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements is the “Highway 213 Corridor Study” to complete a long-term traffic management plan and identify projects to implement the plan (pages 5-59 to 5-61).

C. Quarry (Partial)

The Council relies upon the facts and analysis in the Industrial Land Alternative Analyses Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 64-66; 111; A-1 – A-4] and the Staff Report [Appendix A, Item (a), pp. 26-27] to support its conclusion that addition of a portion of the Quarry Study Area will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area of resource land because it contains a concentration of larger parcels, relatively few of which are developed with residences. Parcels of this range are needed for the types of industries Metro expects will grow during the planning period (UGR-E, p. 25) and are generally unavailable in exception areas. Also, soils in the area are predominantly Class VII, of lower capability than other resource land under consideration. Significant portions are devoted to quarry operations, which have removed soils altogether. There are major quarry operations adjoining this area to the east and elsewhere nearby. There is also significant industrial development and zoning north and east of the Quarry area. See “Perfect for Industry”, prepared by Davis, Wright, Tremaine, LLP, April 29, 2004. The Council included one of the quarry areas in the UGB in Ordinance No. 02-990A for industrial use. Some agricultural activity takes place in the northern section of this area, but it is isolated from other areas devoted to agriculture by quarry operations and other nonfarm activities [Tualatin Valley Sportsmens Club (gun club), for example].

1. Orderly Services

The Council relies upon the Quarry Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Industrial Land Alternative Analysis Study (Appendix A, Item (c), pages 111 and Table A-2, respectively) for its determination that urban services can be provided to the Quarry area in an orderly and economic manner by extending services from existing serviced areas. Condition IIE(2) of Exhibit F calls for coordination of transportation and public facility and service planning for this area with the adjoining area added to the UGB for industrial use on December 12, 2002.

The Alternatives Analysis (p. 64-65) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the Quarry Study Area. Serviceability ranges from “easy” to “moderately difficult” to serve (Table 1, p. 111) and compares favorably with areas not included (such as Borland Road South, Norwood/Stafford and Wilsonville West). Transportation services would be easy to provide for reasons set forth in the Alternative Analysis Study, p. 65.

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2. Efficiency

The Council relies on the same information on provision of essential services mentioned above for its conclusion that the area can urbanize efficiently, particularly knowing that this portion of the Quarry Study Area will be planned in conjunction with the quarry area to the east, added to the UGB and designated for industrial use in December, 2002. This portion lies close to existing services and Tualatin-Sherwood and Oregon Roads. Both portions can be urbanized more efficiently if the portions are planned and urbanized together.

The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on this portion of the Quarry Study Area set forth in the Alternative Analysis Study, p. 65-66 and Table A-3). The analysis indicates that the environmental consequences will be low. In addition, Title 11 of the UGMFP requires 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 F of this ordinance.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro's adopted Goal 5 inventory during its planning (see Condition I G, Exhibit F). The local governments will eventually adopt provisions to implement Metro's Goal 5 program following the Council's adoption of that program, if the local government's ordinance do not already comply.

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Quarry Study Area would have few adverse consequences for nearby agriculture. The area has the UGB on three sides and quarry operations to the east and southeast. The portion devoted to agriculture is in the northwest portion, isolated from agricultural operations south of the quarries.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Quarry Study Area protected by Washington County in its acknowledged comprehensive plan (page 65-66). Significant portions of the area are identified as aggregate sites in the county's Goal 5 inventory and are protected by aggregate overlays. Under Metro's Title 11, current county land use regulations will remain in place until the county, or one of the cities (Tualatin or Sherwood), adopts new plan provisions and land use regulations to allow industrial uses in the area, at which time the county or city will apply Goal 5 to the area and re-consider the decision to protect the quarries under Goal 5.

Condition IG of Exhibit F requires the county or cities to consider Metro's inventory of Goal 5 resources in its application of Goal 5 to the Quarry area included in the UGB. Title 3 (Water Quality, Flood Management and Fish and Wildlife Conservation) of the UGMFP requires the county to protect water quality and wetlands in the area. Title 11 of the UGMFP, section 3.07.1120G, requires the county to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county or city planning for the area.

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6. Public Facilities and Services

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 Sherwood or Tualatin from upzoning and 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 facilities 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. Metro, the county and the cities began this work with the evaluation of the serviceability of the Quarry Study Area in the Alternative Analysis done as part of Ordinance No.02-969B (pages 161-63; A-9) and the Analysis done as part of Ordinance No. 04-1040B (pages 64-65 and 111).

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Quarry Study Area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Washington County or the City of Sherwood or Tualatin from upzoning and from land divisions into resulting lots or parcels smaller than 20 acres in the area until the county or city revises its comprehensive plan and land use regulations to authorize urbanization of land Metro brings into the UGB; and (2) requires the county or city to develop a conceptual transportation plan and urban growth diagram with the general locations of arterial, collector and essential local streets for the area. Metro and the county and cities began this work with the evaluation of the serviceability of the area in the Alternatives Analysis done as part of Ordinances No.02-969B (pages 108-09; A-9, A-15-19) and 990A and the Analysis done as part of Ordinance No. 04-1040B (pages 64-65 and A-2). The cities indicate a willingness to serve the Quarry area with transportation services pending the determination of service boundaries.

8. Regional Framework Plan

This addition of industrial land will be planned in coordination with adjoining industrial land to the east added by Ordinance No. 02-990A to comprise a more efficient industrial area. The area will provide employment to support the Sherwood and Tualatin Town Centers. The Quarry area runs along the Tualatin-Sherwood Road within two miles of the two centers. Given that the added portion of the Quarry area is suitable for the types of industry likely to grow in the future, the Council includes the area notwithstanding that this part of the region is relatively well-endowed with employment.

By adding the Quarry area to the UGB, following addition of the quarry area to the east, Metro will be bringing a “notch” into the UGB that lies between the two cities of Sherwood and Tualatin. This keeps the form of the region compact and efficient.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements are the “The Tualatin-Sherwood Major Investment Study”, to complete environmental design for the I-5 to 99W principal arterial connector, and the “Tualatin-Sherwood

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Connector”, to construct the four-lane tollway connection (pages 5-65 to 5-67). Although a final corridor for this facility has not yet been chosen, it is almost certain that it will pass less than a mile from the south border of the Quarry area.

D. Coffee Creek (partial)

The Council relies upon the facts and analysis in the Alternatives Analyses [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 58-60; 111; A-1 – A-4] and the Staff Report [Appendix A, Item (a), pp. 26] to support its conclusion that addition of a portion of the Coffee Creek Study Area [264 acres (97 net acres) of 442 in the study area] will provide for an orderly and efficient transition from rural to urban land use. The Council chooses this portion because it is almost entirely exception land (there is a 4.6-acre tract of resource at the northern edge), it can be planned in conjunction with land added to the UGB in December, 2002, for industrial use, urban services are available in the vicinity, and urbanization will have no effect on agricultural practices on adjacent land due to its isolation from agricultural activities.

1. Orderly Services

The Council relies upon the Coffee Creek Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Industrial Land Alternative Analysis Study (Appendix A, Item 6, pages 111 and Table A-2, respectively) for its determination that urban services can be provided to the Quarry area in an orderly and economic manner by extending services from existing serviced areas. Condition IIF(1) of Exhibit F allows four years for Title 11 planning for this area so that planning for urban services can be done in conjunction with such planning for the adjoining area added to the UGB for industrial use on December 5, 2002.

The Alternative Analysis Study sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the Coffee Creek area (p. 58-60; Table 1, p. 111). Serviceability ranges from “moderate” to “difficult” to serve and compares favorably with areas not included (such as Borland Road South and Wilsonville West).

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above for its conclusion that the area can urbanize efficiently, knowing that this portion of the Coffee Creek Study Area will be planned in conjunction with the area to the east, added to the UGB and designated for industrial use in December, 2002. The area lies adjacent to a principal north-south rail line that will make industrial use and movement of freight more efficient.

The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on this portion of the Coffee Creek area set forth in the Alternative Analysis Study, p. 58-60 and Table A-3). Because the Council included only the easternmost portion of the study area – the portion that borders the UGB on the west – the adverse consequences will be reduced. Title 11 of the UGMFP requires 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 F of this ordinance.

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The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro's adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F, Ordinance No. 04-1040B). The local government will eventually adopt provisions to implement Metro's Goal 5 program following the Council's adoption of that program, if the local government's ordinance do not already comply.

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the included portion of the Coffee Creek area would have no adverse consequences for nearby agriculture (p. 111). The area has quarry operations nearby and is isolated from commercial agricultural activity by stream drainages.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Coffee Creek Study Area protected by Washington County in its acknowledged comprehensive plan (p. 60). The quarries in the area are protected by aggregate overlays by Washington County. Under Metro's Title 11, current county land use regulations will remain in place until the county, or the City of Wilsonville or Tualatin, adopts new plan provisions and land use regulations to allow industrial uses in the area, at which time the county or city will apply Goal 5 to the area and re-consider the decision to protect the quarries under Goal 5.

Condition IG of Exhibit F requires the county or city to consider Metro's inventory of Goal 5 resources in its application of Goal 5 to the portion of Coffee Creek area included in the UGB. The area contains streams, wetlands and floodplains. Title 3 (Water Quality, Flood Management and Fish and Wildlife Conservation) of the UGMFP requires the county or city to protect water quality and wetlands in the area. Title 11 of the UGMFP, section 3.07.1120G, requires the county or city to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county or city planning for the area.

6. Public Facilities and Services

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 Wilsonville or Tualatin from upzoning and 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 the area; and (2) requires the county or city to develop public facilities 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.

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Coffee Creek Study Area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits the county or city from upzoning and from land divisions into resulting lots or parcels smaller than 20 acres in the area until the county or city revises its comprehensive plan and zoning ordinance to authorize urbanization of the area; and (2) requires the county or city to develop conceptual transportation plans and urban growth diagrams with the general locations of arterial, collector and essential local streets for the area.

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8. Regional Framework Plan

This addition of industrial land will be planned in combination with adjoining industrial land to the east added by Ordinance No. 02-969B to comprise a more efficient industrial area. The Coffee Creek Study Area will provide employment to support the Tualatin and Wilsonville Town Centers, to the north and south respectively. Given that the developable portion of the area is exception land and is suitable for the types of industry likely to grow in the future, the Council includes the Coffee Creek area notwithstanding that this part of the region is relatively well-endowed with employment.

Adding the Coffee Creek area to the UGB, lying between and adjacent to the Cities of Tualatin and Wilsonville, following addition of the area to the east, keeps the form of the region compact and efficient.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan (“RTP”) adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements are improvements to Boones Ferry Road from Durham Road in the north to Elligsen Road in the south, east of the Coffee Creek Study Area.

The RTP also includes “The Tualatin-Sherwood Major Investment Study”, to complete environmental design for the I-5 to 99W principal arterial connector, and the “Tualatin-Sherwood Connector”, to construct the four-lane tollway connection (pages 5-65 to 5-67). Although a final corridor for this facility has not yet been chosen, it is almost certain that it will pass through or just to the north of the Coffee Creek area, likely enhancing its access to I-5. Finally, the principal north-south rail line that lies along the eastern boundary of the area will offer an additional mode of transport for movement of freight in the area.

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The Council relies upon the facts and analysis in the Industrial Land Alternative Analyses Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 61-63; 111; A-1 – A-4] and the Staff Reports [Appendix A, Item (a), pp. 27-28] to support its conclusion that addition of a portion of the Tualatin Study Area will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area because it is exception land (rural residential and rural industrial) with characteristics that make it suitable for industrial use. It lies within two miles of the I-5 corridor and within one mile of an existing industrial area, and portions of the area are relatively flat. These characteristics render it the most suitable exception area under consideration for warehousing and distribution, a significant industrial need facing the region.

The City of Tualatin and many residents of the area expressed concern about compatibility between industrial use and residential neighborhoods at the south end of the city. They have also worried about preserving an opportunity to choose an alignment between Tualatin and Wilsonville for the I-5/99W Connector; the south alignment for this facility passes through the northern portion of the Tualatin Study Area.

In response to these concerns, the Council placed several conditions upon addition of this area to the UGB. First, the Council extended the normal time for Title 11 planning for the area: two years following the identification of a final alignment for the Connector, or seven years after the effective date of Ordinance No. 04-1040B, whichever comes sooner. This allows Title 11 planning by Washington County, the cities of Tualatin and Wilsonville and Metro to accommodate planning for the Connector alignment. Second, the

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Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)

1. Orderly Services

The Council relies upon the Tualatin Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Industrial Land Alternative Analysis Study (Appendix A, Item (c), pages 111 and Table A-2, respectively) for its determination that urban services can be provided to the area in an orderly and economic manner by extending services from existing serviced areas.

The Alternatives Analysis (pp. 61-62) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the Tualatin Study Area. Serviceability ranges from “easy” to “difficult” to serve (Table 1, p. 111). Throughout Task 2 of periodic review the Council has found, however, that provision of services to almost every exception area is difficult and expensive. The City of Wilsonville anticipates further industrial development in the portion of the study area north and northwest of the existing city, in part due to the siting of the Coffee Creek Correctional Facility, and expects to be the service provider over time. Given the critical need for sites proximate to interchanges on I-5 and the rarity of such sites, the Council has decided to include the Tualatin Study Area notwithstanding.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above (Orderly Services) for its conclusion that the area can urbanize efficiently. The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

This area lies between two cities and among areas added to the UGB for industrial use in December, 2002, making urbanization of the area more efficient than projecting urbanization from the UGB into a rural area. Given the likelihood that the region will build the I-5/99W Connector through this area, industrial development in the area will ensure efficient use of that facility.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on the Tualatin Study Area set forth in the Alternative Analysis Study, pp. 62-63 and Table A-3). The analysis indicates that the consequences will be low to moderate, especially considering 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 F of Ordinance No. 04-1040B.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro’s adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local governments will eventually adopt provisions to implement Metro’s Goal 5 program following the Council’s adoption of that program, if the local government’s ordinance do not already comply.

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4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Tualatin Study Area would have low adverse consequences for agriculture (Alternative Analysis Study, p. 62; Table A-4). Although there are a few agricultural uses in the study area itself, the area is designated entirely for rural residential and rural industrial uses, pursuant to exceptions from statewide planning Goals 3 and 4. The area is isolated from land designated for agriculture by the UGB, I-5 and mining operations to the west. Hence, it is unlikely that industrial use will conflict with agricultural activities on land designated for agricultural or forest use.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Tualatin Study Area protected by Washington County in its acknowledged comprehensive plan (pp. 62-63). There are aggregate mines in the vicinity; portions of Washington County's Mineral and Aggregate Overlay District B cover small portions of the study area in the northwest and southwest corners and the top central portion.

The county, or the City of Wilsonville or Tualatin upon annexation to one of the cities, will be responsible for protecting these resources when it amends its comprehensive plan and zoning ordinance to implement expansion of the UGB. Condition IG of Exhibit F requires the county or city to consider Metro's inventory of Goal 5 resources in their application of Goal 5 to the Tualatin Study Area. 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. Title 11 of the UGMFP, section 3.07.1120G, requires the county or city to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county or city planning for the area.

6. Public Facilities and Service

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 and the cities of Wilsonville and Tualatin from upzoning and 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 the area; and (2) requires the county or city to develop public facilities 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.

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Tualatin Study Area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Washington County and the cities of Tualatin and Wilsonville from upzoning and from land divisions into lots or parcels smaller than 20 acres in the area until the county or city revises its comprehensive plan and zoning ordinances to authorize urbanization of land added to the UGB; and (2) requires the county or city to develop conceptual transportation plans and urban growth diagrams with the general locations of arterial, collector and essential local streets for the area. Metro began this work with the evaluation of the serviceability of the area in the Alternative Analysis Study (pp. 61-62 and Table A-2) and consideration of how to provide services as part of the analysis required to satisfy Goal 14, factors 3 and 4.

Table A-2 recognizes that provision of transportation to new industrial uses in the area will be difficult. The Oregon Department of Transportation, Region 1 ("ODOT"), expects the volume-to-capacity ratio on I-5 in the vicinity of the North Wilsonville interchange to be "extremely poor" by 2025, and states

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that the interchange “may need to be reviewed for impact” if the Council adds land to the UGB dependent upon the interchange. The “Priority System” in Metro’s RTP calls for improvement to Boones Ferry Road from Durham Road in Tualatin to Elligsen Road in Wilsonville and for construction of a four-lane tollway between I-5 and Highway 99W, the southern and most likely alignment of which passes through the study area. There is no planned improvement to the capacity of the freeway or the interchange in the RTP or either city’s TSP. In 2002, however, a joint ODOT/Wilsonville study concluded that in 2030, widening of I-5 to eight lanes would be required to meet interstate freeway capacity standards set by Metro and ODOT. This study will help Metro, ODOT, Wilsonville and Tualatin understand the improvements needed to accommodate industrial use in the study area. The 2004 Federal RTP also identifies a corridor refinement study for I-5 in the vicinity. These studies will inform Title 11 planning for the study area.

8. Regional Framework Plan

The Tualatin Study Area lies midway between the Tualatin and Wilsonville Town Centers, and is nearly as close to the Sherwood Town Center as to Tualatin and Wilsonville. Industrial development in the study area will provide additional employment to support businesses in those centers. The Council includes this area, notwithstanding that this part of the region is relatively well-endowed with employment, because it has more of the characteristics needed for warehousing and distribution than other areas considered. The Wilsonville South Area has many of the same characteristics. But it lies on the opposite side of the Willamette River and requires a trip on I-5 across the river to gain access to the Wilsonville Town Center. The Council concludes that addition of the north portion of the Tualatin Study Area provides better urban form to the city and the region than adding land on the south side of the Willamette River.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements in the vicinity of the Tualatin Study Area are improvement to Boones Ferry Road from Durham Road in Tualatin to Elligsen Road in Wilsonville and construction of a four-lane tollway between I-5 and Highway 99W, the southern and most likely alignment of which passes through the study area.

F. Helvetia (Partial)

The Council relies upon the facts and analysis in the Industrial Land Alternative Analyses Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 104-06; 111; A-1 to A-4] and the Staff Reports [Appendix A, Item (a), p. 28] to support its conclusion that addition of a 249-acre portion of the Helvetia Study Area will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area because it has several characteristics that render it among the most suitable sites under consideration for industrial use: a large parcels; relatively flat land; and proximity to a freeway interchange. The Urban Growth Report-Employment (UGR-E) identifies a specific need for large parcels (50 acres or larger) (Ordinance No. 02-969B, Appendix A, Item 4, page 25). This portion of the Helvetia Study Area contains one parcel between 50 and 100 acres.

Two-thirds of this area (162 acres) is designated for agriculture in Washington County’s comprehensive plan (predominantly Class II soil). The farmland portion lies between the existing UGB (to the south and east) and the exception land portion to the west. West Union Road separates the included farmland from excluded farmland to the north. The Council includes this farmland because the exception land portion (87 acres) contains some land suitable for industrial use. Also, among farmlands considered,

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this farmland is already affected by nearby urban and rural residential use. Further, the Council found only two areas designated for agriculture of higher priority (Class IV or III soils) suitable for industrial use (Damascus West and Quarry Study Areas) (see discussion of West Union Study Area, below).

The Council considered including a portion of the Evergreen Study Area, which also contains a combination of exception land and Class II farmland, because it, too, contains several large parcels. The Council favored the Helvetia area because the farmland portion of the Evergreen area that lies between the UGB to the east, the exception land to the west and NW Meek Road to the north includes considerably more farmland than the included portion of the Helvetia Area (478 acres versus 162 acres in Helvetia). Further, unlike the exception land portion of Helvetia, the exception land portion of the Evergreen Study Area does not contain land suitable for industrial use.

The Council also considered inclusion of the West Union Study Area, which contains farmland of Class II and III soils. The Council chose the Helvetia area rather than the West Union area because the portion of the West Union area with higher-priority Class III soils is not suitable for industrial use (slopes greater than 10 percent), and this portion lies to the north of the portion with predominantly Class II soils (adjacent to the UGB). Also, the Council found no good barrier in the West Union area to separate farmland included from farmland excluded until Cornelius Pass Road to the north, which would enclose many more acres of farmland (862 acres) than the 162 acres in the Helvetia area.

The Council also considered Class II farmland in the Wilsonville East Study Area in order to find large parcels suitable for industrial use. The Council chose the Helvetia Study Area over the Wilsonville area because the former will be considerably easier to provide with public facilities and services (p. 111). As a result, inclusion of the Helvetia area has the support of the City of Hillsboro, while the City of Wilsonville opposes inclusion of the Wilsonville East area.

The Council considered two other study areas composed predominantly of Class II soils: the Noyer Creek and South Hillsboro areas. According to the report of the Metro Agricultural Lands Technical Workgroup led by the Oregon Department of Agriculture [“Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use”, Appendix A, Item (i)], both areas have higher value for commercial agriculture than the Helvetia area.

Finally, the Council considered Class II farmland south of Wilsonville, near the I-5 corridor on the south side of the Willamette River. The Council rejected this farmland because inclusion would constitute a projection away from the urbanization portion of the metropolitan region, toward Marion County to the south. Industrial development south of the river would also be separated from the services of the City of Wilsonville and the rest of the metropolitan region, connected only by a limited access (interstate highway) bridge across the river. Inclusion of the Helvetia area would better achieve the compact urban form sought by Policies 1 and 1.6 of the RFP and Policy 3 of the Regional Transportation Plan. The Oregon Department of Agriculture urged the Council not to add farmland south of the Willamette River because it would further introduce urban uses into that core area of the Willamette Valley’s commercial agriculture. Although the department also expressed concern about inclusion of the Helvetia area, it placed a higher priority on protection of farmland south of the Willamette River. The Council concludes that inclusion of the Helvetia area rather than the Wilsonville South Study area farmland better achieves Policy 1.12.2 of the RFP.

In short, of the Class II farmlands considered by the Council, this portion of the Helvetia Study Area best meets the identified need for industrial land and is most separated from nearby agricultural lands. Other than the exception lands that are part of this study area, there are no other exception lands that can help the region meet its need for larger parcels for industrial use.

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1. Orderly Services

The Council relies upon the Helvetia Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Industrial Land Alternative Analysis Study (Appendix A, Item (c), pages 111 and Table A-2, respectively) for its determination that urban services can be provided to the area in an orderly and economic manner by extending services from existing serviced areas.

The Alternatives Analysis (pp. 104-05) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the larger Helvetia Study Area. Serviceability ranges from “easy” to “moderate” to serve the entire area (Table 1, p. 111). It will be easier to serve the smaller portion of the study area included by the Council because it is the portion closest to the existing UGB (borders on east and south) and services just to the east.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above (Orderly Services) for its conclusion that the area can urbanize efficiently. The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

This area borders the UGB on two sides, with employment and industrial uses on the urban sides of the UGB, making urbanization of the area for industrial use more efficient than projecting urbanization from the UGB into a rural area.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on the Helvetia Study Area set forth in the Alternative Analysis Study, pp. 105-06 and Table A-3). The analysis indicates that the consequences will be moderate. 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 F of Ordinance No. 04-1040B will reduce adverse consequences from urbanization of the area.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning consider Metro’s adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local government will eventually adopt provisions to implement Metro’s Goal 5 program following the Council’s adoption of that program, if the local government’s ordinance do not already comply.

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Helvetia Study Area would have high adverse consequences for nearby agriculture (Alternative Analysis Study, pp. 105-06; Table A-4). The analysis, however, is based urbanization of the entire Helvetia Study Area (1,339 acres) rather than just the portion included within the UGB (249 acres). Adverse consequences and incompatibility from urbanization of the included portion will be much reduced, given that the UGB borders this portion on the east and south sides, West Union Road borders the portion on the north side, and much of this portion (87 acres) is exception area lying between the included farmland portion and the excluded farmland portion to the west.

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According to the report of the Metro Agricultural Lands Technical Workgroup led by the Oregon Department of Agriculture [“Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use”, Appendix A, Item (i)], the included portion of the Helvetia area is less important to commercial agriculture in the region than other agricultural areas under consideration because it lies amid urban and rural residential uses: “However, the workgroup could not ignore the land use pattern both within the area, the location of the area within a small notch of the current urban growth boundary and the two hard edges provided by Helvetia and West Union Roads” (p. 11).

Ordinance No. 04-1040B, Exhibit F, imposes Condition IE 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.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Helvetia Study Area protected by Washington County in its acknowledged comprehensive plan (p. 106). The county, or the City of Hillsboro upon annexation to the city, will be responsible for protecting these resources in the area when it amends its comprehensive plan and zoning ordinance to implement expansion of the UGB. Condition IG of Exhibit F requires the county or the City of Hillsboro to consider Metro’s inventory of Goal 5 resources in their application of Goal 5 to the Helvetia area. 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. Title 11 of the UGMFP, section 3.07.1120G, requires the county or city to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county or city planning for the area.

6. Public Facilities and Services

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 Hillsboro from upzoning 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 facilities 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.

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Helvetia Study Area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Washington County or the City of Hillsboro from upzoning and from land divisions into resulting lots or parcels smaller than 20 acres in the area 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 conceptual transportation plans and urban growth diagrams with the general locations of arterial, collector and essential local streets for the area. Metro began this work with the evaluation of the serviceability of the area in the Alternative Analysis Study (pp. 104-05 and Table A-2) and consideration of how to provide services as part of the analysis required to satisfy Goal 14, factors 3 and 4.

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The Oregon Department of Transportation (“ODOT”), Region 1, notes that the Shute Road interchange on Hwy. 26, to which most of the trips generated by development in the Helvetia area will go, “is already inadequate to accommodate the 2003 Urban Growth Boundary (“UGB”) expansion in this area.” Metro’s 2004 RTP includes an interchange improvement to serve the industrial land added to the UGB for industrial use in December, 2002, with partial funding. The RTP also identifies the need to widen several stretches of Hwy. 26 from four to six lanes. 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.

8. Regional Framework Plan

The Helvetia Study Area lies adjacent to, and will likely become part of the North Hillsboro Industrial Area. This industrial area is the anchor of the high tech cluster that runs from this tract to Wilsonville. It contains the largest concentration of high technology firms in the state. The area supports businesses in the Hillsboro Regional Center, other Centers on the west side of the region, and the Central City. Industrial development in the Helvetia Study Area will provide additional employment to support those centers. The Council includes this area, notwithstanding that this part of the region is relatively well-endowed with employment, because, as noted above, it the characteristics needed for the industrial sectors likely to grow during the planning period.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan (“RTP”) adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements in the vicinity of the Helvetia Study Area in Metro’s 2004 RTP is an interchange improvement to serve the industrial land added to the UGB for industrial use in December, 2002, with partial funding.

G. Cornelius

The Council relies upon the facts and analysis in the Industrial Land Alternative Analyses Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 84-87; 111; A-1 to A-4] and the Staff Reports [Appendix A, Item (a), p. 27] to support its conclusion that addition of this 262-acre portion of the Cornelius Study Area will provide for an orderly and efficient transition from rural to urban land use. Slightly more than half (56 percent) of the included portion is designated for agriculture in Washington County’s comprehensive plan (predominantly Class II soil). The farmland portion lies in two tracts separated by an exception area. A second tract of exception land borders the farmland on the east side. Together, these four adjacent tracts comprise the portion of the study area included in the UGB.

The Council chose this portion of the study area because it has characteristics that render it suitable for industrial use: large and mid-sized parcels and relatively flat land. The Urban Growth Report-Employment (UGR-E) identifies a specific need for large parcels (50 acres or larger) (Ordinance No. 02-969B, Appendix A, Item 4, page 25). The included portion of the study area contains one parcel between 50 and 100 acres [Appendix A, Item (a), p.30].

The Council also chose this area to help achieve Policies 1.2, 1.3.1 and 1.4 of the Regional Framework Plan (RFP), which call, among other things, for an equitable and balanced distribution of employment opportunities, income, investment and tax capacity throughout the region. The Council considered the fiscal and equity effects of including this area on the City of Cornelius. Given that the city

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has the highest poverty rate, the lowest property tax revenue per capita, the lowest land improvement market value and the longest average commute in the region, the Council concluded that industrial development in this area would help achieve these policies better than inclusion of any other Class II agricultural land.

The Council considered including a portion of the Evergreen Study Area, which also contains a combination of exception land and Class II farmland, because it, too, contains several large parcels. The Council favored the Cornelius area for the reasons stated above, and because the farmland portion of the Evergreen area that lies between the UGB to the east, the exception land to the west and NW Meek Road to the north includes considerably more farmland than the included portion of the Cornelius Study Area (478 acres versus 147 acres in the Cornelius area).

The Council also considered inclusion of the West Union Study Area, which contains farmland of Class II and III soils. The Council chose the Cornelius area rather than the West Union area because the portion of the West Union area with higher-priority Class III soils is not suitable for industrial use (slopes greater than 10 percent), and this portion lies to the north of the portion with predominantly Class II soils (adjacent to the UGB).

The Council also considered Class II farmland in the Wilsonville East Study Area in order to find large parcels suitable for industrial use. The Council chose the Cornelius area over the Wilsonville area for the reasons stated above, and because the former will be considerably easier to provide with public facilities and services (p. 111). As a result, inclusion of the Cornelius area has the support of the City of Cornelius, while the City of Wilsonville opposes inclusion of the Wilsonville East area.

The Council considered two other study areas composed predominantly of Class II soils: the Noyer Creek and South Hillsboro areas. The Cornelius area is easier to provide with public services than either Noyer Creek or South Hillsboro. Inclusion of industrial land in the Cornelius area will better accomplish Policies 1.2, 1.3.1 and 1.4 of the RFP than inclusion of Noyer Creek or South Hillsboro.

Finally, the Council considered Class II farmland south of Wilsonville, near the I-5 corridor on the south side of the Willamette River. The Council rejected this farmland because inclusion would constitute a projection away from the urbanization portion of the metropolitan region, toward Marion County to the south. Industrial development south of the river would also be separated from the services of the City of Wilsonville and the rest of the metropolitan region, connected only by a limited access (interstate highway) bridge across the river. Inclusion of the Cornelius area would better achieve the compact urban form sought by Policies 1 and 1.6 of the RFP and Policy 3 of the Regional Transportation Plan. The Oregon Department of Agriculture urged the Council not to add farmland south of the Willamette River because it would further introduce urban uses into that core area of the Willamette Valley's commercial agriculture. Although the department also expressed concern for expansion of the UGB north of Council Creek in the Cornelius area (part of the included area lies north of Council Creek; part lies south), it placed a higher priority on protection of farmland south of the Willamette River. The Council concludes that inclusion of the Cornelius area rather than the Wilsonville South Study Area farmland better achieves Policy 1.12.2 of the RFP.

1. Orderly Services

The Council relies upon the Cornelius Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Industrial Land Alternative Analysis Study (Appendix A, Item (c), pages 111 and Table A-2, respectively) for its determination that urban services can be provided to the area in an orderly and economic manner by extending services from the City of Cornelius.

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The Alternatives Analysis (pp. 84-85) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the entire Cornelius Study Area. Serviceability ranges from “easy” to “moderate” to serve the entire area (Table 1, p. 111). It will be easier to serve the portion of the study area included by the Council because it is the portion closest to the existing UGB (borders on south) and existing services.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above (Orderly Services) for its conclusion that the area can urbanize efficiently. The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

This area borders the UGB to the south, with employment and industrial uses along a portion of the urban side of the UGB. The included portion also includes two exception area of predominantly rural residential use. Inclusion of the exceptions areas will, over time, lead to more efficient use of the areas.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on the Cornelius Study Area set forth in the Alternative Analysis Study, pp. 86-87 and Table A-3). The analysis indicates that the consequences will be moderate. 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 F of Ordinance No. 04-1040B will reduce adverse consequences from urbanization of the area.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning consider Metro’s adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local government will eventually adopt provisions to implement Metro’s Goal 5 program following the Council’s adoption of that program, if the local government’s ordinance do not already comply.

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Cornelius Study Area would have high adverse consequences for nearby agriculture (Alternative Analysis Study, pp. 84-85; Table A-4). The analysis, however, is based urbanization of the entire study area (1,154 acres) rather than just the portion included within the UGB (262 acres). Adverse consequences and incompatibility from urbanization of the included portion will be much reduced, given that the UGB borders this portion on the south side, and that the farmland portions of the included area border two exception areas, also included.

Ordinance No. 04-1040B, Exhibit F, imposes Condition IE 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.

5. Natural and Cultural Resources

The Alternative Analysis Study 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. Condition IG of

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Exhibit F requires the county or the city to consider Metro's inventory of Goal 5 resources in their application of Goal 5 to the area. 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. Title 11 of the UGMFP, section 3.07.1120G, requires the county or city to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county or city planning for the area.

6. Public Facilities and Services

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 upzoning 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 facilities 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.

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Cornelius Study Area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Washington County or the City of Cornelius from upzoning and from land divisions into resulting lots or parcels smaller than 20 acres in the area 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 conceptual transportation plans and urban growth diagrams with the general locations of arterial, collector and essential local streets for the area. Metro began this work with the evaluation of the serviceability of the area in the Alternative Analysis Study (pp. 85 and Table A-2) and consideration of how to provide services as part of the analysis required to satisfy Goal 14, factors 3 and 4.

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. The "Financially Constrained" and "Priority System" 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.

8. Regional Framework Plan

The included portion of the Cornelius Study Area lies directly north of and adjacent to the City of Cornelius. The area is within one mile of the designated Main Street of Cornelius (there is no designated Town Center). Industrial development in the included area will provide additional employment to support the businesses on Main Street, and provide employment opportunities for the many residents of Cornelius who now travel to other parts of the region for work. As stated above, industrial development in this area will help achieve Policies 1.2, 1.3.1 and 1.4 of the RFP better than inclusion of any other land, including other farmland.

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9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan (“RTP”) adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements in the vicinity of the included portion of the Cornelius Study Area in Metro’s RTP are intersection safety improvements on the TV Highway couplet and improved transit service (see list of projects noted in section 8, above).

REQUIREMENT NO. 2:

REMAND ORDER ON SUBTASK 17: EITHER REMOVE TAX LOTS 1300, 1400 AND 1500 FROM THE BOUNDARY OF EXPANSION AREA 62, OR JUSTIFY THEIR INCLUSION UNDER GOAL 14.

Ordinance No. 04-1040A amends the UGB to remove Tax Lots 1300, 1400 and 1500, all in Study Area 62, from the UGB (Exhibit E). The Council concludes that there is no need to include these lots given the small surplus of land for residential use that resulted from expansion of the UGB by Ordinance No. 02-969B.

REQUIREMENT NO. 3:

REMAND ORDER ON SUBTASK 12B: PROVIDE DATA ON THE ACTUAL NUMBER DENSITY AND AVERAGE MIX OF HOUSING TYPES AS REQUIRED BY ORS 197.296(5) AND DETERMINE THE OVERALL AVERAGE DENSITY MUST OCCUR IN ORDER TO MEET HOUSING NEEDS OVER THE NEXT 20 YEARS AS REQUIRED BY ORS 197.296(7)

Ordinance No. 04-1040A further revises the Revised Housing Needs Analysis (“HNA”) to display data required by ORS 197.296(5) (Exhibit D). The data show the number, density and average mix of housing types arranged by type of buildable land (vacant, partially vacant, redevelopment and infill and mixed-use land). These data were subsets of aggregated data in the HNA, but were not displayed in the Revised HNA submitted to LCDC with the Task 2 Submittal on January 24, 2003.

The purpose for collecting the data is to help determine “the overall average density and overall mix of housing types at which residential development of needed housing types must occur in order to meet housing needs over the next 30 years.” ORS 197.296(7). Metro determined the overall density and mix of needed housing types in the Revised HNA submitted on January 24, 2003 (see pages 2-7, Figures 3.1, 3.2, 3.3, 5.1 and 5.3). [add text and explanation from earlier HNA] The data newly displayed in this revision do not affect Metro’s earlier determination.

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SUPPLEMENTAL STAFF REPORT

*IN CONSIDERATION OF ORDINANCE
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*

ORDINANCE NO. 04-1040B

Date: June 21, 2004

Prepared by: Lydia Neill

INTRODUCTION

This staff report is intended to summarize the deliberations by the Metro Council and the Metropolitan Policy Advisory Committee (MPAC) that have taken place since April 2004. Discussions and recommendations by MPAC are highlighted in italics. This report will also introduce several technical memorandums that address issues raised during testimony at public hearings in May and June 2004. Discussions in this supplemental staff report will address the Metro Council's revision to the Chief Operating Officer's (COO) recommendation. The primary staff report dated April 5, 2004 contains information that formed the basis for the COO recommendation.

BACKGROUND

Metro is required to assess the capacity of the urban growth boundary (UGB) every five years under ORS 197.299(1). Metro is currently in Periodic Review with the Department of Land Conservation and Development (DLCD) under work program approval order #001243. As part of this review Metro is required to forecast and provide a 20-year land supply for residential, commercial and industrial uses inside the UGB. The Metro Council had forecasted a shortage of 38,700 dwelling units, 140 acres of commercial land and 4,285 acres of industrial land for the period 2002 to 2022. In December 2002 the Metro Council added 18,638 acres of land to the UGB that satisfied all of the demand for residential and commercial uses but only a portion of the overall need for industrial land.

A remand work order was issued by the Land Conservation and Development Commission (LCDC) due to the incomplete actions on industrial lands and several other issues. The remand order 03-WK Task 001524 requires Metro to fulfill the industrial land need, complete the Housing Needs Analysis by providing data on the number mix and housing types required by ORS 197.296(5), and either remove tax lots 1300, 1400 and 1500 adjacent to King City or provide a justification for their inclusion in the UGB by June 2004.

The 2002-2022 Urban Growth Report: An Employment Land Need Analysis Updated December 2002 (Employment UGR), identified a demand for 4,285 net acres of industrial land and a demand for 140 net acres of commercial land. The Metro Council's December expansion decision included roughly half of the industrial land need. The 2002 UGB decision added 2,850 net acres of job land to the UGB that is divided among three 2040 design types; 533 net acres of employment land, 818 net acres of industrial land and 1,499 net acres of Regionally Significant Industrial Area (RSIA) land.¹ Thus, within the 2002 UGB expansion there is a current industrial land need of 1,968 net acres and a commercial land surplus of 393 net acres.

¹ RSIA's are a 2040 design type that identifies industrial areas that have regional significance because of their location near the region's most important transportation facilities for the movement of traded sector freight.

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The Employment UGR identified the demand for vacant industrial land by employment sector and distributed the demand by parcel size. These sectors represent the industries that are expected to grow over the next 20 years and include their associated demand for land. This demand allocation reflects past demand, development practices and existing land use policies. The general demand for vacant industrial land is distributed as follows:

- 70 percent warehouse and distribution
- 13 percent general industrial
- 17 percent tech/flex²

Fulfilling the Need for Industrial Land

Adopting Efficiency Measures- Title 4

As part of the tasks to complete Periodic Review, Metro examined ways to use land more efficiently and adopted policies to maximize the use of land within the UGB. In 2002, Metro adopted provisions in the Urban Growth Management Functional Plan, Title 4, that limits non-industrial uses in industrial areas. Subsequent to its adoption, local governments and industry representatives have come before the Metro Council to make the case that traditional land use categories are now less relevant to understanding industrial uses because many industrial activities including research and development, office and manufacturing often occur in the same facility. Amendments to Title 4 are intended to preserve land for industrial uses by restricting the amount and types of commercial uses that currently locate on industrial land.

Changes to Title 4 will preserve the transportation capacity for the movement of goods and services and direct other types of employment to centers, employment areas, corridors, main streets and station communities. Both RSIA's and industrial areas place limitations on the size of the retail commercial uses not serving the industrial area. Allowances are made for locating training facilities in industrial areas and commercial uses in airport locations. A discussion of the legislative changes to Title 4 are included on pages 7 and 8.

Impacts of Adopting Title 4 on the UGR

New Title 4 regulations specifically limit the amount and square footage of retail and office uses justify the savings of industrial land discussed in the Employment UGR. The Employment UGR estimates a savings of 1,400 acres of industrial land from implementing new measures and mapping of RSIA lands.³ Table 1 discusses the supply of industrial land and the impact of the Title 4 policy changes to reduce the deficit of industrial land.

Reductions to the Industrial Land Need

Commercial Land Surplus

The Employment UGR identified a commercial land surplus of 393 acres. The surplus is based upon the available supply of land for commercial purposes and an assumption that a percentage of commercial activities would continue to take place on industrially zoned lands. Testimony received during the discussion of revisions to Title 4, argued the traditional building types accommodating office and industrial uses are merging based on the needs of a knowledge-based economy. Approximately 30 percent of the land need identified in the Employment UGR is for tech-flex and general industrial uses. These uses have higher job densities that are consistent with office type buildings. Based on this fact additional

² Tech-flex development is a building type that provides flexible space to accommodate a variety of users from light assembly, product storage and research.

³ Employment UGR, page 46.

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flexibility has been incorporated into Title 4 regulations to accommodate the need for industrial office uses. Concurrently, these same types of office, industrial uses, (i.e. software development etc.) could also locate on commercial land in traditional office building types. Therefore, the surplus of commercial land is being applied to help satisfy the overall need for industrial lands.

Adjustments to the Commercial Refill Rate

This adjustment to the refill rate is reflective of the changes taking place in the industrial marketplace. As discussed above the industrial economy is transitioning from traditional manufacturing to more knowledge and information based economy which contains more office type uses and results in higher floor area ratios. A two percent adjustment to the commercial refill rate applied in the Employment UGR reduces the overall need for industrial land by 174 acres and reflects this change in the marketplace. An increase in the refill rate from 50 to 52 percent represents the observed refill rate. The observed rate was obtained from metroScope modeling work completed in 2002.

Table 1. Industrial Land Need Adjustments

Supply of Industrial Land	Net Vacant Acres
Industrial Deficit	1,968
<i>Application of the commercial land surplus</i>	393
<i>Less adjustment based on increasing the commercial refill rate</i>	174
<i>Less adjustments:</i>	
- <i>City of Oregon City (Comprehensive plan industrial)</i>	74
- <i>City of Wilsonville (Comprehensive plan industrial)</i>	127
- <i>Re-instatement of area south of Gresham</i>	20
Remaining Industrial Land Need	1,180

Employment UGR Conversion Rate

It was brought to Metro’s attention by the City of Wilsonville has asserted that Metro has misapplied the commercial conversion rate in the 2002-2022 Employment UGR calculations to determine the need for industrial land. A discussion of the how a rate of 15-20 percent was derived begins on page 16 of the Employment UGR. The rate was developed by performing an analysis of the covered geocodes of commercial uses located on industrially zoned land. The study found that 2 out of 10 jobs in industrial areas had a commercial standard industrial code (SIC). The confusion lies in calculating a conversion rate of 44 percent by including the marginal increases of land instead of all of the industrially zoned land supply to compute the correct rate of 22 percent.

Adjustments Based on Zoning

Both the City of Wilsonville and Oregon City have brought to Metro’s attention that several areas located within the current UGB have comprehensive plan designations of industrial but local zoning that does not reflect the future intent. Both cities use a two map system that anticipate rezoning of property consistent with the comprehensive plan. It is Metro’s practice to assess land based on zoning, not comprehensive plan designation. It was determined that it was appropriate to count these acres as industrially zoned because of the legislative intent. Since Metro has a surplus of housing units based on the 2002 decision, this change does not affect the housing need. The addition of 201 net acres of industrial land shown in Table 1. Industrial Land Need Adjustments.

The area south of the City of Gresham (20 acres) is described as a re-instatement after its recommended removal by the COO. This acreage is part of the Springwater industrial area (designated as an RSIA) that is currently under concept planning. When this area was added to the UGB in 2002 it received a 2040 designation of inner neighborhood. The concept planning for the broader area indicated that this area

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should be planned for industrial development and receive a 2040 designation of RSIA. The 20 year housing supply is not affected because Metro had a surplus of 666 net acres of residential land.

Completing Periodic Review

After adjustments the remaining industrial land need is 1,1180 net acres. The Metro Council expanded the UGB by adding 1,047 acres of land to substantially satisfy the need for Industrial land over the next 20 years. These lands area located in the following areas: Damascus West, Tualatin, Beaver creek, Quarry, Coffee Creek, Cornelius and Helvetia. The areas are shown in Table 3. Metro Council UGB Expansion Areas, were chosen because they meet the requirements in Goal 14 in the following order:

- Exception lands that meet the suitability factors identified for warehouse and distribution; general industrial and tech flex uses;
- Successively lowest capability farmlands which meet the suitability factors or;
- Located on lower priority farmland but are necessary to meet specific industry needs.

Specifics of the suitability factors are outlined in the April 5, 2004 staff report. Departure from either the COO recommendation or the MPAC recommendation is discussed below. Careful consideration was paid to the potential impacts on farmland and farm industry operations.

Table 2. Chief Operating Officer's Recommendation

EXPANSION AREAS	Total Acres	Net Acres	Dominant Earthquake Zone ⁴	SUITABILITY FACTORS		
				Access	Proximity	Slope less 10%
<i>Damascus West</i>	102	69	D	✓	✓	✓
<i>Tualatin (MPAC-partial)</i>	646	339	D	✓	✓	✓
<i>Quarry (partial)</i>	354	236	D	✓	✓	✓
<i>Borland Rd N. (partial)</i>	575	164	A	✓	✓	✓
<i>Beaver creek. (partial)</i>	63	30	D	--	✓	✓
<i>Coffee Creek (partial)</i>	264	97	D	✓	✓	✓
<i>Wilsonville East (partial)</i>	641	460	B	✓	✓	✓
<i>Cornelius (partial)</i>	206	91	B	✓	✓	✓
<i>Helvetia (partial)</i>	249	149	A	✓	✓	✓
Additional Areas						
<i>Evergreen</i>	985	730	A	✓	✓	✓
West Union	368	133	A & B	✓	--	✓
TOTAL	3,100	1,635				

*Areas shown in bold/ italics were included in MPAC's June 9th recommendation

Soil Classifications of Areas Under Consideration

Soil classifications of all areas under study. The soils were mapped to facilitate studying and choosing appropriate lands for UGB expansion that conform to Oregon Revised Statute 197.298. ORS 197.298 establishes a hierarchy of lands based on soil quality which is divided into tiers. These tiers establish a priority for urbanizing land with exception land being the first priority followed successively by better quality soils. The tier system used for analysis examined the class of soils in each area and determined which soil class was most prominent. As study area boundaries have changed over the course of the analysis the predominant soil type changed in some cases. Table 3. Metro Council UGB Expansion Areas, shown on page 10 contains the predominant soil type unique to each area. Attachment 1 contains a complete discussion of the soil classes in all areas.

⁴ Based on 1997 Department of Geology and Mineral Study. Rating of A-D with D being the lowest hazard area.

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Industrial Land Supply Available to Meet Demand

The need for industrial land is classified by parcel size. The majority of the need for industrial land is contained in the smaller lot size categories that range from under 1 acre up to 25 acres. A need has been identified for large parcels to accommodate warehouse and distribution, general industrial and tech flex uses (25 acres up to 100 acres). Some of the areas under consideration due to their existing lotting patterns fulfill the large lot need better than other areas. Assembly of large lots can be reasonably accomplished if there are adjacent parcels of sufficient size or are under the same ownership. An aggregation study of these areas which is contained in the April 5, 2004 staff report, demonstrated that the need for large parcels can be met in the areas slated for UGB expansion. The best potential for addressing large lot needs can be found in Damascus West, Quarry, Coffee Creek, Helvetia and Cornelius areas.

Assessment of Earthquake Hazards

All of the areas included in the UGB were evaluated for their relative earthquake hazard potential. This evaluation was based on the 1997 Oregon Department of Geology and Minerals Study. The areas were ranked from A through with D being the lowest hazard potential. The western portion of the region that contains the Cornelius, Helvetia areas have the highest hazard potential. The higher hazard potential in these areas will be addressed during Title 11 concept planning by the responsible city or county pursuant to Metro Code 3.07.1120(G) and Statewide planning Goal 7. The hazard potential is shown in Table 2 and a full discussion of this study is included in Attachment 2.

COO Recommendation - Areas Excluded

Assessment of Areas Excluded from Consideration

A full discussion of this analysis of all lands under study that were excluded from consideration is included in the staff report dated April 15, 2004 and in the 2003 Alternatives Analysis and Addendum.

Borland Road Area- North of I-205

The Borland Road area has not been included in the UGB based on additional information contained in the record and further examination by staff. Although this area is composed entirely of exception land, a number of factors make it suitable for industrial use. The area previously under consideration contains 575 gross acres of land with a number of conflicting uses (schools, churches, rural residential uses) and slopes/natural resources and yields only 164 net developable acres of land. The developable land is insufficient to allow formation of a cohesive industrial neighborhood and too small and too far from the existing UGB to justify the extension of urban services (see "Formation of Industrial Neighborhoods", Appendix A, Item (u) of Ordinance No. 04-1040B).

Previous work by staff to reduce the total number of acres under consideration from 68,334 acres of land to a more manageable 29,000 acre study area applied the following decision rules. The decision rules included: 1) non-contiguous to the UGB, 2) predominance of lots under 5 acres in size, 3) large areas of steep slopes and floodplains, 4) less than 300 acres and failure to meet both the proximity to other industry (1 mile) or access requirements (2 miles within an interchange). The Borland Road area has access to I-205 but is not located adjacent to a developed industrial area. Based on possible access to I-205 this area was thought to be suitable for warehouse and distribution uses. A baseline size was established for industrial neighborhoods of 300 acres. This 300 acre threshold was obtained by analyzing metroScope results and comparing the sizes of different industrial areas located within the UGB. The Borland Road area has little chance of forming a 300 acre industrial neighborhood due to the fragmented buildable lands available in this area.

On June 9, 2004 MPAC recommended that this area be removed from consideration for UGB expansion.

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Wilsonville East

The Wilsonville East area which contains over 400 net acres was removed from consideration due to servicing concerns raised by the City of Wilsonville and impacts on an existing single family neighborhood located south of the site. This site contains class II agricultural land. The Metro Council chose the Helvetia study area which also contains class II soils and exception lands over the Wilsonville East area due to the serviceability and because the area contained exception lands. The Helvetia area is particularly well suited to satisfy the demand for tech flex or general industrial land.

On June 9, 2004 MPAC recommended that this area be removed from consideration for UGB expansion.

Additional Areas Added to the COO Recommendation

No additional areas were added to the COO recommendation.

On June 9, 2004 MPAC recommended that the Evergreen area be considered by the Metro Council to satisfy the need for industrial land.

The Metro Council considered the inclusion of the Evergreen site to meet the need for industrial land. Deliberations weighed the potential impacts on the farm economy and the issue of establishing logical boundaries between urban and farm uses in this area.

Expansion of the Cornelius Area

The Metro Council expanded the Cornelius area (206 to 262 gross acres) to provide an additional 36 net acres of industrial land. Inclusion of this area will provide for an orderly and efficient transition from rural to urban use. Approximately 56 percent of the area is designated for agricultural use in the Washington County Comprehensive Plan and it contains class II soils. A total of 56 gross acres are isolated from the agricultural lands located north of Council creek. The Council chose this land because a portion of this land is located adjacent to an existing industrial area located south of Council Creek and contains large flat parcels suitable for industry.

The Employment UGR identifies a specific need for large parcels (50 acres or larger) (Ordinance No. 02-969B, Appendix A, Item 4, page 25). The included portion of the study area contains one parcel between 50 and 100 acres (Appendix A, Item (a), p.30).

The Council also chose this area to help achieve Policies 1.2, 1.3.1 and 1.4 of the Regional Framework Plan (RFP), which call, among other things, for an equitable and balanced distribution of employment opportunities, income, investment and tax capacity throughout the region. The Council compared the fiscal and equity effects of including this area on the City of Cornelius. Given that the City of Cornelius has the highest poverty rate, the lowest property tax revenue per capita, the lowest land improvement market value and the longest average commute in the region, the Council concluded that industrial development in this area would help achieve these policies better than inclusion of any other Class II agricultural land.

On June 9, 2004 MPAC recommended that the expanded Cornelius area be considered by the Metro Council to satisfy the need for industrial land.

Other Changes to the COO Recommendation

The COO recommendation called for removal of a small area south of Gresham based upon impacts to the Green Corridor Agreement with the City of Sandy. This area includes 90 gross acres of land that was proposed in the 2002 UGB expansion for residential use. The area will remain in the UGB and be assigned a 2040 designation as RSIA consistent with the area north of the site (Springwater Industrial

City of Tualatin

Exhibit No. 101

Area) which was also added to the UGB in 2002. The area provides approximately 20 net acres of land for industrial purposes.

On June 9, 2004 MPAC did not recommend that this area remain in the UGB.

Assigning 2040 Design Types and Conditions

All areas included in the UGB must be assigned a 2040 design type of either Industrial or RSIA. Concept planning as required in Title 11 of the Functional Plan will determine the location and extent of the boundaries of all of the industrial areas. The 2040 design types are included on maps of all expansion areas in Ordinance No. 04-1040B in Exhibit E and the specific conditions are contained in Exhibit F.

Generalized and specific conditions pertaining to all areas included in the UGB are found in Exhibit F.

The Council added or revised conditions recommended by the COO to address concerns raised in testimony following the April 15, 2004, COO recommendation. New conditions address compatibility between industrial use and nearby residential use, coordination of the timing of comprehensive planning and transportation planning, and improved protection of the future right-of-way for the I-5/99W Connector.

The Oregon Department of Transportation (ODOT) submitted general information about the likely effects of new industrial development on lands added to the UGB on a number of state transportation facilities in the region. Of particular concern to ODOT are areas added in the vicinity of the North Wilsonville interchange on I-5 in Wilsonville and of the Shute Road interchange on U.S. Highway 26 at Hillsboro. ODOT believes that adoption of an “interchange area management plan”(IAMP), as described in the Oregon Highway Plan and outlined in ODOT rules (OAR 734-051-0125), would protect the capacity and function of the interchanges and improve their management. ODOT prefers adoption of an IAMP at the time of Title 11 planning, prior to urban development.

Local governments believe IAMPs are more likely to add value to what statewide planning Goal 12 (Transportation) and the Transportation Planning Rule (TPR) already require if the IAMPs are adopted at the time that plans and commitments are made for improvements to the interchanges. They worry that limitations on industrial development that might be written into an IAMP prior to commitment of funding for improvements to the interchanges might, in light of budgetary constraints, become permanent or long-range limitations, denying the region of the full benefits of industrial development near the interchanges.

The Council shares ODOT’s concern that new industrial development in the region not cause the region’s transportation system to fail or fall below standards. The Council understands that new development, without timely investment in the region’s transportation system, will likely degrade the system. The Council expects, however, that, given the high priority state government places on making industrial sites ready for development, the region (Metro and other local governments), with the aid of state government, will find the resources to make the necessary improvements. In pursuit of those improvements, Metro will encourage and facilitate the adoption of IAMPs in cooperation with local governments at the earliest appropriate time in the process of approval of improvements to the Shute Road and North Wilsonville interchanges.

Policy Changes

Part of Metro’s review of the UGB includes examining ways to obtain more efficient utilization of land currently inside of the UGB. The proposed Title 4 amendments are one way of demonstrating to LCDC that Metro is achieving efficiencies inside of the UGB to meet the need for land in addition to expanding the UGB. The Metro Council adopted new measures to protect and maintain the supply of industrial land for future industrial uses in Ordinance 02-969B, adopted December 5, 2002. Title 4 Industrial and Other

City of Tualatin

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Employment Areas regulations were amended in order to increase the capacity of industrial areas for industrial uses and to encourage non-industrial uses to locate in Centers and other more appropriate 2040 design type areas.

Metro staff, after consulting with cities, counties and other interests, developed a set of factors to consider in the identification of RSIA's. Metro staff worked with cities and counties in the region to apply the proposed factors to designated Industrial Areas within their jurisdictions. Several local governments, Portland, Gresham, Wilsonville and Clackamas County, submitted recommended Industrial Areas for consideration as RSIA's. Striving for region-wide consistency, Metro staff also applied the factors to areas in cities and counties that chose not to submit candidate areas. The factors are:

- *Distribution* - Area serves as support industrial land for major regional transportation facilities such as marine terminals, airports and rail yards;
- *Services* - Availability and access to specialized utilities such as specialty gases, triple redundant power, abundant water, dedicated fire and emergency response services;
- *Access* - Within 3 miles of I-5, I-205, I-84 (within the UGB), State Route 224 (within the UGB);
- *Proximity* - Located within close proximity of existing like uses; and
- *Primary Use* - Predominantly industrial uses.

Considering these factors and much input from local governments, the Metro Council by Ordinance No. 04-1040B (Exhibit C) adopted a generalized map of RSIA areas. Title 4 is amended to include a limitation on retail uses for single users of 5,000 square feet in Industrial areas and 3,000 square feet in RSIA areas, and added a performance based transportation requirement for non-industrial offices. The 3,000 and 5,000 square foot limitations as it relates to commercial eating establishments refers to the size of the seating area and not to kitchen or storage areas. The Title 4 language changes are included in Exhibit B of Ordinance No. 04-1040B. The map depicting RSIA's is included in Attachment 3.

On April 14, 2004 MPAC recommended that Title 4 be amended to limit non-industrial retail uses to a maximum of 5,000 square foot for individual uses and 20,000 square foot for single buildings in both RSIA's and industrial areas. This recommendation was incorporated into ordinance No. 03-1021B for Metro Council consideration. Other provisions were consistent with the language in ordinance No. 04-1040B.

Regional Framework Plan Amendments

The Regional Framework Plan is amended to add policy language to guide UGB decisions and minimize impacts on the agricultural industry. Comments from participants at the symposium called "Agriculture at the Edge" spurred the proposed policy changes. Expansion of the UGB has different impacts on nursery operations, farm related businesses and individual operations. Changes to Chapter 1, Land Use Policy 1.12 provide greater certainty for farmers regarding urbanization and reduce potential conflicts between farm operations and urban uses. The changes the Regional Framework Plan provide the following policy guidance:

- When choosing land among lands with the same soil class, chose land less important for commercial agriculture, and
- Develop agreements with neighboring cities and counties to protect agriculture.

On April 24, 2004 MPAC recommended that the original proposal introduced by Councilor Hostica in Ordinance No. 04-1041 included defining the region's urbanizable area by restricting future urban growth boundary expansions to an area north of the Willamette River and east of Pudding River as well as containing the additional language to address the impacts on the agricultural industry and additional criteria to choose land for urbanization.

City of Tualatin

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The Metro Council considered this recommendation to establish a hard boundary at the Willamette River and chose to defer this issue until a comprehensive region-wide discussion can take place to consider other areas that may be effected by similar circumstances. There are number of areas in the region where a policy of establishing a hard edge could be used effectively. The Metro Council expressed a desire to explore the use of this concept more fully in upcoming work that may take a longer view of planning for the region's growth.

Fulfilling The Remaining Periodic Review Requirements

Housing Needs Analysis

A revised Housing Needs Analysis report was prepared pursuant to the remand work order. The report addresses densities by housing type. The supplemental information provided in this report does not materially change the conclusions found in the UGR. The supplemental study does not change the overall density or mix of housing types needed for the next 20 years. Revised refill rates are in the range of 25-30 percent.

KNOWN OPPOSITION

The selection of lands for inclusion into the UGB has been hotly debated in a number of areas for both inclusion and exclusion from the UGB. Details of the comments received throughout the workshops and public hearing processes are detailed in the Public Comment reports, Volume I and II dated May 2004 and the addendums to the original reports dated June 2004 contain comments up through the final hearing on June 24, 2004.

LEGAL ANTECEDENTS

Title 4 is part of the adopted and acknowledged Urban Growth Management Functional Plan. Authority to amend the 2040 Growth Concept map comes from ORS 268.380 and ORS 268.390(5). UGB evaluation and amendment requirements are found in ORS 197.298 and 197.299.

ANTICIPATED EFFECTS

Adoption of Ordinance No. 04-1040B will result in fulfilling the requirements in Metro code section 3.07.420I, which requires Metro to adopt a map of Regionally Significant Industrial Areas with specific boundaries that is derived from the Generalized Map of Regionally Significant Industrial Areas adopted in Ordinance No. 02-969B. Amendments to Title 4 address implementation issues and provides local governments with clear instructions as to the Metro Council's policy intent on preserving industrial lands. This ordinance also satisfies the three requirements of LCDC's Partial Approval and Remand Order #03-WK Task 001524. The effective date of the new Title 4 regulations is September 24, 2004. Local governments will have two years following LCDC's acknowledgement to adopt a local map and make changes to their codes.

Adoption of amendments to the UGB provide the industrial land necessary for the continued economic growth over the next 20 years.

BUDGET IMPACTS

The UGB and Metro Code amendments become effective September 2004. Any additions to the UGB require FTE for monitoring and minor participation in Title 11 concept planning. Metro has a commitment of 1.43 FTE dedicated to ongoing concept planning in Hillsboro, Damascus, Gresham and the City of Tualatin. Additional FTE and potential grants to local governments may be needed to assist in the concept planning process. Implementation of Metro Code changes requires a corresponding amendment of local planning ordinances to implement the intent of these policies. Compliance monitoring is already included in the 2004/ 2005 budget. Community Development staff currently

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monitors all ongoing zone, comprehensive plan and code changes at the jurisdictional level as well as other project responsibilities.

DECISION

The Metro Council expanded the UGB by adding 1,047 acres of land to substantially satisfy the need for Industrial land over the next 20 years. The removal of tax lots 1300, 1400 and 1500 adjacent to King City and the completion of the addendum to the Housing Needs Analysis addresses all of the outstanding issues in LCDC's Partial Approval and Remand Order #03-WK Task 001524.

Table 3. Metro Council UGB Expansion Areas

EXPANSION AREAS	Total Acres	Net Acres	2040 Design Type	Soil Class
Damascus West	102	69	Industrial	class II & III
Tualatin	646	339	Industrial	class IV & III
Quarry (partial)	354	236	Industrial	class VII
Beavercreek	63	30	Industrial	class IV & V
Coffee Creek (partial)	264	97	Industrial	exception land
Cornelius (partial)	262	127	RSIA	class II
Helvetia (partial)	249	149	RSIA	exception land & class II
TOTAL	1,940	1,047		

Attachments:

Attachment 1- Dominant Soil Classification for Proposed UGB Expansion Areas, dated June 15, 2004

Attachment 2- Earthquake Hazard Memorandum, dated June 15, 2004

Attachment 3- Title 4 Map

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City of Tualatin

Exhibit No. 101

Attachment 1
Ordinance No. 04-1040B

M E M O R A N D U M

600 Northeast Grand Avenue
(tel) 503-797-1700

Portland, Oregon
97232-2736
(fax) 503-797-1797



METRO

Date: June 16, 2004

To: Lydia Neill, Principal Regional Planner

From: Amy Rose, Assistant Regional Planner

Re: *Dominant soil classifications for proposed UGB expansion areas*

Background

The Metro Council is currently in the process of selecting land for inclusion in the urban growth boundary (UGB) for industrial use. The selection of appropriate land is dictated largely by Oregon Revised Statute (ORS) 197.298 that sets forth a hierarchical, tier-based system of land categorization, which indicates the order land should be considered for inclusion in the UGB based on comprehensive plan designations.

Resource land is further prioritized on soil classification, which indicates the capability level of the farmland and ultimately its place in the hierarchy of land. The hierarchical tiers of land identified in ORS 197.298 are defined as follows:

- Tier 1 – exception land contiguous to the UGB and non-high value resource land completely surrounded by exception land.
- Tier 1a – exception land not contiguous to the UGB (within the one mile extent of study area boundaries).
- Tier 2 – marginal land, a unique classification of non-resource land in Washington County that allows dwelling units on EFU land.
- Tier 3 – resource land that may be needed to serve exception land.
- Tier 4 – resource land, majority of class III & IV soils, some class I & II soils.
- Tier 5 – resource land, majority class I & II soils, some class III & IV soils.

Purpose

The purpose of this memorandum is to identify the dominant soil classification and resulting tier category under ORS 197.298 for each of the resource land areas proposed for inclusion in the UGB for industrial use. The dominant soil classification has been determined using GIS soil data, displayed on a map dated October 30, 2002 in the record and was only undertaken for study areas identified as resource land. This information is presented in tabular form.

City of Tualatin

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Attachment 1
Ordinance No. 04-1040B

Soil Classifications by study area

Recommended Expansion Areas	Total Acres	Net Acres	Tier	Dominant Soil Classification
Damascus West	102	69	Tier 4	Class 3 & 4
Quarry (p)	354	236	Tier 4	Class 7
Beavercreek (p)	63	30	Tier 4	Class 4 & 6
Wilsonville East (p)	641	460	Tier 5	Class 2
Revised Wilsonville East	412	295	Tier 5	Class 2
Cornelius (p)	206	91	Tier 5	Class 2
Revised Cornelius	56	36	Tier 5	Class 2
Helvetia (p)	249	149	Tier 5	Class 2
West Union (p)	368	133	Tier 5	Class 2
Evergreen	985	730	Tier 5	Class 2
Noyer Creek	381	266	Tier 5	Class 2
Hillsboro South	791	695	Tier 5	Class 2

*Analysis was only undertaken for study areas identified as resource land.

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City of Tualatin

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Attachment 2
Ordinance No. 04-1040B

M E M O R A N D U M

600 Northeast Grand Avenue | Portland, Oregon 97232-2736
(tel) 503-797-1700 | (fax) 503-797-1797



METRO

DATE: June 16, 2004

TO: Dick Benner, Senior Metro Attorney

FR: Tim O'Brien, Senior Regional Planner

RE: ***RELATIVE EARTHQUAKE HAZARD FOR PROPOSED INDUSTRIAL LAND EXPANSION AREAS***

Background

In 1997 the Oregon Department of Geology and Mineral Industries (DOGAMI) produced data on the relative earthquake hazard for land in the Portland metropolitan region including a significant portion of land outside the Urban Growth Boundary (UGB). The information included individual hazard factors of liquefaction, slope instability, and amplification, as well as a composite relative earthquake hazard map based on the individual factors. Metro's Data Resource Center (DRC) mapped the relative earthquake hazard data utilized in this analysis. The map information does not cover all of the potential expansion areas nor has the information been updated since 1997.

Analysis

The relative earthquake hazard composite map is separated into four zones, A, B, C, and D, with A being the highest hazard, and D the lowest hazard. The dominant zone for each of the proposed expansion areas is reported in the table below, along with additional comments.

Relative Earthquake Hazard

Expansion Area	Dominant Zone	Comments
Damascus	D	Small areas of C & B
Beavercreek	D	Significant portion of C and two pockets of B
Borland Road	A	One large area of B southeast of Borland Rd./Stafford Rd. intersection
Wilsonville East	B	Significant portions of C & D
Coffee Creek	D	Areas of A, B & C. No information for southwest corner of expansion area
Tualatin	D	Significant areas of B & C
Quarry	D	Pockets of C and minor area of B
Cornelius	B	A few pockets of A scattered throughout area
Helvetia	A	Two pockets of B, one in the center and one at the very top of the area
Evergreen	A	Some B, no information for northern portion of area
West Union	B & A	Some areas of C, area of A along stream corridor

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Attachment 2
Ordinance No. 04-1040B

RELATIVE EARTHQUAKE HAZARD...

June 16, 2004

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Summary

Information for two of the areas, Evergreen and Coffee Creek, is incomplete. In general the areas are either at the high or low hazard end of the range. The Borland Road North, Helvetia, Evergreen and West Union expansion areas contain the most Zone A classified land and thus have the highest earthquake hazard status. The Damascus, Beaver Creek, Coffee Creek, Tualatin, and Quarry expansion areas contain mostly Zone D classified land and thus have the lowest earthquake hazard status.

The Council has decided not to include the North Borland, Evergreen or West Union Areas (areas with the highest hazard). The small hazard areas mapped in the Helvetia Area (also high) and other areas included in the UGB will be addressed in Title 11 planning by the responsible city or county, pursuant to Metro Code Section 3.07.1120G and statewide planning Goal 7.

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Title 4 Industrial and Employment Areas

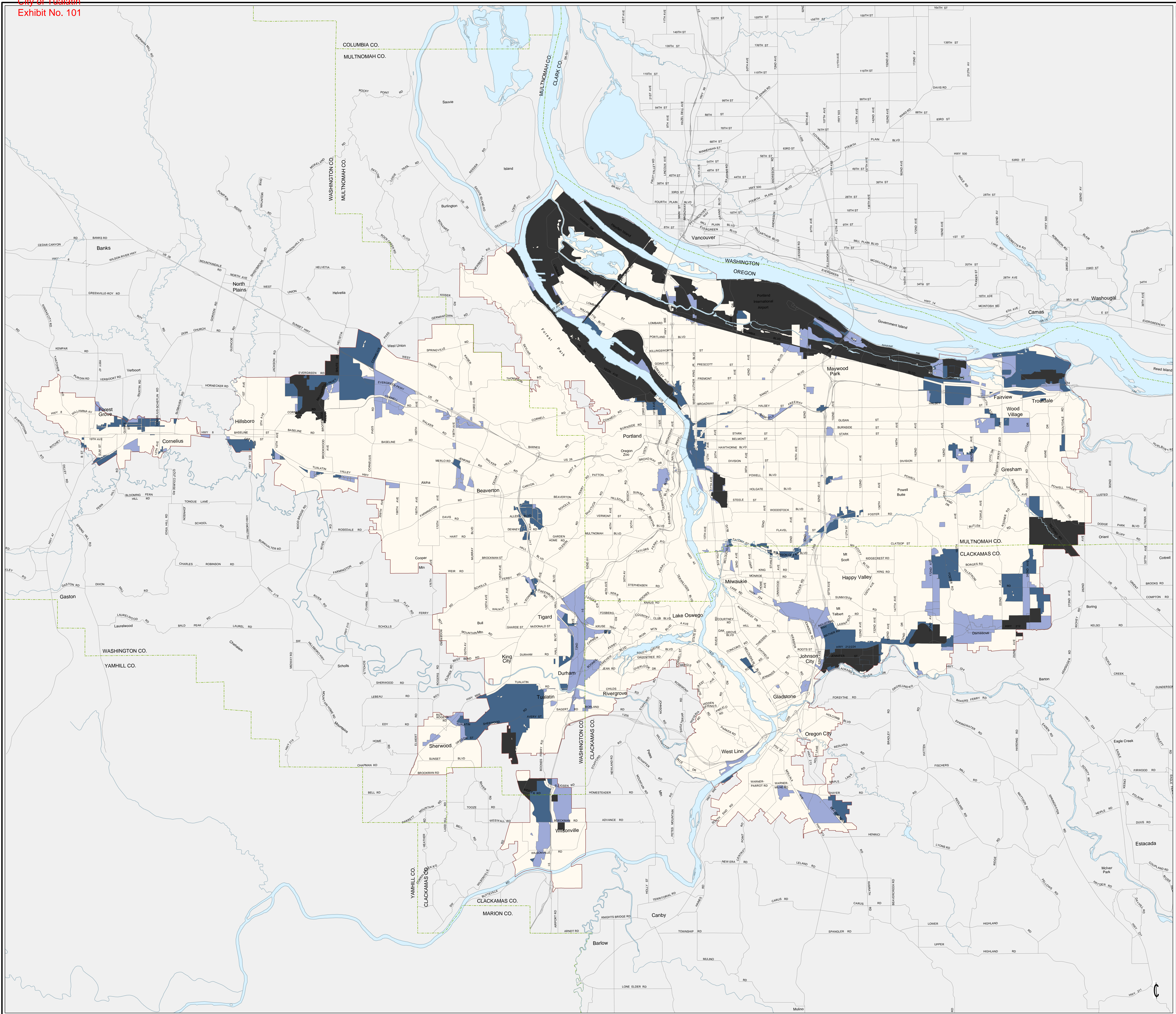
Ordinance No. 04-1040B

Exhibit C

Attachment 3

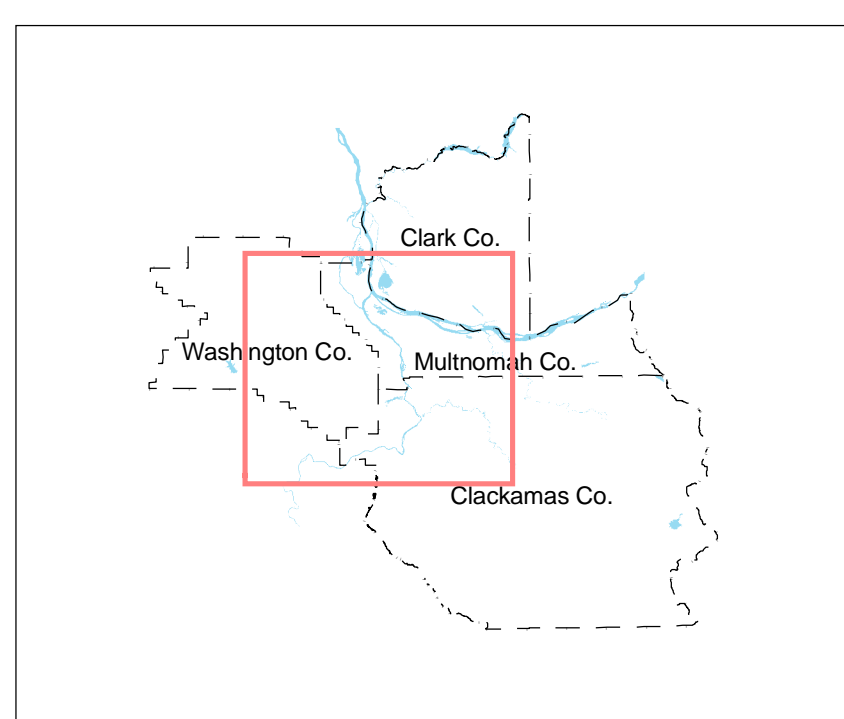
June 24, 2004

-  Employment Land
-  Industrial Land
-  Regionally Significant Industrial Areas



WARNING: Some maps combine data layers of differing map accuracies, e.g. flood plains can be based on tax lots. When this occurs, the map is not reliable to correctly show data at the tax lot level.

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 accuracy or completeness of the information 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) 737-1742 FAX: (503) 737-1909
drc@metro.dst.or.us www.metro-region.org

City of Tualatin

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MINUTES OF THE METRO COUNCIL MEETING

Thursday, November 13, 2003
Metro Council Chamber

Councilors Present: Rod Park (Deputy Council President), Susan McLain, Brian Newman, Rod Monroe, Rex Burkholder, Carl Hosticka

Councilors Absent: David Bragdon (excused)

Deputy Council President Park convened the Regular Council Meeting at 2:02 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. CONSENT AGENDA

3.1 Consideration of minutes of the October 30, 2003 Regular Council Meetings.

Motion:

Councilor Monroe moved to adopt the meeting minutes of the November 6, 2003, Regular Metro Council meeting.

Vote:

Councilors Burkholder, McLain, Monroe, Hosticka, Newman and Deputy Council President Park voted in support of the motion. The vote was 6 aye, the motion passed.
--

Councilor McLain said she had some questions about Resolution No. 03-3379 and would like it removed from the consent agenda.

3.2 **Resolution No. 03-3379**, For the Purpose of Obtaining the Approval of the Metro Council to Adjust and Write off Certain Accounts Receivable of Christopherson Excavating.

Motion:	Councilor Newman moved to adopt Resolution No. 03-3379.
Seconded:	Councilor Burkholder seconded the motion

Councilor Park spoke to the reason for the resolution. Bill Stringer, Chief Financial Officer, talked about the amount that would be written off. It had been submitted to a collection agency, Metro would receive about 70% of the total if it were collected. Councilors asked about the write off. Deputy Council President Park said this was an appropriate way to handle bad debt. Councilor Burkholder asked about the appropriateness of bringing this before the Council. Mr. Stringer said this was a rare occurrence but was required by Metro Code if it was over \$10,000. He suggested that \$10,000 was probably appropriate to bring to the Council. They did their best to collect on all debt.

Vote:

Councilors Burkholder, McLain, Monroe, Hosticka, Newman and Deputy
--

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Council President Park voted in support of the motion. The vote was 6 aye, the motion passed.

4. ORDINANCES – FIRST READING

- 4.1 **Ordinance No. 03-1024**, For the Purpose of adopting the 2004 Regional Transportation Plan as the Regional Transportation System Plan and the Regional Functional Plan for Transportation to meet State Planning Requirements

Deputy Council President Park assigned Ordinance No. 03-1024 to Council.

- 4.2 **Ordinance No. 03-1025**, For the purpose of approving the Transfer Station Franchise Renewal Application of Willamette Resources, Inc., authorizing the Chief Operating Officer to issue a renewed franchise, and declaring an emergency.

Deputy Council President Park assigned Ordinance No. 03-1025 to Council.

- 4.3 **Ordinance No. 03-1026**, For the purpose of approving the Transfer Station Franchise Renewal Application of Pride Recycling Company, authorizing the Chief Operating Officer to issue a renewed franchise, and declaring an emergency.

Deputy Council President Park assigned Ordinance No. 03-1026 to Council.

- 4.4 **Ordinance No. 03-1027**, For the purpose of approving the Transfer Station Franchise Renewal Application of Recycling America, authorizing the Chief Operating Officer to issue a renewed franchise, and declaring an emergency.

Deputy Council President Park assigned Ordinance No. 03-1027 to Council.

Councilor McLain asked about changes in the franchise license. She hoped they would have a thorough discussion of this at a Tuesday Work Session.

5. ORDINANCES – SECOND READING

- 5.1 **Ordinance No. 03-1021**, For the Purpose of Amending Title 4 of the Urban Growth Management Functional Plan to Improve its Protection of Industrial Land and to Make Corrections.

- 5.2 **Ordinance No. 03-1022**, For the Purpose of Amending the Employment and Industrial Areas Map to Add Regionally Significant Industrial Areas in Compliance with Subsection J of Section 3.07.420 of Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan.

Deputy Council President Park opened a public hearing on Ordinance No. 03-1022 and 03-1021 and indicated that this hearing was a continuation from last week.

Doug Rux, City of Tualatin, 18880 SW Martinazzi Tualatin OR 97062 noted a letter from Mayor Lou Ogden, City of Tualatin that he provided for the record. He highlighted some of their concerns (a copy of which is included in the meeting record). Councilor Newman thanked Mr. Rux for summarizing Tualatin's concerns. He felt their letter was very clear. He suggested

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discussing factors. Councilor McLain echoed Councilor Newman's comments about the thoroughness of the City's letter. She spoke to the importance of industrial lands and suggested that the City make some recommendations as to appropriate sites. Mr. Rux said they did not have specific recommendations on industrial lands. They felt lands that had good transportation access were essential. For Tualatin, the Tigard Sand and Gravel site, would work if you enhanced the transportation in the area. Councilor McLain asked how many miles the site was from I-5? Mr. Rux said about 2.5 miles. Councilor McLain talked about time and mileage components to industrial sites. She felt Tualatin was doing a great job at protecting industrial lands. Mr. Rux spoke to several sites and their commitment to protecting industrial lands. Councilor Hosticka asked Metro Attorney, Dan Cooper, about the issue of the Measure 56 notice. Dan Cooper, Metro Attorney, said Ballot Measure 56 was amended in the last legislative session. Metro had to comply with the new language of Ballot Measure 56. Currently Metro was required to notify the local jurisdictions. The recent language change would require Metro to notify property owners that might be impacted. New language had not yet been implemented. Councilor Hosticka summarized the basic thrust of the letter. Mr. Rux said they believed that it was inappropriate that the proposed industrial lands in Tualatin be identified as a Regionally Significant Industrial Area (RSIA). They did not believe that there was an industrial lands problem in Tualatin. Councilor Monroe asked about the I-5 connector and if it would change the viability of making the Sand and Gravel site an industrial site. Mr. Rux said yes it would make it more viable. Councilor McLain talked about consistency. Mr. Rux talked about the I-5 connector. Councilor Newman talked about the appropriateness of a RSIA designation. Did he believe that the new lands that had been brought in, in December 2002 could be designated as RSIA's? Mr. Rux said they would have to wait and see. Deputy Council President Park asked about protection of large sites. Mr. Rux said he felt this issue needed to have more discussion.

Dan Slevin, Real Estate Broker, Colliers International, 601 SW Second Avenue, Suite 1500 Portland OR 97204 said he was just made aware of the industrial lands issue from an Oregonian article. He spoke to the 50 acres minimum. He said some of his clients might only need a 30-acre site. If they could not relocate, they would leave the state. He said if this were implemented, due to the 50-acre minimum, his company would leave the state. He said in the last 10 years he could think of the need for only three 50 acres sites. Deputy Council President Park said last year they had heard exactly the opposite. Councilor Burkholder spoke the need for 50 acres sites. The vast majority of lands, that were zoned industrial, were smaller than 50 acres. Therefore, this rule would not apply. He felt that the 50-acre requirement was aimed at a few sites, approximately 5 to 6 sites.

Mark Hush, Real Estate Industrial Broker, Colliers International, 601 SW Second Avenue, Suite 1500, Portland OR 97204 said there was a need for some RSIA's. He was concerned about putting further constraints on a limited land supply. They had brought new lands into the inventory but he was concerned that this rule would drive up prices. He felt the regional government was being heavy handed. He talked about the transition of real estate. They had to allow for change overtime. Deputy Council President Park said last year the private sector was asking for more large lot industrial lands. Councilor McLain thanked both of them for their time. She said they were trying to provide infrastructure for the region to make it easier to do business. Mr. Hush added that a common sense approach to identify lands outside the Urban Growth Boundary (UGB) was to bring in this type of site.

Deputy Council President Park closed the public hearing.

6. CHIEF OPERATING OFFICER COMMUNICATION

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Michael Jordan, Chief Operating Officer, reminded the Council that they were trying to schedule retreat dates in December. Yesterday, the senior management staff went on a retreat for the day. It retreat was very productive.

Deputy Council President Park asked Andy Cotugno, Planning Director, and Kim Ellis, Planning Department to explain a draft letter to Stuart Foster, Chair of the Oregon Transportation Commission. Mr. Cotugno presented a draft letter to Oregon Department of Transportation concerning efforts to establish a Special Transportation Areas (STAs) and suggesting specific areas. He spoke to a concern with urban design goal versus freight mobility goal and where there were conflicts (a copy of the letter is included in the meeting record and also includes Special Transportation Area (STA) Candidates for the Metro Region). He said the progress to set STAs was moving forward. Councilor Hosticka asked about the letter. Mr. Cotugno explained the specifics of the letter. It would call for additional freight scrutiny. Councilor Newman asked for clarification on the designation of a STA. Councilor Burkholder talked about state involvement in designation of facilities. The question arose about a regional facility and if it was appropriate for the State to play a role in these designations. He had raised the question about the appropriate level of State involvement. He and Deputy Council President Park would be meeting with the State next Monday to discuss the letter. Mr. Cotugno said the issue of the STA designation only applied to State-owned route. He clarified the freight route issue and the appropriate role of the State. Councilor McLain said her biggest concern was that they do nothing to cause a loss of funding.

Deputy Council President Park clarified the key issues. This letter would allow Metro to participate, where right now we were not able to do so. He asked Council if they supported the letter? Councilor Newman supported the letter and felt Council should move forward. Mr. Cotugno said he felt it was worthwhile to approve the letter in its current form. He added that there ought to be a discussion concerning appropriate designs that ought to apply on regional freight routes. Councilor Hosticka said Joint Policy Advisory Committee on Transportation (JPACT) approved this letter but there was still need for further discussion about this issue. Deputy Council President Park said he would sign the letter in its current form as Deputy and Chair of JPACT.

Motion:	Councilor Burkholder moved to accept JPACT's letter and direct our representative at Oregon Transportation Commission (OTC) to raise the issues that had been discussed and to also present the JPACT letter in its entirety.
Seconded:	Councilor Monroe seconded the motion

Vote:

Councilors Burkholder, McLain, Monroe, Hosticka, Newman and Deputy Council President Park voted in support of the motion. The vote was 6 aye, the motion passed.

7. COUNCILOR COMMUNICATION

Councilor Burkholder said the Bi-State charter was approved by JPACT. This would be coming before Council in December.

Councilor McLain asked about the industrial lands criteria. Mr. Cooper said he couldn't answer the question but would make sure Mr. Benner responded to her question.

8. ADJOURN

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There being no further business to come before the Metro Council, Deputy Council President Park adjourned the meeting at 3:14 p.m.

Prepared by

Chris Billington
Clerk of the Council

City of Tualatin

Exhibit No. 102

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOVEMBER
13, 2003**

Item	Topic	Doc Date	Document Description	Doc. Number
3.1	Minutes	11/6/03	Metro Council Meeting Minutes for November 6, 2003	111303c-01
5.1 & 5.2	Letter	11/13/03	To: Metro Council From: Mayor Lou Ogden, City of Tualatin Re: Regionally Significant Industrial Areas	111303c-02
6	Draft letter	11/13/03	To: Stuart Foster, Chair of Oregon Transportation Commission From Rod Park Deputy Council President and JPACT Chair Re: Special Transportation Areas	111303c-03
6	Attachment	11/13/03	To: To: Stuart Foster, Chair of Oregon Transportation Commission From Rod Park Deputy Council President and JPACT Chair Re: Special Transportation Areas Candidates for the Metro Region	111303c-04

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MINUTES OF THE METRO COUNCIL MEETING

Thursday, May 27, 2004
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Susan McLain, Rod Monroe, Rex Burkholder, Rod Park, Brian Newman

Councilors Absent: Carl Hosticka (excused)

Council President Bragdon convened the Regular Council Meeting at 2:01 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. ISSUES TO CONSIDER IN IMPLEMENTING A PAY-FOR-PERFORMANCE PROGRAM

Alexis Dow, Metro Auditor, provided a power point presentation on matters to consider on implementing a pay-for-performance program (a copy of which is found in the meeting record). She noted background, success factors, and inhibiting factors.

Councilor Burkholder asked about the value of pay for performance (PFP) if they couldn't offer financial compensation. Ms. Dow said she felt it was good. It was important to identify goals and provide feedback to the employee. You can do these things without having a PFP program. She spoke to motivators beyond money. A good human resource system will have good communication, guidance and regular feedback.

4. CONSENT AGENDA

4.1 Consideration of minutes of the May 20, 2004 Regular Council Meetings.

4.2 **Resolution No. 04-3451**, For the purpose of confirming the appointment of Sarah Barrett to the North Portland Rehabilitation and Enhancement Committee (NPREC).

4.3 **Resolution No. 04-3452**, For the purpose of reappointing Jean Estey-Hoops and Susan Landauer to Metro North Portland Rehabilitation and Enhancement Committee (NPREC).

Motion:

Councilor Newman moved to adopt the meeting minutes of the May 20, 2004, Regular Metro Council and Resolution Nos. 04-3451, 04-3452.

Vote:

Councilors Burkholder, McLain, Monroe, Park, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

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5. ORDINANCES – FIRST READING

5.1 **Ordinance No. 04-1053**, For the purpose of Amending the FY 2003-04 Budget and Appropriations Schedule by Transferring \$250,256 from Contingency to Operating Expenses in the Zoo Operating Fund to allow the Zoo to recognize the cost associated with the Simulator and Butterfly exhibits; and declaring an emergency.

Council President Bragdon assigned Ordinance No. 04-1058 to Council.

6. ORDINANCES - SECOND READING

6.1 **Ordinance No. 04-1040**, 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.

6.2 **Ordinance No. 04-1041**, For the Purpose of Amending Metro's Regional Framework Plan to Better Protect the Region's Farm and Forest Land Industries and Land Base; and Declaring an Emergency.

Council President Bragdon explained the process for the public hearing and amendment process. Michael Jordan, Chief Operating Officer, provided a history of the process the staff had gone through to get to his recommendation. He noted the staff report, which he used as an outline for discussing his recommendation, this included background factors including the Urban Growth Report concerning land supply, statewide planning goals, application of Metro Policies, discussion of suitability factors for industry, fulfilling the need for industrial lands, study areas meeting at least one location factor, study areas excluded due to additional analysis, discussion of suitable alternatives analysis areas, additional areas considered for Urban Growth Boundary expansion, meeting Goal 1 requirements, completing periodic review, legal antecedents, anticipated effects, budget impacts and recommended action. Council President Bragdon also noted Metro Policy Advisory Committee (MPAC) recommendation (a copy of which is included in the meeting record).

Council President Bragdon opened a public hearing on Ordinance No. 04-1040.

Lou Ogden, City of Tualatin Mayor, 18880 SW Martinazzi Tualatin OR 97062 provided written testimony which he and his staff summarized. They were opposed to North Borland Road area and Norwood/Stafford (Tualatin South) area as industrial area and east of I-5 if this area were to be recommended. They were willing to support the quarry area with conditions. It was their job to work with the Council to come to a workable solution. He said they have 36% industrial in their incorporated area. He spoke to local control. He urged Council to support their community vision. He spoke to the MPAC recommendation, which supported removal of Tualatin, and also represented a policy shift for classification of soils. Councilor Newman spoke to need numbers and the state law constraints. He extended the opportunity for the Mayor to work with Council.

Ed Truax, Council President, 18880 SW Martinazzi Tualatin OR 97062 spoke to traffic issues, water issues, Goal 14 soils factors, quality of life and livability issues as well as coordination efforts with Metro. He shared Tualatin's vision and asked Council to oppose the inclusion of Tualatin into the Urban Growth Boundary (UGB).

Doug Rux, Community Development Director, City of Tualatin, 18800 SW Martinazzi Tualatin OR 97062 noted that they had submitted both technical and legal information for the record (a

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copy of which is found in the record). He talked about traffic, funding, and ability to serve issues. He commented on infrastructure issues as being inadequate. He noted the yield acreage. He addressed fair share issues. They supported the quarry site and he detailed conditions for their support. Councilor Newman said there had been much debate on the need number. He asked Mr. Rux if the Regional Economic Partnership had taken a position. Mr. Rux said they had not taken a position. He spoke to adjusting the need number. He felt that the 1200 acres need would be workable.

Jeff Condit, Miller Nash on behalf of the City of Tualatin 18880 SW Martinazzi Tualatin OR 97062 said he had submitted detailed written comments for the record. He highlighted those for the record. He questioned land that was excluded from the initial alternatives analysis. He felt that the Chief Operating Officer (COO) had done it backwards and explained further why he felt it was backward. He talked about Goal 2 and the Court of Appeals comment. He spoke to the need for partnership. They were willing to work with Metro but couldn't accept all three of the sites. Council President Bragdon talked about local control and the statewide requirements. The implementation lies with local governments and this was why the Council needed to coordinate with the city. Council President Bragdon noted City of Tualatin's partnership.

Councilor Park asked about the Borland Road recommendation and if this was a "not now" or "not ever". If conditions or criteria were different would they be supportive of this area? Mayor Ogden said yes, issues of transportation were the current preventor for development in this area. They wanted to participate in a long-term planning process for that area. They were accepting industrial area for the entire region. Councilor Park said one of the themes in the 2002 UGB decision was focusing on centers. He felt Mayor Ogden had indicated that they would be willing to participate in a longer term planning effort to grow the region.

Councilor McLain asked Mr. Rux about the MPAC package and how the Regional Economic Partners positioned themselves. Mr. Rux said he could not respond to this.

J Clayton Hering, 121 SW Morrison Suite 200 Portland OR 97204 commended the Council for the progress they had made. He spoke to quality rather than quantity. He addressed the development side. He talked about the competitive environment. He felt Council failed if they didn't take into consideration the quality side of the coin because of the lack of funds. They didn't have enough money to take a site that was underserved. The biggest problem they saw with some of the sites was the ability to service them with roads, utilities, etc. Council had to be careful that they took into consideration adjacency to the main thorough fairs and ability to serve. Council President Bragdon said he illustrated part of their dilemma. He said MPAC's recommendation had been to take sites that were not adjacent to thorough fairs and recommend sites that might not be close to highways. Mr. Hering said Council had to look to the future. The market place was very competitive, the closer to major highways the better.

Sparkle Fuller Anderson, 27480 SW Stafford Wilsonville OR 97070 talked about Councilor Newman's amendment. Council President Bragdon explained that these were proposed amendments. Councilor Newman had a proposed amendment to drop the Wilsonville area. Ms. Anderson said the area was not currently in Wilsonville but in Clackamas County. If Wilsonville doesn't want Wilsonville East, they didn't have to take it. She noted Evergreen was farmland. They need to take the land that was ruined first and leave the land that was farmable. She spoke to truck access in the Wilsonville East area. She said Evergreen was not on I-5 or I-205. She felt Wilsonville East met the criteria. Councilor Newman reiterated that his amendment was a proposed amendment. Everything was still in play. He encouraged that she speak to Clackamas County because they were currently opposed to Wilsonville East.

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Maureen Larsen, Wilsonville East landowner 259 35 SW Stafford Wilsonville, OR 97070 said this area was not farmland. They owned a retail nursery. Because of the lack of water in Wilsonville they grew their stock in Hillsboro. Hillsboro had wonderful office campuses and quality jobs. The Wilsonville East land was not productive. She urged that this land be banked to create future jobs. Clackamas County was on record saying they needed high tech jobs. She didn't think trucks were an issue; this area was more likely to be high tech. This area could be used for high tech jobs.

Dave Volz, 22530 SW Erin Piper Tualatin OR 97062 provided written testimony and summarized it for the record. He spoke to the grass roots effort to not include the Tualatin area as industrial. He said there were many who did not agree. Councilor Newman commented on his remarks.

Bill Kenny, Coalition to Save the Valley 37535 Arbor Lake Drive Wilsonville OR said he asked Council to restore some language of 1.1-2, Rural Resource Lands. They had deleted a phrase at the end of the paragraph and shall not choose agriculture land south of the Willamette River or Pudding River. He had talked with a lot of planners. For thirty years this had been implicitly understood. The land was never considered to be part of the inventory. They thought that this issue had been significantly vetted in the public record. He urged Council to follow the City's recommendation.

Diane Yates 12995 NW Bishop Hillsboro OR 97124 provided written testimony and summarized her testimony for the record. She did not support including Helvetia as an industrial area.

Michelle Hascall, Helvetia Community Resident, 10219 Helvetia Rd Hillsboro OR 97124 provided written testimony from Dr Shirley Malcolm. She felt Helvetia served a purpose other than industrial use.

Gary Gentemann 11935 SW N Dakota St Tigard OR 97224 said he had spoken of 11 property owners who were supportive the Evergreen parcel and extending that area to the Sunset Highway. He felt it was a reasonable alternative to Tualatin and Helvetia. City of Hillsboro had expressed not going across Hwy 26.

Michael Robinson, Perkins Coie 1120 NW Couch 10th Floor Portland OR 97209 provided a written copy of his testimony. He urged MPAC recommendation on Title 4. He spoke to the principle differences between the Chief Operating Officer's recommendation and MPAC recommendation. He spoke to medical office issues. He spoke to planning processes that worked.

Delna Jones, Providence Health Care 14480 SW Chardonnay Tigard OR 97224 said she had presented a report concerning health care to the staff today. She summarized Dr. William Conerly's report. Councilor Newman said the reason Providence wanted this provision in Title 4 was so they could buy land below market rates. He asked she respond to this. Ms. Jones said the issue for Providence was to find locations that were accessible to patients and find jobs accessibility. They did need to look at costs as well as availability of land.

Council President Bragdon asked Mr. Robinson about access to other industry and which of those attributes were helpful to his industry. Mr. Robinson said transportation accessibility was a factor. They wanted to be near the folks that use medical facilities, near employers, transit, and accessibility. Councilor McLain said some were saying, what about hospitals that were closing? Mr. Robinson said when hospitals closed, there were still patients that needed to be served. Hospitals that closed had to do with management not with the lack of patients. Councilor McLain

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asked about the need to have facilities. Ms. Jones responded they were talking about clinics not necessarily hospitals. Clinics needed to be easily accessible to clients. Mr. Robinson said they were trying to maintain status quo.

Paul Lee City of Wilsonville 30000 SW Town Center Loop East Wilsonville OR 97070 provided a written copy of his testimony. The City supported a hard edge.

Kathleen Newcomb 17515 Cheyenne Way Tualatin OR 97062 provided statistics for the record. She spoke to the Borland Road area and South of Tualatin area. She endorsed what others had said about the problems with including those two areas in the UGB. She was neutral about the quarry area. She spoke to the livability: buffers, lack of traffic, percent of land within the city and cost. She gave an example of capital costs for fixing up Borland area streets. Who was supposed to pay for this? This should be added to the criteria. She also mentioned water issues.

Jonathan Schlueter, Westside Economic Alliance 10200 SW Nimbus Portland OR 97223 provided written testimony and summarized that testimony. Council President Bragdon asked if they thought the need number was accurate. Mr. Schlueter said they needed to provide enough acreage to meet the need. Councilor McLain asked him to address the issue of existing clusters, nine of the eleven were on the Westside. Mr. Schlueter said Cornelius lended itself to the nursery industry, food processing sector, timber products businesses and some of the shipping businesses.

Greg Specht 15400 SW Millikan Way Beaverton OR 97006 said he was a commercial real estate developer. You could not tell a user or a tenant what to accept. He urged keep users in mind, when expanding the boundary. Users need large, flat, readily serviceable to transportation areas. He was Chair of the Governor's Industrial Lands Advisory Committee, we identified the 25 shovel ready sites, five were in the Portland area. Significantly, none of them were on the I-5 spine. We came to the conclusion that we needed to consider land south of the Willamette River. As you look at the sites, consider the needs of the tenant and the requirements of the users and then do a cost benefit analysis. Please consider the sites south of the Willamette River. Councilor Burkholder said there was an intense competition for land with good freeway access. Did his committee discuss providing support for governments like Metro to protect land for industrial and not be converted to commercial? How do you keep it from turning into the next super-mall? Mr. Specht said they did not speak about this issue specifically but he talked about the old Burns Bros. site. They coordinated that redevelopment. He spoke to extenuating circumstances. As an industrial developer they had long lamented the conversion of industrial to other uses, the primary culprit was housing demand. There had been an awful lot of conversion in the past. There were provisions that could be placed on property that would prevent it for conversion. Some of the past conversions had extenuating circumstance. If they went south, he felt they could put restrictions on future sites. He was focused on the 100-acre plus sites that would be attractive to the national site selectors. He felt protection could be done in perpetuity with land that was brought in.

Jay Cosnett 1246 SW Borland Rd West Linn OR 97068 provided written testimony opposing the North Borland road expansion.

Jeff Bauman, Public Works Director, City of Wilsonville 30000 SW Town Center Coop Wilsonville OR 97070 said he provided comments at the May 6th meeting on ground water issues in Wilsonville East. He said there was a MTAC conversation about ground water, which he felt that there was some confusion. He referenced a 90-foot water table drop. He provided written testimony clarifying this issue. Councilor Burkholder asked about how much the water table dropped before it began to rise again. Mr. Bauman said in Wilsonville the water table dropped about four feet per year. Once they had the additional water source it had reversed 10 years of

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decline. Councilor McLain asked about change in capacity if these tables were coming back up. Mr. Bauman talked about winter and summer usage in the past and the current average. Councilor McLain said they were still using 1 million gallons from the new sources. Mr. Bauman said the old source had been turned off. They were not using the wells. All water usage was from the new source. Councilor Park asked about the Department of Water Resources intent to grant long-term water rights on an ongoing basis, what was the guarantee to farmers from the City of Wilsonville? Mr. Bauman said the properties that currently have water rights could fully use those rights. If you added existing water rights together, they add up to about 1 million gallons a day. Future water rights were the policy question he was asking.

Councilor Park asked Mr. Specht, when did you allow non-industrial uses in industrial sites? Mr. Specht asked if he was referring to medical uses. Mr. Specht said he did not have a problem with medical use because it was not a big user of land. If you were referring to retail or housing, that was not helpful, it did not preserve the land for its intended use.

Hal Keever W & H Pacific 9755 SW Barnes Portland OR 97225 said they were asked to do a detailed cost analysis on specific sites. They looked at the cost associated with eight sites. He spoke to the matrix in the report and noted a package he had submitted for the record. Councilor Burkholder asked about the disparity in the numbers in Mr. Keever's report and numbers submitted previously that were very different from his. As an example he mentioned Mr. Rux's testimony that the cost in Borland Rd. area was 40 million. Mr. Keever spoke to the disparity being dependent upon the assumptions that were made.

David Dodds, Mayor of West Linn 18431 Old River Dr West Linn OR 97068 said they should be in receipt of a letter from the City of West Linn a week ago. City Council and Mayor were opposed to the North Borland Road area. He supported Councilor Newman's proposed amendment and MPAC's recommendation. He spoke to infrastructure difficulties, low capture rates, cut up parcels, conflicting uses and transportation issues. West Linn was concerned with all of these issues but their overriding concern was about livability and quality of life in West Linn. He spoke to rural separation in communities. He urged Metro to work with the communities and reduce the amount of acreage in the needs figures. All three of the communities in the areas were opposed to the Borland area as industrial. He urged that Council follow MPAC recommendation to remove this site from consideration. He spoke to existing vacancy issues and that needs figures did not incorporate this land.

Robert Ruedy, 14185 SW 100th Ave Tigard OR 97224 provided his written testimony for the record but did not testify.

Charlotte Lehan, Mayor of Wilsonville, 29786 SW Lehan Wilsonville OR 97070 provided written testimony for the record. She supported the MPAC's recommendation. She added that she did not think that Donald or Aurora wanted to be annexed. She then spoke to the Burns Bros. truck site, which had always been commercial. It was never industrial. She then addressed the I-5 corridor. She was concerned that we were using this as criteria. The criteria had been "next to a freeway". She then spoke to EFU lands. She was concerned that in the recommendation there was as much EFU as there was. She felt that bringing in EFU should be done rarely and should be done with local support and Metro support. She felt that this was what the MPAC compromise was trying to get to.

Kristina Traffas, Save Frog Pond Community Coalition 28579 SW Wagner St Wilsonville OR 97070 provided written testimony and summarized her testimony for the recorded.

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Blaire Anderson 16172 SE Keller Rd Clackamas OR 97015 did not testify.

Doris Wehler 6855 SW Boeckman Wilsonville OR 97070 said with the MPAC recommendation they had a unique opportunity. MPAC compromise supported the jurisdictions. She spoke to the public relations issues. The public was trusting Council to take the comments to heart. She urged removal of North Borland, Tualatin and Frog Pond sites. Councilor McLain said they were listening but they were trying to be fair and equitable to all citizens of the region. They were being asked to make some decision and until the laws were changed, they must comply with those laws.

Greg MackLean, 12995 NW Bishop Rd Hillsboro OR 97124 said he was an owner of a livestock breeding farm in the Helvetia area provided written testimony and summarized that testimony for the record. Councilor Park said he felt that he had well stated some of the problems that this Council was facing. It was a matter of time. It was time for citizens to go to Salem to have a conversation to change the laws. Any pressure they could put on the State representatives to change the situation would be helpful. Mr. MackLean said he understood their dilemma; we can't be all things to everyone. The end result was that Oregon was not the Oregon he grew up with.

Council President Bragdon closed the public hearing. He then asked Councilors to introduce their amendments. It was noted that Councilor Hosticka, although not present, had proposed amendments to bring forward on his return.

Councilor Monroe said Councilor Hosticka would be in support of the MPAC recommendation to delete MPAC's recommended areas. He asked for further details on MPAC's recommendation giving latitude to local governments on what was allowed on industrial lands.

Councilor McLain asked about formal motions. President Bragdon noted formal motions would take place next week; today was simply for introduction and discussion. Councilor McLain went on record to ask staff to take a look at the need number. She suggested that she might have amendments to Cornelius, Evergreen and Tualatin.

Councilor Newman talked about the multitude of public testimony. He noted his proposed amendments. He said the first amendment was the need number. The second amendment had to do with the revised expansion area. He detailed his amendment which reduced the need number and added some area to the Evergreen area but would take out Borland and Wilsonville East. He said they would be working hard to have resolve.

Councilor Burkholder asked about Noyer Creek area. Councilor Newman said it was not on the COO's recommendation but in MPAC's recommendation. He commented that 39% was industrial in his district. Industrial land and jobs were a benefit to the region. He noted the motion about the Urban Growth Report and the assumed redevelopment and infill rate for industrial and commercial land. He felt the need number could go up to 37% for redevelopment and infill for industrial land and commercial land which was currently 50% could get higher efficiency and reuse rates also. He said he wanted to ask the staff to calculate a new need number. It was not an amendment to the COO's recommendation.

Councilor Monroe said he was cautiously nervous about changing the numbers to reduce the need. He wanted to make sure these numbers were justifiable and logical. Councilor Burkholder said he had a discussion with Mr. Yee about the methodology and with legal staff about the strength of support to make that change. They were statistically valid and legally supportable.

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Councilor Park said almost everything in the Chief Operating Officer's recommendation was in play, other than the quarry. There was some land in Oregon City and Wilsonville that might need to be rezoned. Council President Bragdon said those were covered under Councilor Newman's amendment. Councilor Park said he would recommend an amendment to leave in the Springwater area. The concept planning that Gresham had done had indicated it was industrial.

Council President Bragdon said Mr. Cooper was looking at some of the original Evergreen conditions. There may be some changes coming forward in terms of electricity or natural gas issues.

President Bragdon noted that Ordinances No. 04-1040 and 04-1041 would be brought forward to the June 3, 2004 at 2:00 p.m.

7. RESOLUTIONS

4.4 **Resolution No. 04-3458**, For the Purpose of Granting an Easement to the City of Cornelius For Non-Park Use Through Metro Property Located at North 29th/Hobbs Road.

Motion:	Councilor McLain moved to adopt Resolution No. 04-3458.
Seconded:	Councilor Newman seconded the motion

Councilor McLain detailed the resolution. She urged support for the easement. Councilor Burkholder said he felt it was a small amount of money. He suggested documenting what we were getting in value in exchange for this. He spoke to the design of the road and storm water issues. They shouldn't allow degradation of the property. He urged using our green streets design. Councilor McLain said she would support this direction. We did buy the property and we should make sure we were following some of our own models, like green streets.

Motion to amend:	Councilor Burkholder moved to amend Resolution No. 04-3458 by adding a condition of granting this easement, a requirement of this project was to not discharge any storm water directly into Council Creek without treatment and recommend use of green street guidance.
Seconded:	Councilor McLain seconded the motion

Councilor Newman asked about the use of swales or other approaches. Councilor Burkholder clarified the main point was not to allow storm water discharge without treatment. Councilor Park asked about treatment in the green street guidelines for peak run off, would there be a metered amount or storage before it went into the system? Councilor Burkholder said he felt this was a guideline and should be added as a friendly amendment. Councilor McLain said it was covered in the original motion.

Councilor McLain felt it was very important to go on record that when we give easements there was value in those easements and we wanted to make sure we were protecting our properties and the uses of our properties. It was important to partner with our neighboring cities and counties. This was a partnering we were doing in good faith.

Vote to amend:

Councilors Burkholder, McLain, Monroe, Park, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.
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Vote on the Main
Motion:

Councilors Burkholder, McLain, Monroe, Park, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

7.1 **Resolution No. 04-3455**, For the Purpose of Acknowledging the Regional Solid Waste Management Plan Contingency Plan and Directing Staff to Conduct Additional Outreach and Analysis on Select Contingency Strategies

Motion:	Councilor Park moved to adopt Resolution No. 04-3455.
Seconded:	Councilor Newman seconded the motion

Councilor Park summarized the resolution. Amendments to the Regional Solid Waste Management Plan (RSWMP) in April 2003 established a contingency planning process to evaluate and recommend strategies to reach the 2005 recovery goal of 62 percent if sufficient progress was not being made. As of the end of 2002, the region's recovery rate was 54 percent. Based on past recovery trends, it is highly unlikely the region will meet the 2005 recovery goal without increased efforts. Metro Council directed staff to convene a contingency planning work group to identify recycling policies to increase recovery. The work group set out recommendations - collectively called the Contingency Plan. MPAC and local government feedback supported the further development of Contingency Strategies #1 (C&D load recovery) and #2 (business recycling standards). In addition, Metro Council Solid Waste and Recycling Liaisons recommended further developing Contingency Strategy #3 (dry waste load recovery) in conjunction with Construction and Demolition (C&D) load recovery, for the following reasons: First, it may facilitate the timely phase-out or reduction in the Regional System Fee Credit Program. Second, processing requirements for all dry waste loads would place the same recovery standard on all facilities that accept Metro region waste. Third, it eliminated the potentially confusing process for developing definitions for construction and demolition loads; and result in more consistent methods for monitoring and enforcement. He said passage of this resolution would establish a work group to develop the program details of Strategies #1 & #3. The results of the work group would be presented to Council for consideration in summer/fall 2004. Approval of the resolution would direct staff to work with local governments and stakeholders to develop and evaluate strategies for increased business recycling. With Council approval, any new standards may be incorporated into the updated Regional Solid Waste Management Plan. He urged support.

Councilor Burkholder asked Councilor Park to discuss the discussion on organics. Mike Hoglund, Director of Solid Waste & Recycling, said the contingency plan came up with four recommendations, but they had three before them today. They said stay the course with the current organics program but bring it back in a year and then re-evaluate it to see if there was an opportunity to expand on the program.

Vote:

Councilors Park, Burkholder, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

8. CONTRACT REVIEW BOARD

8.1 **Resolution No. 04-3447**, For the Purpose of Authorizing the Chief Operating Officer to Enter Into an Office Lease Between Metro and the City of Portland, Bureau of General Services, For the Community Policing Center Located at the Metro Regional Center

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Motion:	Councilor Burkholder moved to adopt Resolution No. 04-3447 with a change to 2005 (error in the resolution).
Seconded:	Councilor Monroe seconded the motion

Councilor Burkholder explained the resolution. He recommended approval.

Vote: Councilors Park, Newman, Burkholder, McLain, Monroe and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

8.2 **Resolution No. 04-3461**, For the Purpose of Entering into Agreements with U.S. Dept of Agriculture and Ducks Unlimited for the Restoration of Open Space Property and Authorizing the Chief Operating Officer to Release a Request for Bids and Execute the Contract.

Motion:	Councilor McLain moved to adopt Resolution No. 04-3461.
Seconded:	Councilor Newman seconded the motion

Councilor McLain talked about the resolution and the leverage of support by working with these partners. She urged support.

Vote: Councilors Park, Newman, Burkholder, McLain, Monroe and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

9. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordan, COO, said Andy Cotugno, Planning Director, offered his help on Councilor amendments. Mr. Cotugno suggested releasing the amendments to the public on Tuesday afternoon. Council President Bragdon asked if they could take these up at the retreat. He suggested having a packet by Wednesday morning. Councilor McLain explained that some of her amendments weren't going to happen without other amendments. She said they needed to know the other amendments. Mr. Jordan said their attempt was to get as many as they knew about ahead of time. He thanked Council for their work at yesterday's retreat.

10. COUNCILOR COMMUNICATION

Councilor Park asked about guidance for the amendments. Council President Bragdon said they would take motions related to the need number first. Councilor Newman asked if his amendment would be better handled as one or three. Dan Cooper, Metro Attorney, said setting the need number and picking the land to meet the need was a good process to follow. He talked about what happened if the need number was out of balance. Council could go back to revisit the need number. Councilor McLain said it was important to have this decision set us up for future decisions. She spoke to centers, what were we doing to make these centers right? She suggested talking to these issues when proposing amendments.

11. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 5:15 p.m.

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Prepared by

Chris Billington
Clerk of the Council

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ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF MAY 27, 2004

Item	Topic	Doc Date	Document Description	Doc. Number
3	Power Point Presentation	5/27/04	To: Metro Council From: Alexis Dow, Metro Auditor Re: PFP Program Considerations	052704c-01
4.1	Minutes	5/20/04	Metro Council Regular Meeting Minutes of May 20, 2004	052704c-02
6.1	Amendment	5/27/04	To: Metro Council From: Brian Newman Re: Amendment to Ordinance No. 04-1040	052704c-03
6.1	Testimony	5/27/04	To: Metro Council From: Chris Barhyte, Tualatin City Council Re: Opposition to expansion in Tualatin and Borland Rd. area	052704c-04
6.1	Resolution	5/27/04	To: Metro Council From: City of Wilsonville Re: In the Matter of Proposed Adoption of Metro Ordinance 04-1040 Amending the Urban Growth Boundary to Accommodate Industrial Employment	052704c-05
6.1	Testimony	5/27/04	To: Metro Council From: Sparkle Anderson Re: Opposition to the substitution of the Evergreen area for Wilsonville East	052704c-06
6.1	Memorandum and Testimony	5/27/04	To: Metro Council From: Jeff Bauman, Public Works Director, City of Wilsonville Re: Groundwater in Wilsonville East	052704c-07
6.1	Letter	5/27/04	To: Metro Council From: Jeff Condit, Miller Nash LLP on behalf of the City of Tualatin Re: City's Legal Analysis of the Proposed Amendments	052704c-08
6.1	Testimony	5/27/04	To: Metro Council From: Jay Cosnett Re: 11 Reasons to Remove the Borland Road North from the Urban Growth Boundary	052704c-09
6.1	Testimony	5/27/04	To: Metro Council From: Maureen Larsen Re: Support of inclusion of Wilsonville East into the Urban Growth Boundary	052704c-10
6.1	Testimony	5/27/04	To: Metro Council From: Dr. Shirley S. Malcolm Re: Opposition to inclusion of the Helvetia area into the Urban Growth Boundary	052704c-11
6.1	Memorandum	5/27/04	To: Metro Council From: Lydia Neill, Principal Regional Planner, Metro Re: MPAC Recommendations to the Urban Growth Boundary	052704c-12
6.1	Table	5/27/04	To: Metro Council From: Kathy	052704c-13

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			Newcomb, City of Tualatin Re: Fiscal Impact Analysis on Urban Reserve Areas 2, 47, 48 and 49	
6.1	Letter	5/27/04	To: Metro Council From: Michael Robinson, Perkins Coie Re: Title 4 Regulations	052704c-14
6.1	Testimony	5/27/04	To: Metro Council From: Robert Ruedy Re: A comprehensive land use review process	052704c-15
6.1	Testimony	5/27/04	To: Metro Council From: Robert Ruedy Re: Questions and comments from May 6 Public Hearing	052704c-16
6.1	Testimony	5/27/04	To: Metro Council From: Ed Truax, Tualatin City Councilor Re: Opposition to inclusion of Tualatin into the Urban Growth Boundary	052704c-17
6.1	Testimony	5/27/04	To: Metro Council From: Diana Yates Rd: Opposition to inclusion of Helvetia into the Urban Growth Boundary	052704c-18
6.1	Summary Report	5/27/04	To: Metro Council From: William B. Conerly Re: Health Care and the Economy	052704c-19
6.1	Testimony	5/27/04	To: Metro Council From: Charlotte Lehan, Mayor of Wilsonville Re: Support of Metro Policy Advisory Committee Recommendations	052704c-20
6.1	Testimony	5/27/04	To: Metro Council From: Greg Mecklem Re: Opposition to inclusion of Helvetia into the Urban Growth Boundary	052704c-21
6.1	Report and Resolutions	5/27/04	To: Metro Council From: Lou Ogden, Mayor of Tualatin Re: Ordinance No. 04-1040	052704c-22
6.1	Testimony	5/27/04	To: Metro Council From: Jonathan Schlueter, Executive Director, Westside Economic Alliance Re: Business perspective on the recommended sites for the expansion of the Urban Growth Boundary for industrial purposes	052704c-23
6.1	Testimony	5/27/04	To: Metro Council From: Dave Volz Re: Opposition to expansion in Tualatin	052704c-24
6.1	Testimony	5/27/04	To: Metro Council From: Kristina and Gary Traffas Re: Opposition to expansion into Wilsonville East	052704c-25
6.1	Report	5/27/04	To: Metro Council From: Hal Keever, W&H Pacific Re: Infrastructure Cost Analysis for Industrial Lands	052704c-26
6.1	Table	5/27/04	To: Metro Council From: Hal Keever, W&H Pacific Re: Industrial Lands Cost Summary	052704c-27

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MINUTES OF THE METRO COUNCIL MEETING

Thursday, June 10, 2004
Metro Council Chamber

Councilors Present: Brian Newman (Deputy Council President), Susan McLain, Rod Monroe, Rex Burkholder, Carl Hosticka, Rod Park

Councilors Absent: David Bragdon (excused)

Deputy Council President Newman convened the Regular Council Meeting at 2:02 p.m.

1. INTRODUCTIONS

Deputy Council President Newman introduced Steve Heinrich, Mayor of Cornelius and Amy Scheckla-Cox, City Councilor for Cornelius, Tom Hughes, Mayor of Hillsboro and Chuck Becker, Mayor of Gresham.

Councilor Park introduced Brenda Bernards, Planning Department, who would be leaving Metro. He noted her contributions to Metro. Other Councilors provided thanks to Ms. Bernard for her service at Metro. Ms. Bernards shared that she had enjoyed her time at Metro.

2. CITIZEN COMMUNICATIONS

There were none.

3. CONSENT AGENDA

3.1 Consideration of minutes of the June 3, 2004 Regular Council Meetings.

3.2 **Resolution No. 04-3460**, For the purpose of appointing David Bikman as an at-large member of the Metro Committee for Citizen Involvement (MCCI), accepting the Multnomah County Office of Citizen Involvement nomination of Jeannie (J.C.) Kizak to MCCI, and appointing Kate Schiele from an at-large position to a District 2 position on MCCI.

3.3 **Resolution No. 04-3463**, For the Purpose of Accepting the May 18, 2004 Primary Election Abstract of Votes for Metro.

3.4 **Resolution No. 04-3464**, For the Purpose of Appointing the Following Members and Alternates to the Metro Policy Advisory Committee (MPAC), Ted Wheeler as Multnomah County Citizen Member; Dresden Gregory, Washington County Citizen Alternate; Wilda Parks, Clackamas County Citizen Member; and Ed Gronke, Clackamas County Citizen Alternate.

Motion:

Councilor Park moved to adopt the meeting minutes of the June 3, 2004, Regular Metro Council and Resolution Nos. 04-3460, 04-3463, and 04-3464.

Vote:

Councilors Burkholder, McLain, Monroe, Park, Hosticka and Deputy Council President Newman voted in support of the motion. The vote was 6 aye, the motion passed.

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4. ORDINANCES – SECOND READING

4.1 **Ordinance No. 04-1040A**, 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.

4.2 **Ordinance No. 04-1041**, For the Purpose of Amending Metro's Regional Framework Plan to Better Protect the Region's Farm and Forest Land Industries and Land Base; and Declaring an Emergency.

Deputy Council President Newman said in the interest of providing information for the citizens in our viewing audience who might need context to better understand some of the issues discussed on today's agenda, he wanted to take a few moments to provide some background.

In 2002, the Metro Council voted to bring into the urban growth boundary acres. As the official Metropolitan Planning Organization for the 24 cities in the region, the Metro Council administered Oregon land use planning processes. Land use law had two primary objectives: to protect productive farmland and to promote the most efficient use of land for economic development inside the urban growth boundary. Today's agenda was centered on some unfinished business from the 2002 decision. By June 24 he fully expected that the Council would have finally closed the books on the region's requirements to close the books on creating an inventory of land that could be protected for the exclusive use of siting industry.

A couple of months ago Metro's Chief Operating Officer (COO) made his formal recommendation to Council. The recommendation included guidelines on conditional uses of regionally significant industrial lands and it laid out the reasoning, based on years of analyses, behind his recommendation. Even though this final decision in our legally required review of inventoried lands accounts for only about 8%, or about 1,200 acres out of 13,000 that will be converted to new uses as a result of our decision two years ago as well as the decision we will make on the 24th of this month, it was perhaps a more difficult decision to make.

As he said earlier, there were 24 cities within the Metro region boundaries. All of these cities were subject to the same land use laws that the Metro Council used in planning for and controlling the region's growth. These cities and their representatives worked closely with the Council on an ongoing basis to plan for the best and highest uses of land within their city boundaries as well as those unincorporated areas outside city boundaries.

He said he thought he could speak for all the Councilors here today, and for Metro President David Bragdon who could not attend today's meeting, when he said that working through the trade offs associated with the choices for finding industrial lands had been tough. And it had been revealing. The Metro Council didn't just wake up one morning and say, "let's go out and change how land was used in local jurisdictions". He said we ran for office and we were pleased to serve citizens in this capacity because there were some realities that government, especially a regional government, were best suited to achieve on behalf of its citizens.

The fact was that population in our region would increase. How we used land as one tool to accommodate that growth in beneficial ways was central to the economic prosperity of the region. Our responsibility as Metro Councilors was to make the best choices for the best advantage of the region. It was very seductive to lapse into a parochial view of our jobs here as Metro Councilors.

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The fact was and every measure available to us confirmed this, the region was the economic unit in our global society. We recruited family wage jobs and sustainable industries because the region was competitive in a long list of factors.

Some things were true whether we believed them or not. It was never our wish to cannibalize the region in any way. Any decision that undermined the welfare of folks in Gresham or Oregon City undermined the way of life for folks as far away as Hillsboro and Sherwood. In that same vein, the economic benefits derived in Lake Oswego accrue North Portland and Carver. Oregon land use law required that governments prepared for the most efficient and effective ways to growth the economy. The same law required that we also ensured that vibrant and sustainable communities were the results of our planning. We also wanted great neighborhoods and capacity to accommodate diverse populations, industries, and life styles.

There was another fact that he thought was relevant to the discussion today and to the weeks in front of us. The fact was that over the years local jurisdictions had carved away at the lands that previous Metro Council's had brought into the UGB, ostensibly, for industrial uses. Many of those acres, which were ideal for keeping our 20-year inventory for the time when business and industry were ready to make investments, have been subjugated to big box retail, strip malls and other uses that offered immediate gratification to local jurisdictions. It was not a condition that we reminded people of very often because it seemed accusatorial. But he thought it was factual to say that if we had done a better job as regional partners to protect those lands from being undervalued and under used, we might not be facing the situation we face today.

Last night some members of the Council attended the Metro Policy Advisory Committee (MPAC). Mayors and staffs of cities and counties within the region attended to respond to the ordinance we were considering today. He wanted to go on record with a few of the folks who were in the Chamber this afternoon and with others who may not be here. He said he was speaking on his own behalf but he was sure his Council colleagues would have their own views that they may wish to offer. He was not unsympathetic to the arguments used by those who were seeking changes to the ordinance. He heard the rational that was presented last night, as he had heard it in many previous advisory committee meetings, at hearings here in the Council chambers and around the region, and at countless small, one-on-one meetings with property owners and elected officials.

He said, for our citizens in Wilsonville – you have made tremendous strides in planning for your community's livability while accommodating the industrial siting that every city needed for jobs and for financing that made a community self-sustaining. In some regard it was true that when the staff looked closely on the ground at all the requirements that industry had for locating in a community, Wilsonville was laudable and easy to recommend for its careful attention to routing trucks, investing in utilities, and otherwise being ready for the opportunities that come when the law said its okay to convert natural resource lands to developable lands.

He closed by saying that as of last night we have asked for a small procedural change in how MPAC presented recommendations to Council. This afternoon and he thought it was a good idea to consider it for all future communications, the MPAC chair or his or her designee would present recommendations to the Council thus we reflected a more authentic representation of the partnership between the Council and MPAC members. He appreciated Mayor Becker's willingness to follow this change in protocol on such short notice.

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Chuck Becker, Mayor of Gresham and MPAC Chair, thanked Council for the opportunity to come before the Council. He wanted to preface his comment about the recommendation of MPAC with a statement that when MPAC first heard of the decision of the Metro Council, there were a lot of emails passing back and forth and the members of MPAC handled what could have been a very contentious issue in a very statesmanship manner. He thought it had been a very civil discussion that took place and was very constructive and positive. He felt they had come forward with a very good recommendation to the Metro Council. He spoke to the MPAC process, which included several amendments. He read the motion to the Council, "to recommend to Metro Council to consider their action as amended to recommended to Metro Council to reconsider their action to remove the north portion of Frog Pond in Wilsonville and to add to the Chief Operating Officer's recommendation, the Cornelius portion of 91 acres, to remove the north half of the Tualatin portion and recommend that the Council consider among other areas under consideration parts of the Evergreen area to meet the balance of the need. The motion passed with 11 ayes and 4 nays. They were pleased that they were able to make this recommendation to the Metro Council. They thought it was a recommendation that the entire will benefit. It was good for all sub-regions of the region.

Deputy Council President Newman opened a public hearing on Ordinance No. 04-1040A

Patricia Miller, FARM Horticultural Park Place, 8900 NW Dick Rd Portland OR 97223, provided written testimony and maps for the record and summarized her testimony for the record (a copy of which is found in the record). She said she had served on Metro Committee for Citizen Involvement (MCCI). She felt this property was a win-win property for industrial use. She urged that this property be included in the Urban Growth Boundary. She noted a letter of support from a neighbor.

Councilor McLain asked for clarification on where her property was, was she north of Helvetia? Ms. Miller said it was known as Helvetia study area. She noted the proposed expansion area and where her property was.

Philip Edmunds, 6235 SW Kahle Rd, Wilsonville, OR 97070 provided a letter from his father, Fred Edmunds, and summarized both his own and his remarks for the record (a copy of which is found in the record). He said he ran a rose nursery in the Wilsonville East area. He said, every farmer along the I-5 corridor had sold his or her property for industrial use. He spoke to the history of his land. Several years ago they started having problems with their well. He spoke to the water table dropping. He then moved his production to California. In making the decision to move their operation to California, they decided to continue living on their property in Wilsonville. He believed that Council had made the right decision to include this land as industrial use.

Sparkle Fuller Anderson, 27480 SW Stafford Rd Wilsonville, OR 97070 thanked the Council for their work thus far. She believed the Frog Pond area was a good choice for industrial use. She felt the Bragdon amendment was a good start. She provided written testimony for the record. She urged amending the ordinance to include the southern portion of the Frog Pond area.

Maureen Larsen, 25935 SW Stafford Wilsonville OR 97070 read her testimony into the record. They owned nurseries in Wilsonville and Hillsboro. She said the north Wilsonville area would make a positive addition to industrial lands.

Lise Glancy, Port of Portland, 121 NW Everett Portland OR 97208 provided written testimony for the record and summarized that testimony. She spoke to a Terminal 6 mapping error.

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Councilor Burkholder said what he was hearing from Ms. Glancy in terms of the Port's interest in this decision was that lands along the I-5 or I-205 corridors were superior to anything out Hwy 26, toward the west of the region. Ms. Glancy qualified his statement, for distribution and logistics. Councilor Burkholder asked what kind of work does the Port do with its counterpart on the Washington side given that the I-5 corridor goes north too and that lots of lands were being developed in that area including some that have come on recently with warehouse distribution uses? Ms. Glancy responded that they had been very active in the I-5 trade transportation corridor and all jurisdictions involved in that have been concerned about distribution activities and development along the corridor and controlling land uses. Their domain was not in the Washington area but they have continued to be involved in those discussions. However, they have limited jurisdictional influence.

Keith Fishback, Washington County Farm Bureau, 11375 NW Roy Rd Banks, OR 97106 thanked the Council for their support of the Farm Bureau in the past. He said land was their biggest asset. They needed flat land with adequate water. He spoke to City of Cornelius and that Council Creek made a good natural buffer between agricultural land and the City of Cornelius. The agricultural industry needed buffers. He spoke to the lack of transportation in Cornelius area. He also noted the Evergreen area, which had the same issues. The site had no natural buffers. He provided written testimony as well.

Tad VanderZanden, Washington County Farm Bureau President, 2551 NE Nova Ave Hillsboro OR 97124 echoed Mr. Fishback's comments. They opposed expansion onto agricultural land. He spoke to Hillsboro/Evergreen Road area. Their family farm was close to this area. This land was some of the most productive. He urged saving this land. Councilor Burkholder asked about land east of Wilsonville. He said some of this land was compromised according to testimony they had heard. He asked Mr. VanderZanden to comment on this area. Mr. Fishback said if there wasn't enough irrigation water, it would make a good choice for industrial. Councilor Park asked about water rights versus water table. He asked their perspective on water rights. Mr. Fishback said water right was an asset to have on the property. Water rights increased the opportunity to be productive. Councilor Hostiska asked about water rights. He said they needed to be clear about the rights versus use.

Jack Hoffman Lake Oswego City Councilor, 380 A Street, Lake Oswego OR 97034 said he had four points to make; one is Borland, the second was Stafford Triangle, the third was the matter before the Metro Council which was the 2004 Industrial Land expansion, the product and the process and then finally, wrap up with the regional challenges ahead. In terms of the Borland area, he thought it was appropriate that that land not be included in terms of this round of UGB expansion for the reasons stated in their letters to the Council, for the reason stated last Thursday by this Council and for the reason that Councilor Newman state last night at MPAC. It was appropriate and they needed to move on. With respect to Stafford, there was some comments made by some of the Councilors, that there needed to be planning and coordination among the jurisdictions in Stafford. Lake Oswego agreed. They agreed two and a half years ago. But there was an issue of resources and there was an issue of partnership. Metro needed to be at the table to facilitate and partner with the cities that surround the Stafford Basin. He understood that there was an issue in terms of resources and staffing and where were you going to get the money. But if Stafford was to be planned appropriately and carefully, they needed Metro's help. They needed Metro's staffs help and the elected officials help. With respect to the UGB, the product and the process, the product was the last 5% but it was 5% that had caused a lot of angst and concern. He felt that there were some important concepts. One was, whenever the UGB moves, it can't be at the expense of town centers, main streets or corridors because these define our communities.

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People have a sense of place, a sense of community. When these senses of places change, people were concerned. People react, resist and revolt. That was something we have to keep in mind both now and for 2007. That was why there was this concern.

With respect to the process, we have to remember that we all represent 1.3 million people in this region. The Metro Council wanted the local jurisdictions to think as regional citizens and when they serve on MPAC that was an appropriate role. He reminded, their neighbors elected the elected officials at MPAC and the neighbors were the ones they had to answer to. He thought the discussion at MPAC last night was one of the best he had attended in the last five years. It was intelligent, thoughtful and obvious that there had been a lot of homework done, a lot of consulting with attorneys, staff, with neighbors and other councilors. There were mayors there who articulated their strongly felt positions but also legally acceptable and well thought out recommendations. MPAC came up with a compromise position. He thought from his perspective that it was a very concerted effort by the mayors of Beaverton, Gresham, Wilsonville, Tualatin, etc to extend the hand of partnership to the seven Metro Councilors to try to meet them half way, to try to get this behind them, to try to get this job done that had been dragging on since 2001. He thought this could be accepted in the terms and method and manner in which it was given that they really were thoughtful. There was still anger and emotion out there but they were willing to work. This was not the time to have our lawyers lob grenades at your lawyers.

In terms of the regional challenges, they had Goal 5, sub-regional, UGB, the son of measure 7, and takings issues facing them. He thought this was the opportunity for Councilors to reach out and accept the hand of partnership that had been extended to Council by the mayors of MPAC and move forward so that we can solve the regional problems that were coming up ahead. Councilor Park said he appreciated inviting the Council into the discussion. They were trying to figure out how you stretched resources. It was constructive to be looking at those spots now and be thinking about it in the future. Council was looking at the concept of urban reserves when you were talking about how to plan these future areas. He reminded that Council had extended their hand as well. He appreciated Councilor Hoffman coming to the meeting.

Amy Scheckla-Cox City Councilor City of Cornelius 1355 N Barlow Cornelius OR 97231 said they would like the council to reconsider their decision for expansion and to reconsider the 91 acres to help maintain a more balanced community. She read a letter from John Groth, which referred to pollution, traffic, and inadequate supply of medium lots in the region. She then read testimony from Jacob Millens, he spoke in favor of the proposal. This UGB expansion was helpful to their area. She asked them to reconsideration the 91 acres in Cornelius.

Bill Bash City of Cornelius, 1355 N Barlow Cornelius OR 97231 read his letter into the record. He said they had included a letter from Ken Martin concerning Cornelius area. He spoke to the issue of hard boundaries.

Steve Heinrich City of Cornelius Mayor 1355 N Barlow Cornelius OR 97231 said he grew up in Washington County. He said he came from a farming background. He provided written for the record.

Dick Kline, City Manager for City of Cornelius 1355 N Barlow Cornelius OR 97231 said he was recently here from Eastern Oregon which was heavily dependent on agriculture. He said they were concerned about the recent request to add an addition of 78 acres to the 91 acres. This was done to a response to an opportunity to straighten out and make full street improvements on Hobbs Road or 29th Avenue. This area was not intended to be a land grab. This was a honest and well-planned approach to make for better infrastructure and transportation access for the future. It

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was not intended to be a grope for property. He spoke to an area of 29th Avenue that lay between Hobbs Farms Estates and Natures Rib subdivision south Council Creek. They had an opportunity to make a full street improvement in combination with the Street of New Beginnings, housing development this June. That was a full street improvement along the entire section of roadway from the north railroad line to Council Creek. The City of Cornelius understanding that Metro did not have money for full street improvements, went out on their own and in return for dedication of right-of-way, offered to build that complete roadway. In the future, he wanted Metro to remember that. He urged not to jump to any conclusions or inferences. He urged working cooperatively. This was their intent and in the future they would be working with Metro.

Dave Volz 22930 SW Erio Place Tualatin OR said he was here as a citizen representing his neighbor in South Tualatin area. They were frustrated. They had given ample evidence in previous testimony to support not putting south Tualatin in as industrial land. He said the City of Tualatin had concurred with this recommendation. He said they had an obligation to balance the Goals. He suggested looking at Goal 2 to work with the cities on planning. They had ignored City of Tualatin, citizens and MPAC's recommendation. He felt they had a classic case of bureaucracy that had run amuck. He spoke to Oregon statute, which required them to weigh all of the goals. Councilor Hosticka said there had been a number of proposals concerning this area. Did he have thoughts about MPAC's recommendation or conditions others had suggested which would make this area a residential area. Mr. Volz said he felt the connector would have a huge impact on this area. He suggested keeping all of the area out until the connector was planned. Councilor McLain said if you have a connector wasn't it better to have the opportunity to plan the area to provide protection for the area? Mr. Volz said he didn't have a lot of faith in the outcome of conditions. It appeared to him to be more intelligent, let the connector fall where it was the most appropriate. Councilor Monroe said besides land use decisions and UGB decisions, they also had control over transportation decisions. He had committed to having the new connector have buffers from neighborhoods. The problem with waiting until the connector was sited was they could face litigation. They were trying to do the best thing for their community. Mr. Volz said he felt this decision would be challenged regardless. He believed Council had legal obligations to look at all of the Goals.

Curtis Vice, on behalf of Julian and Sharon Cranford 23320 NW West Union Rd Hillsboro OR 97124, said he was here to support Council's decision in the West Union area. Councilor Burkholder asked if this area was called Helvetia. Mr. Vice said yes it was.

Kristin Greene Cogan Owens and Cogan 813 SW Alder St #320 Portland OR 97205 said they supported inclusion of the Helvetia area. She provided a letter for the record (see Cogan, Owens, Cogan). She had been working with Bob Baker and adjacent property owners.

Bob Baker, 13820 SW 325 Place Hillsboro OR 97123 provided written testimony and summarized that testimony for the record. He said he was representing himself and other property owners in the Helvetia area. He said they saluted Council's decision. He had lived in the area all of his life. They needed land planned. He thanked the Metro Council.

Heidi Juza, 6985 SW Elligsen Tualatin OR 97062 provided written testimony and a map for the record. She spoke against the Frog Pond area zoning as industrial. She talked about traffic issues in the area. Trucks didn't belong in any neighborhood. She asked Council to apply the same compassion as President Bragdon had when he dropped the southern area. Councilor Hosticka asked if the map showed the slopes in the area. She said the City Engineer would be speaking to the slopes in the area. Councilor Park asked if they opposed it for other uses such as residential. Ms. Juza said she trusted their Mayor and City planners in their recommendation for this area.

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She said semi-trucks and children weren't a good combination. Councilor Park noted that farmers used trucks as well.

Doug Rux City of Tualatin 18880 SW Martinazzi Tualatin OR 97062 provided a letter for the record from Lou Ogden, Mayor of Tualatin. He suggested that all of the goals must be balanced. He spoke to complete communities, livability, character of the community and dollars for infrastructure. He asked that communities have a local vision, work with their communities. Councilor Newman asked if these areas might be more appropriate for residential versus industrial. Mr. Rux responded that goals must be balanced. He said there was rationale to leave land in or out. He said, concerning Tualatin position for the future, the primary issue was the connector. There were 12 alignments that were being studied for the connector. This decision had to be made before they could plan the area around it. Councilor McLain asked about the 12 alignments and where they were? Mr. Rux explained where the alignments were. Councilor Hosticka asked about complete communities concept. He urged Mr. Rux to help them understand what a complete Tualatin looked like to get an overall vision of what the city's vision was for a complete community. Mr. Rux said Tualatin was a complete community at this time. They felt they were out of balance with the addition of industrial land. They had done community outreach. They felt they needed to do more but they were working on that path now. Councilor Burkholder said they were following the law concerning land. They were trying to balance the various goals. The percentages of lands were a wide range of quality of lands. They weren't following one line of reasoning but were attempting to balance all of the needs.

Steve Clark Community Newspapers 1315 SW Custer Rd Portland OR said despite what Councilor Burkholder said he felt much of the decision was guided by land quality and soil types. He suggested Council be more clear. He provided written testimony for the record. He urged that their decision shape and ensure complete communities or delay their decision. He urged, do the right thing for the right reasons, which might mean a delay in the Council's decision. Councilor Park said he appreciated what Mr. Clark was saying. He wasn't sure that a delay was a good idea. How did we shape this portion of this part of the extension the 2002 decision? He could foresee making the wrong decision with a delay. Which path did you pick? It was very difficult trying to project out ahead. The dilemma they were in was that any decision had an up or down side. Mr. Clark said what was most important was that they were clear on what they expected the outcomes should be. He felt that many of the decisions that Council made he would make in his own business. It was time they articulate and connect with the communities.

Charlie Allcock, Regional Economic Development Partners 121 SW Salmon Portland OR 97204 said there was a clear need for lands to encourage the trade sector. He provided a letter for the record and summarized the letter (Doug Rux also a signature on the letter). He spoke the need for significant infrastructure. As they moved forward, they had to work with the local communities to get these sites shovel ready. There was another step to get these sites ready for industry. Councilor Burkholder reminded the audience that much of this land they were bringing in was for Title 4, existing industrial lands. Councilor Park said we were looking at 20% of the land, 80% was already part of a service area. There were other obstacles to make things happen. Mr. Rux concurred with Councilor Park's comments.

Michael Kohlhoff, City of Wilsonville 30000 Town Center Loop E Wilsonville OR 97070, said Wilsonville respectfully requested that they reconsider the MPAC recommendation. He provided a bound document titled Wilsonville for the record, which included his letter. Councilor McLain suggested that truck route conditions would be part of Wilsonville's planning conditions. Mr. Kohlhoff spoke to truck traffic issues.

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John Michael, City of Wilsonville 30000 Town Center Loop E Wilsonville OR 97070 said he was an engineer with City of Wilsonville. He said Mr. Kohlhoff had submitted an engineering analysis of the Frog Pond area. The analysis included cost, slope and other analysis. He spoke to the fact that they didn't have infrastructure for this area. He noted the engineering analysis from Michael Stone, which included south of the Willamette area analysis (a copy of which is included in the record). He spoke to well water issues. Councilor Hosticka said the slope analysis in the Frog Pond area indicated that was parts of that area that were more than 10%. The northern part of the Frog Pond area had well above 10% slopes. The only area that would be the area north of Kali Road, east of Stafford Road area, which was right next to a residential area. Councilor Park asked transit and treatment plant issues. Mr. Michael said they didn't have treatment capacity for the Frog Pond area currently. He said serving this site in Wilsonville was much easier than the Damascus area. Councilor McLain asked for clarification on the treatment issue.

Steve Zandhuisen, 5911 SW Brian Patch Wilsonville OR 97070 spoke to water rights and not being able to use the water. Use of water and right of water were different. He applauded Council for including Frog Pond in their recommendation. He felt they had considered the regional need. A copy of his testimony was included in the record.

Mary Kyle McCurdy, 1000 Friends, 534 SW 3rd Portland OR 97204 said she had submitted written testimony last week and summarized this testimony for the record. Councilor Monroe summarized that 1000 Friends would recommend Frog Pond and Tualatin. Ms. McCurdy said they thought their overall recommendation was sound.

Nancy Allender 7435 SW Frobase Rd Tualatin OR 97062 said she was the fourth largest landowner in the Frobase area. She was also speaking for Mr. Elligsen who could not be here today. She provided pictures of her farm for the Council. She spoke to what kinds of farming they did in the area. They had grade 2 soil. She said they run bio-solids. They must have access to roads. They had to deliver fertilizer and other products with her trucks. Semi-trucks would prohibit this opportunity. She spoke to wildlife in the area also. Councilor Burkholder said he assumed she was opposing the Frog Pond area as industrial land. Ms. Allender said yes. Councilor Park asked if this area could be residential. Ms. Allender said they would have a water problem.

Ralph Elligsen 7485 SW Elligsen Tualatin OR 97062 did not testify.

Charlotte Lehan, Mayor of Wilsonville, 30000 SW Town Center Loop Wilsonville OR 97070 provided her testimony for the record. The dialogue had encouraged her in the last week. She urged their consideration of MPAC's recommendation. Councilor Hosticka asked about the southern area of Tualatin. Mayor Lehan said the Tualatin decision had been difficult. Finding the mix was a sensitive matter between the two cities. They had tried to be supportive of Sherwood and Tualatin in their planning for the connector. They would not be unwilling to serve that area. It was a matter of timing. Councilor Hosticka said they tried to convene meetings on this issue. He then asked about water rights. Mayor Lehan said most of the farmers in the area have water rights. The issue was all of the existing water irrigators all together don't have the capacity to pull the water levels down. There were no restrictions on existing water right holders. Councilor Hosticka talked about water rights and water users. If they had farmers that were senior to Wilsonville would they have the water rights first? Mayor Lehan said yes. Councilor Park stated that he disagreed about water rights. Would this area be preferred as residential or industrial? Mayor Lehan said their preference would be residential. The Frog Pond had yet to be annexed to the city. They felt they had a 20-year supply of residential. They were trying to avoid EFU land for residential or industrial. Councilor McLain said the water debate had been the biggest issue in

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Wilsonville East. She said the farmers said they had lost their water rights and were having to reapply for those water rights. She was hopeful that the city addressed the issue of new water rights. Ms. Allender said she was working on a transfer water right. Mayor Lehan added that usually people had lost water right for not using them. You had to abandon your wells five years in order to lose water rights. The City had been cooperative with Water Resources. The only thing they would need the wells for was for backup. Councilor McLain said she believed for insurance purposes, you had to have a back up water system. Her question was what was the scenario as far as a backup system for water? Mayor Lehan said it would be an extreme situation. They had 6 million gallons of water reserve before they would have to use the wells.

Kristina Traffas, Save the Frog Pond Community Coalition 28579 SW Wagner Wilsonville OR 97070 provided written testimony. She had submitted a letter from Judith Jindrich (in the box). She read this letter into the record.

Holly Iberg, Newland Community 16701 SE McGillvary #150 Vancouver, WA provided Hillsboro South Urban Reserve Concept Plan Figure A (a copy of which is included in the record). She talked about the property. She read her letter into the record (a copy of which is included in the record). Councilor Hosticka spoke to the concept plan. This had been done for this area? Ms. Iburg said yes. Councilor McLain asked where this piece was as far as location. Dan Cooper, Metro Attorney, said there was no current litigation.

Keith Aden PO Box 1501 Lake Oswego OR 97035 said he was one of property owners in the Frog Pond area. He was in favor of it being put into the industrial zone. He said he had owned the property for 129 years. He spoke to livability and what had happened to the area. Over the years, the zoning had restricted the use of the property. There had been takings of the use, the water, and property from his facility. He said more recently City of Wilsonville and Don Morrisette had built 200 homes on 40 acres next to him. He was allowed to put 2 homes on his land. There would be more of a negative impact on the area. He understood the idea of traffic, but felt that the professional drivers were far safer than the average driver.

John Hartsock, Committee for Future of Damascus 18510 SE Boser Rd Boring OR 97009 talked about the MPAC meeting of June 9th. He felt it was a good meeting and they came up with some good recommendations. He talked about potential solutions. He supported the MPAC recommendation. Councilor Park asked if there were restrictions on the 2002 decision. Mr. Cooper said that you must not unbalance the residential equation of LCDC. This was something that they would not want to say yes to. Mr. Cooper spoke to Hartsock's idea and wondered about the impact on the residential mix. Councilor Park asked if it was permissible for the Frog Pond area to go residential. Mr. Cooper said if you were adding land for residential, you were looking for resource land. We did not want to get into EFU land for analysis. Councilor Hosticka asked about bringing that land in for residential purposes. Would that change your recommendation? Mr. Cooper said the fact was that we had already drafted language for an undetermined amount for residential. We did not want to over-supply the amount of land for future purposes. Mr. Johnson's report was careful to remind you that their opinion on EFU land should be considered only for that purpose and not for any other.

Jay Cosnett, 1246 SW Borland Rd West Linn OR read his letter into the record. He spoke about Borland Road being a bad choice. He also spoke to why Frog Pond was not a good area for industrial. We needed to look at redeveloping areas already in the UGB.

Tom McConnell, Alpha Engineering Inc 9600 SW Oak St Suite 230 Portland OR 97223 provided written documentation of Shute Road Interchange. He talked about the staff proposal for the

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Helvetia property. When bringing in land for industrial use, you had to consider what its conversion for industrial use was. He said the land was highly parcelized. He spoke to site constraints. They recommended an additional three parcels to be included in the Helvetia area. It could be served by the utilities. He spoke to the recommended interchange improvement and utilizing it to its maximum capability.

Mark Greenfield, 2121 SW Broadway Portland OR said he was also representing Mr. Standing. The Industrial Land Task Force created by the Governor included Shute Road and the Nike Property of US 26 Interchange due to immediately adjacency to Hwy 26. The size of ownership was two property owners. Third, these were property owners were willing to sell. Fourth, it was better use of infrastructure and fifth, it met the need for industrial land. This property would be good property to make up the need for those properties that were being taken out.

Jim Standing, 12670 SW 68th #400 Tigard OR 97223 said he had learned what agriculture issues were. He owned the two pieces of property on the northwest corner of Shute Road. They would work diligently with the homeowners in the area to make a hard line between agriculture and industrial uses where appropriate.

Jim Johnson, Oregon Department of Agriculture noted the letter submitted on June 8th. He highlighted the main points in the letter (a copy of which is already in the record). He spoke to specific areas, which were related to following state law. A couple of the areas that were in the COO's recommendation included exception land. He urged that these areas be looked at first. It was important when looking at the list to think about core agriculture capability. The Board of Agriculture strongly supported the work that Metro was doing to identify industrial areas. He spoke to efficient use of industrial lands and commercial lands. He then spoke to the Willamette River and recommended not going south of the river. Councilor Burkholder asked about hard edges. They would be looking for help from the state, LCDC and the agricultural community as to what the hard edge meant. Currently, under state law, there were no hard edges. Councilor Monroe asked about four areas and whether they were supported by the Department of Agriculture. Mr. Johnson responded that they would support areas being brought in, in the order they were included in the agriculture report. Councilor Monroe summarized the one that ought to come in first was the Frog Pond or East Wilsonville. Mr. Johnson said yes. Councilor Park asked about land south of the Willamette. Mr. Johnson said south of the Willamette River had the best of the best farmland in the State. Councilor Park then asked about water rights and the ability of farmers to react. He spoke to the lack of water or suspended water. How did that affect the ability of the farmer to farm? Mr. Johnson said water was a key issue in farming. There was less water in the summer. Irrigation was the farmer opportunity to adapt. Councilor Park asked about the Orient study, an area east of HWY 26, 460 acres, he wanted to make sure that he was not recommending taking this area out.

Councilor McLain noted emails and a letter for the record, Washington County Commissioner Andy Duyke said he was in favor of keeping Cornelius out of the recommendation. She received an email from Kristin Kolberg. They also supported keeping the industrial land out of Cornelius.

Deputy Council President Newman closed the public hearing and announced that these ordinances would be held over until June 24th for consideration of a final decision.

4.3 **Ordinance No. 04-1044A**, For the Purpose of Adopting the Annual Budget For Fiscal-Year 2004-05, Making Appropriations, and Levying Ad Valorem Taxes, and Declaring an Emergency.

Motion:

Councilor Hosticka moved to adopt Ordinance No. 04-1044A.

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Seconded:	Councilor Burkholder seconded the motion
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Councilor Hosticka yielded to Deputy Council President Newman. Deputy Council President Newman said they would consider technical amendments and councilors amendments. He asked Casey Short to respond to questions.

Motion to amend:	Councilor Burkholder moved to amend Ordinance No. 04-1044A with the technical amendments and the substantive amendments prepared by Kathy Rutkowski (a copy of which is included in the meeting record).
Seconded:	Councilor Monroe seconded the motion

Councilor Burkholder introduced the amendments. Councilor McLain asked about her amendment and if there was a reason that she couldn't support this package. Mr. Short said they were two independent actions.

Vote to amend:	Councilors Park, Hosticka, Burkholder, McLain, Monroe and Deputy Council President Newman voted in support of the motion. The vote was 6 aye, the motion passed.
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Motion to amend:	Councilor Monroe moved to amend Ordinance No. 04-1044A with Monroe Amendment # 1 concerning neighborhood clean-up grants.
Seconded:	Councilor McLain seconded the motion.

Councilor Monroe spoke to his amendment.

Vote to amend:	Councilors Park, Hosticka, Burkholder, McLain, Monroe and Deputy Council President Newman voted in support of the motion. The vote was 6 aye, the motion passed.
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Motion to amend:	Councilor Monroe moved to amend Ordinance No. 04-1044A with Monroe Amendment #2.
Seconded:	Councilor Park seconded the motion

Councilor Monroe explained his amendment and asked that Mike Hogle, Solid Waste & Recycling Director, be available to respond to question. Councilor Park asked for a friendly amendment, expenditure of the final \$150,000 regional system fee credits for FY 04-05, should be based upon an assessment of the need for the credits relative to potential implementation requirements that dry waste be subject to material recovery at a Metro licensed material recovery facility. Councilor Monroe asked if they needed to access these funds, would they have to come back to Council for another vote? Mr. Hogle said the way he intended this to be written was that the monies would be allocated with the extra \$150,000 automatically. When they do the dry waste MRFing and material recovery analysis, and it turned out that they estimate that those facilities can recover the cost through gate increases because there was no dry waste land filling opportunity and therefore reduces the need for the credits, specifically this \$150,000, we would come back with that analysis after going through the whole process of working with the facilities and the public and let Council know what they found and we don't think the \$150,000 was necessary or maybe only part of it would be necessary. Councilor Monroe accepted the friendly amendment. Councilor Burkholder said he was not comfortable with doing it this way. He felt it was more appropriate to bring an amendment next spring. He would not support this now. Councilor McLain said it seemed important to her that industry had a clear idea of what they

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expected. Did this language cause any issues with industry? Mr. Hogle said the discussion around these issues had drawn them into this number. He thought this amendment was clear to the industry. There could be changes based on the MRFing. He felt they were aware of this amendment. He would make sure they understood this after the meeting. Councilor Hosticka said he would support this amendment because we should budget our expenditure based on what we know today. The budget note wasn't necessary. Councilor Monroe thanked Councilors Hosticka and Park for their comments and the friendly amendment. He explained the history of the amendment.

Vote to amend:

Councilors Park, Hosticka, McLain, Monroe and Deputy Council President Newman voted in support of the motion. The vote was 5 aye/ 1 nay the motion passed with Councilor Burkholder voting no.
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Motion to amend:	Councilor McLain moved to amend Ordinance No. 04-1044A with McLain Amendment #3.
Seconded:	Councilor Monroe seconded the motion

Councilor McLain moved her Zoo amendment and further explained what the amendment did. She spoke to the budget note and the appropriateness of the note. She said the Zoo did not know that they were going to be having these dollars put into our general contingency fund. It was an oversight on both of our parts. The Zoo had a lot of replacement and repair needs. She spoke to Code requirements. There were two agencies that may require Metro to make changes, maintenance or replacement programs because of the safety of the Zoo exhibits. This was a routine Zoo accreditation visit. Mr. Short said he felt it was relevant to deal with this amendment now. In most respects it was independent of Ordinance No. 04-1053.

Councilor Park asked for clarification on zoo exhibits relating to excise taxes. Casey Short said yes the 2004-05 was based on the assumption that the Zoo will receive all of the revenues and spend all of the money associated with these two items and others that might be similar and that the excise tax will be levied on it. Councilor Park said this would be a one time only occurrence? Mr. Short said yes.

Councilor Burkholder asked whether they would still have the general fund balance if this money were expended. Mr. Short said yes.

Vote to amend:

Councilors Park, Hosticka, Burkholder, McLain and Deputy Council President Newman voted in support of the motion. The vote was 5 aye, the motion passed with Councilor Monroe absent from the vote.

Deputy Council President Newman opened a public hearing on Ordinance No. 04-1044A No one came forward. Deputy Council President Newman closed the public hearing.

4.4 **Ordinance No. 04-1053**, For the Purpose of Amending the FY 2003-04 Budget and Appropriations Scheduled by transferring \$250,256 from Contingency to Operating Expenses in the Zoo Operating Fund to allow the Zoo to recognize the cost associated with the Simulator and Butterfly exhibits; and declaring an emergency.

Motion:	Councilor Park moved to adopt Ordinance No. 04-1053.
Seconded:	Councilor Monroe seconded the motion

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Councilor Park introduced the ordinance. He explained that originally, the Oregon Zoo Foundation recorded the financial activity for the simulator and butterfly exhibits at the Oregon Zoo and net proceeds were transferred to the zoo as a donation. It had been determined that gross revenue and expenditures should have been recorded by the Zoo.

This ordinance was a correcting mechanism to reverse the accounting transactions and add back in the costs associated with these attractions that were never recorded by the Zoo. There will be a corresponding increase in revenue, as the original entries were net of expenses.

While this action itself would not reduce the Zoo's fund balance, it was part of a more comprehensive correction of the accounting processes on these attractions, which included application of excise tax. The tax will result in a reduction of \$55,000 to the Zoo ending fund balance for FY 2003-04. This action would provide the appropriation authority necessary to avoid an over-expenditure situation. He urged support.

Deputy Council President Newman opened a public hearing on Ordinance No. 04-1053.

Phil Prewitt, provided written testimony for the record. He asked the Council to restore the night keeper position.

Deputy Council President Newman closed the public hearing.

Vote:

Councilors Park, Hosticka, McLain, Monroe and Deputy Council President Newman voted in support of the motion. The vote was 5 aye, the motion passed with Councilor Burkholder absent from then vote.
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5. RESOLUTIONS

5.1 **Resolution No. 04-3450**, For the Purpose of Revising the Transportation Planning Public Involvement Policy to update the policy and to consolidate Metro and Local Government Standards.

Motion:	Councilor McLain moved to adopt Resolution No. 04-3450.
Seconded:	Councilor Monroe seconded the motion

Councilor McLain reviewed the reasoning behind this resolution.

Vote:

Councilors Park, Hosticka, McLain, Monroe and Deputy Council President Newman voted in support of the motion. The vote was 5 aye, the motion passed with Councilor Burkholder absent from the vote.

5.2 **Resolution No. 04-3462**, For the Purpose of Approving the Wilsonville Tract Master Plan and Natural Resources Management Plan.

Motion:	Councilor Hosticka moved to adopt Resolution No. 04-3462.
Seconded:	Councilor McLain seconded the motion

Councilor Hosticka reviewed the resolution. Jim Desmond, Director of Metro Regional Parks and Greenspaces Department, provided background information. Heather Nelson Kent, Regional Parks and Greenspaces Department stated that with the new budget dollars provided, this would be one of the new sites to be developed for public use. It provided connectivity to wildlife, natural

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areas and the public. She referred to the master plan map to illustrate the key elements of the plan. The focus will be on being a “gateway” between two public partners, Metro and Wilsonville. She mentioned that the main restoration project would involve land currently being used as farmland. She stated that three open houses were held in Wilsonville that yielded solid support in the community for the project.

Mayor Charlotte Lehan spoke about the partnership between the Metro Greenspaces staff and city officials. She noted that it wasn't a process without controversy. She stated that it was ultimately a project that gained the support of residents. Councilor McLain expressed her thanks to staff and the City of Wilsonville in the design and planning of the master plan project, relating it to other issues involving Goal 5. She recognized Mayor's Lehan's contributions to the process.

Councilor Park stated that it was disappointing that the Oregon Garden could not of been sighted at this location. Nevertheless, he was pleased that this project was underway. Councilor Monroe noted his excitement over the education opportunities of this sight, it was a marvelous opportunity to take students out and provide them with a hands-on opportunity to examine the relationship with man, land, and animals.

Councilor Hosticka expressed his thanks for the good work this project involved.

Vote:

Councilors Park, Hosticka, McLain, Monroe and Deputy Council President Newman voted in support of the motion. The vote was 5 aye, the motion passed with Councilor Burkholder absent from the vote.

6. CHIEF OPERATING OFFICER COMMUNICATION

There were none.

7. COUNCILOR COMMUNICATION

There were none.

8. ADJOURN

There being no further business to come before the Metro Council, Deputy Council President Newman adjourned the meeting at 6:00 p.m.

Prepared by

Chris Billington
Clerk of the Council

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ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JUNE 10, 2004

Item	Topic	Doc Date	Document Description	Doc. Number
3.3	Exhibit	6/10/04	Exhibit A to Resolution No. 04-3463	061004c-01
4.3	Technical Amendments	5/28/04	Technical Amendments to Ordinance No. 04-1044A	061004c-02
4.3	Amendment	6/9/04	To: Metro Council From: Councilor McLain Re: Proposed amendment and budget note to Ordinance No. 04-1044A	061004c-03
4.3	Amendment	6/10/04	To: Metro Council From: Councilor Monroe Re: Proposed amendment to Ordinance No. 04-1044A	061004c-04
4.3	Amendment	6/10/04	To: Metro Council From: Councilor Monroe Re: Proposed Amendment to Ordinance No. 04-1044A	061004c-05
5.2	Exhibit A to Resolution No. 3462	6/10/04	To: Metro Council From: Parks and Greenspaces Department Re: Wilsonville Tract	061004c-06
4.1	Arial Map	6/10/04	To: Metro Council From: Lydia Neill, Planning Department Re: Cornelius Arial Map	061004c-07
4.1	Arial Map	6/10/04	To: Metro Council From: Lydia Neill, Planning Department Re: Evergreen Arial Map	061004c-08
4.1	Map and Comparison of recommended areas	6/10/04	To: Metro Council From: MPAC Re: MPAC Revised recommendation map and comparison of MPAC recommended areas to Council's recommended area	061004c-09
4.1	Letter	6/10/04	To: Metro Council From: Fred Edmunds Re: Frog Pond area comments	061004c-10
4.1	Comment card	6/10/04	To: Metro Council From: Patricia Miller Re: Public Hearing notice	061004c-11
4.1	Letter and maps	5/5/04	To: Metro Council From: Tom Hughes, Mayor of Hillsboro Re: Ordinance No. 04-104 Exhibit E and Exhibit B	061004c-12
4.1	Letter and Map	6/10/04	To: Metro Council From: Lise Glancy, Port of Portland Re: Letter and Map concerning dock extension to Terminal	061004c-13
4.1	Letter	6/10/04	To: Metro Council From: Tom Hughes, Mayor of Hillsboro Re: Evergreen Road Site	061004c-14
4.1	Letter and maps	6/10/04	To: Metro Council From: Patricia Miller Re: FARM Horticultural Park Place	061004c-15
4.1	Letter, maps and reports	6/10/04	To: Council From: Steve Heinrich, Mayor, City of Cornelius	061004c-16
4.1	Testimony	6/10/04	To: Council From: Heidi Juza Re: Opposition to expansion in Frog Pond	061004c-17
4.1	Letter	6/10/04	To: Council From: Bob Baker and	061004c-18

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			Arnold Cogan of Cogan, Owens & Cogan Re: In support including Helvetia sites in expansion	
4.1	Report	6/10/04	To: Council From: Michael Kohlhoff, Wilsonville City Attorney Re: Exclusion of Wilsonville East and South from Industrial Lands	061004c-19
4.1	Letter and Report	6/10/04	To: Council From: Timothy Sercombe of Preston Gates & Ellis LLP on behalf of the City of Hillsboro Re: Legal Objections to Proposed Ordinance 04-1040A	061004c-20
4.1	Letter	6/10/04	To: Council From: John Hammond, City Attorney, City of Sandy Re: City of Sandy's Support for Exclusion of Certain Lands from the UGB	061004c-21
4.1	Letter	6/10/04	To: Council From: Douglas Rux and Charlie Allcock, Portland Regional Partners for Business Re: Amendments to the UGB	061004c-22
4.1	Letter	6/10/04	To: Council From: Mayor Charles Becker, City of Gresham Re: Consideration for 90 acres abutting Telford Rd. in the UGB	061004c-23
4.1	Testimony and Maps	6/10/04	To: Council From: Holly Iberg, City of Hillsboro Re: Hillsboro South Urban Reserve Concept Plan	061004c-24
4.1	Testimony	6/10/04	To: Council From: Sparkle Anderson Re: Support of Frog Pond area into the UGB	061004c-25
4.1	Testimony	6/10/04	To: Council From: Maureen Larsen Re: Support of North Wilsonville into the UGB	061004c-26
4.1	Testimony	6/10/04	To: Council From: Keith Fishback, VP Washington County Farm Bureau Re: Reasons for Exclusion of the Cornelius site	061004c-27
4.1	Letter	6/10/04	To: Council From: Amy Scheckla-Cox, City of Cornelius Re: 91 Buildable Acres in Cornelius for Industrial Use	061004c-28
4.1	Map	6/10/04	To: Council From: Heidi Juza Re: Elligsen and Stafford Roads	061004c-29
4.1	Testimony	6/10/04	To: Council From: Jay Cosnett Re: Reasons to Remove All of the Wilsonville East Area from the UGB expansion	061004c-30
4.1	Letter	6/10/04	To: Council From: Nancy Waller Re: Stafford and Elligsen Roads	061004c-31
4.1	Report	6/10/04	To: Council From: Tom McConnell, Alpha Engineering Re: Shute Road	061004c-32

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			Interchange	
4.1	Testimony	6/10/04	To: Council From: Steve Zandhuisen Re: Water Rights vs. Water Usage	061004c-33
4.1	Testimony	6/10/04	To: Council From: Charlotte Lehan, Mayor, City of Wilsonville Re: Expansion for Industrial Lands	061004c-34
4.1	Letter	6/10/04	To: Council From: Mary Kyle McCurdy, Staff Attorney, 1000 Friends of Oregon Re: Regionally Significant Industrial Areas, Medical Facilities	061004c-35
4.1	Report	6/10/04	To: Council From: Port of St. Helens Re: Industrial Lands Advisory Committee Report	061004c-36
4.1	Report	6/10/04	To: Council From: City of Helvetia Re: Helvetia Road Industrial Land Study	061004c-37
4.1	Testimony	6/10/04	To: Council From: Keith Aden Re: Support for Clackamas County to retain and manage the property outside of Wilsonville	061004c-38
4.1	Testimony and Petition	6/10/04	To: Council From: Kristin Kolberg Re: Spiesschaert Road area of Cornelius	061004c-39
4.1	Letter	6/10/04	To: Susan McLain From: Andy Duyck, Washington County Commissioner Re: MPAC Recommendations	061004c-40
4.4	Meeting Minutes	6/10/04	To: Council From: Rovers Area Re: Animal Health	061004c-41
4.1	Letter	6/10/04	To: Council From: Judith Jindrich Re: Removal of Wilsonville East from expansion	061004c-42
4.1	Letter	6/10/04	To: Lane Shetterly From: Nancy Waller Re: Measure 26-29	061004c-43
4.1	Testimony	6/10/04	To: Council From: Krisitina Traffas, President, Save the Frog Pond Coalition Re: Wilsonville East	061004c-44
4.1	Petition	6/10/04	To: Council From: Krisitina Traffas, President, Save the Frog Pond Coalition Re: Wilsonville East	061004c-45
4.1	Letter	6/10/04	To: Brian Newman From: Mayor Rob Drake, City of Beaverton Re: Support of MPAC Recommendations from June 9, 2004	061004c-46



City of Tualatin

Exhibit No. 105

May 24, 2004

MPAC Members

RE: Urban Growth Boundary Recommendations in the Tualatin Area

Dear MPAC Members:

The Chief Operating Officer's recommendation proposes adding hundreds of industrial acres abutting Tualatin. Tualatin asks for your support in recommending the Metro Council not add the Borland/Stafford Area (abutting to the east) or the Tualatin Area (abutting to the south) to the UGB. As you are aware from the May 12 MPAC meeting, the City Council unanimously recommended these two areas not be added at this time for industrial uses.

Additionally, we ask for your support in recommending the Metro Council add the Quarry Area with conditions to identify and fund transportation facilities before or concurrent with development.

The justification for our opposition to the Borland/Stafford and Tualatin Areas is based on good planning principles. Transportation is problematic due to cut-through traffic in single-family neighborhoods in Tualatin, Lake Oswego and West Linn. The region has not had sufficient transportation funding in the past and all indications are that under current legal and funding mechanisms that will continue, thus the implications for more industrial land in our area causes us great concern.

The two areas currently have single-family uses abutting them and have public and private schools and churches in the areas. Industrial uses are not compatible with such uses and, specifically, truck stops and truck terminals with many trucks would not be compatible with the school children and school busses.

Tualatin is a balanced city with a mix of residential, commercial and industrial uses. Currently, we have the highest percentage, 33%, of industrial land in the Metro region. If all the recommended areas are added, our industrial land would be 50% of our area! It would place an unfair burden on Tualatin to meet the region's industrial land needs.

Metro must work with its local government partners because they provide the infrastructure, services and zoning to achieve the 2040 Growth Concept.

Thank you for carefully considering the unanimous positions of the Tualatin City Council.

Sincerely,

/s/

Lou Ogden
Mayor

CC: City Council and City Manager

City of Tualatin
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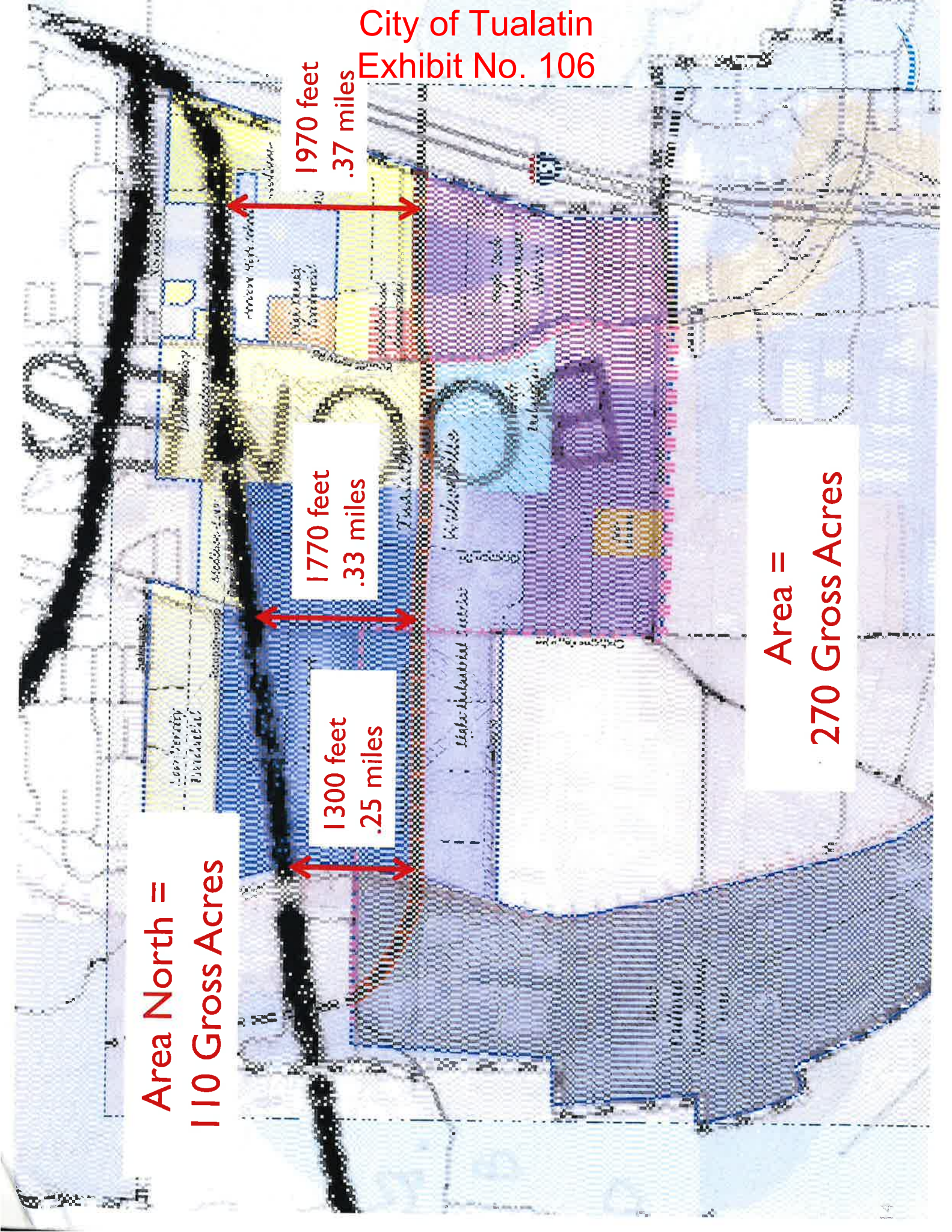
Area North =
110 Gross Acres

1300 feet
.25 miles

1770 feet
.33 miles

1970 feet
.37 miles

Area =
270 Gross Acres



City of Tualatin - Exhibit No. 107



HanmiGlobal Partner

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BASALT CREEK/TUALATIN CONCEPT PLAN

Amendment Request to the Concept Plan

Tualatin, Oregon

August 23, 2016 Revised August 24, 2016

Introduction

- Otak represents a group of owners who hold 10 acres in the northeast quadrant of the overall district. The property is located near the northeast corner of Grahams Ferry Road and extends over to the Basalt Creek Canyon along the proposed new east-west arterial road.

Project Concerns

- Otak's concern is that the northeast quadrant area is not well suited to industrial zoning proposed by the concept plan.
 - Topography. Much of the site contains slopes in excess of 10% and 25%. It would be extremely difficult to flatten it out to accommodate industrial site development requirements.
 - Access. Vehicular access will be limited to Grahams Ferry Road and extending Tonquin Loop into the site. No access will be permitted on the proposed new east-west arterial road.
 - Basalt Creek Canyon. The industrial land abuts the Basalt Creek Canyon with no transition.

Amended Plan Options

- The attached concept plan options summarize the requested amendment for proposed land uses that fit the site.
- The plans both show building Tonquin Loop as an actual loop with two access points on Grahams Ferry Road. This road extension will provide complete access to the properties.
- Two densities of residential are shown as transition to the neighborhood to the north and canyon to the east and also along the new east-west arterial, which is down 25 feet from the site area.
- A center core area of retail, industrial transition and open space serve as a walkable destination in the neighborhood.
- Property uses can be molded to fit actual site conditions yet still provide ample "jobs" land with the employment transition (ET) designation. Option A is preferred; it best fits the existing topography.

integrated design = smart solutions

City of Tualatin - Exhibit No. 107

*Basalt Creek/Tualatin Concept Plan
Amendment Request to the Concept Plan*

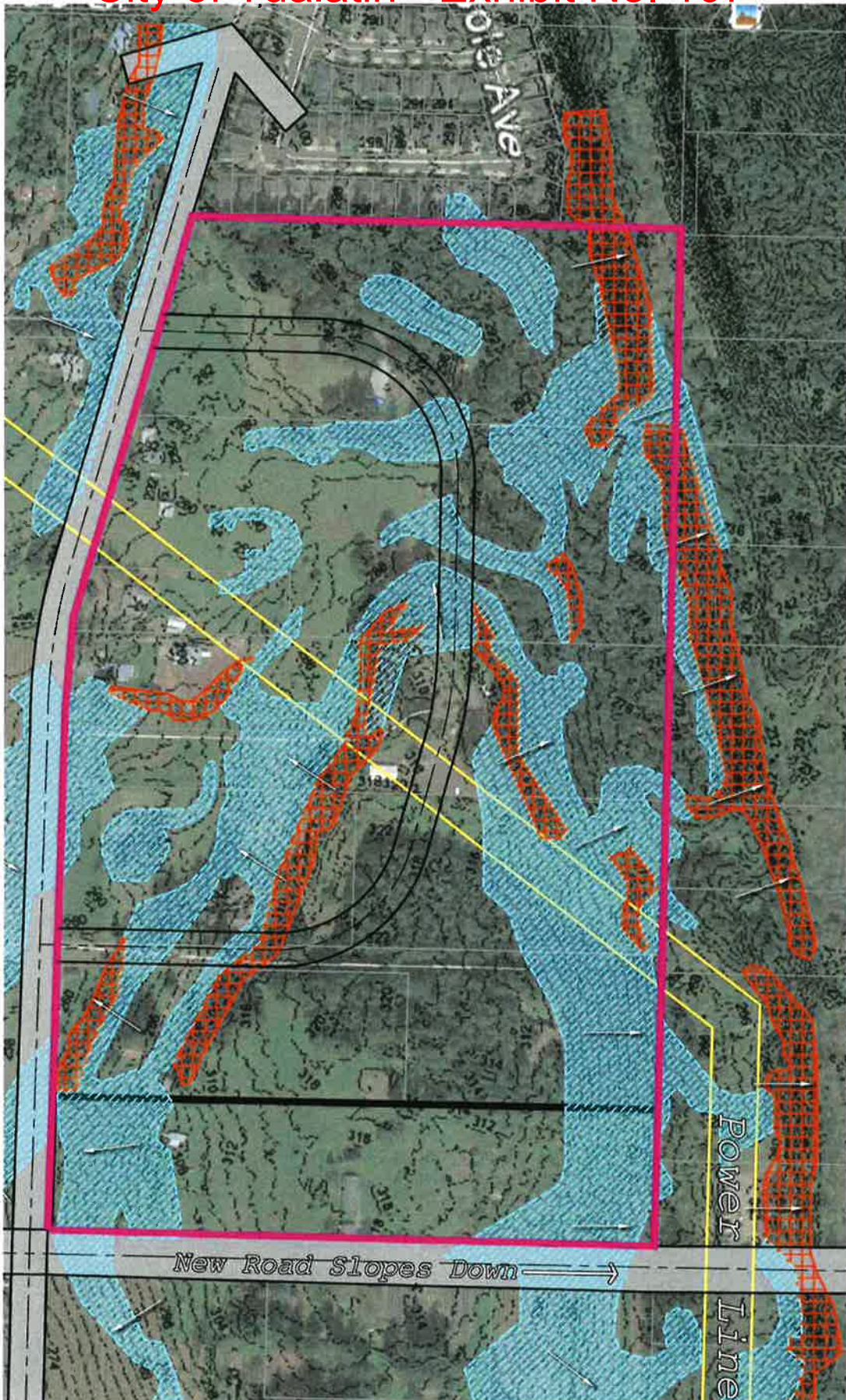
Page 2
~~August 23, 2016~~
Revised August 24, 2014




Benefits

- A walkable neighborhood with appropriate transitions and destinations
- Land uses that are adaptable to actual site conditions. The mix of uses will act as a **catalyst to create activity in the district**. The HDR land provides an excellent opportunity for workforce housing next to employment lands.
- A quality neighborhood for Tualatin

Attachments: Basalt Creek – Site Constraints Diagram
Basalt Creek Concept Plan A
Basalt Creek Concept Plan B

City of Tualatin - Exhibit No. 107



-  Greater than 25% slope area
-  Greater than 10% slope area
-  Slope Direction

Site
Constraints
Diagram








Basalt Creek

6-13-2016

City of Tualatin - Exhibit No. 107

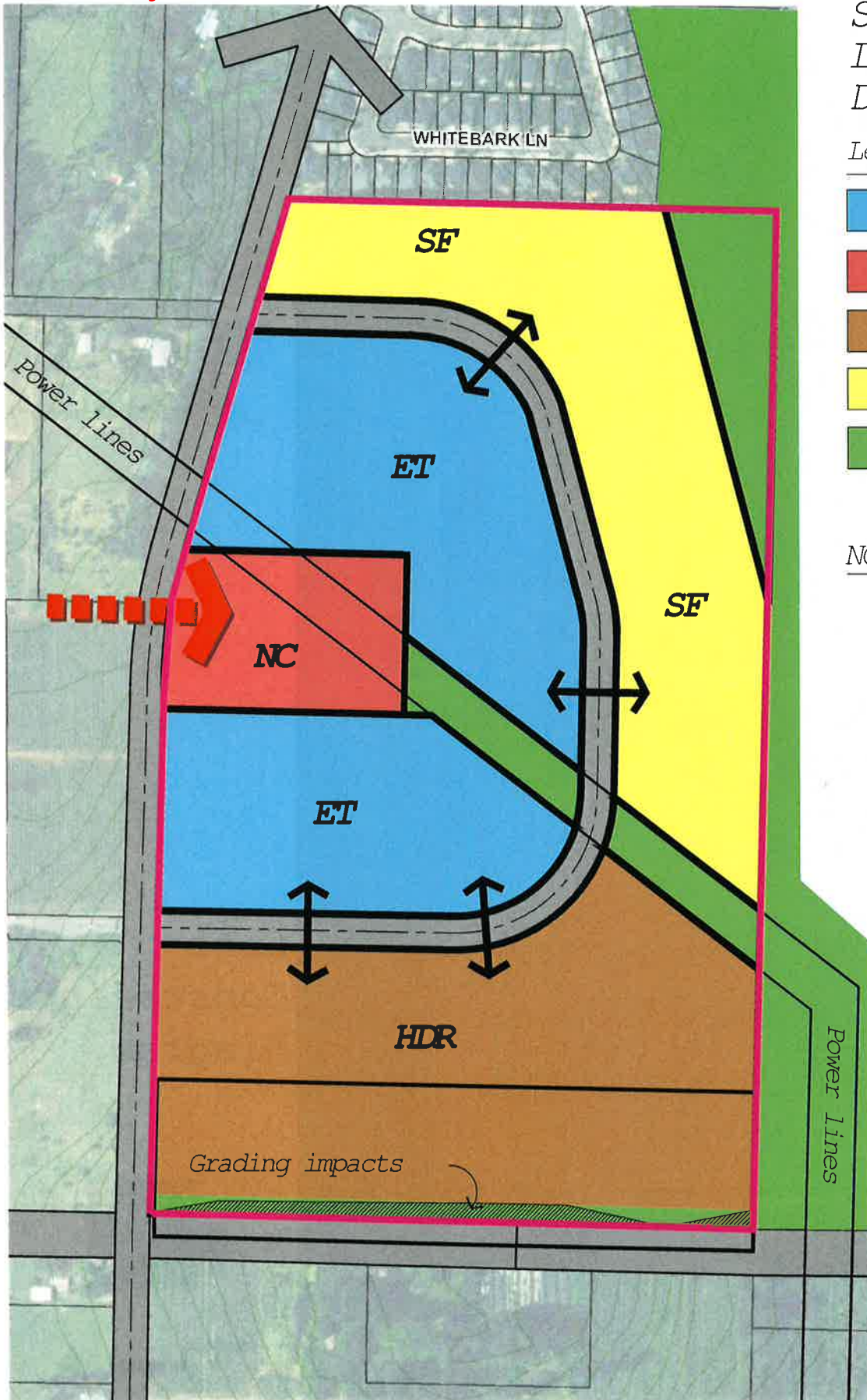
Subdistrict Land Use Diagram

Legend

	Employment transition 17.45 ac
	Neighborhood commercial 3.96 ac
	High density residential 16.98 ac
	Single family residential 13.26 ac
	Open space 5.54 ac

NOTES

- Residential serves as transition against ex. homes and canyon
- Housing is walkable to retail center and jobs
- Employment Transition mixes with the residential sub-district
- Employment Transition maintains on-grade relationship with streets



8-23-2016






Basalt Creek Concept Plan A

City of Tualatin - Exhibit No. 107

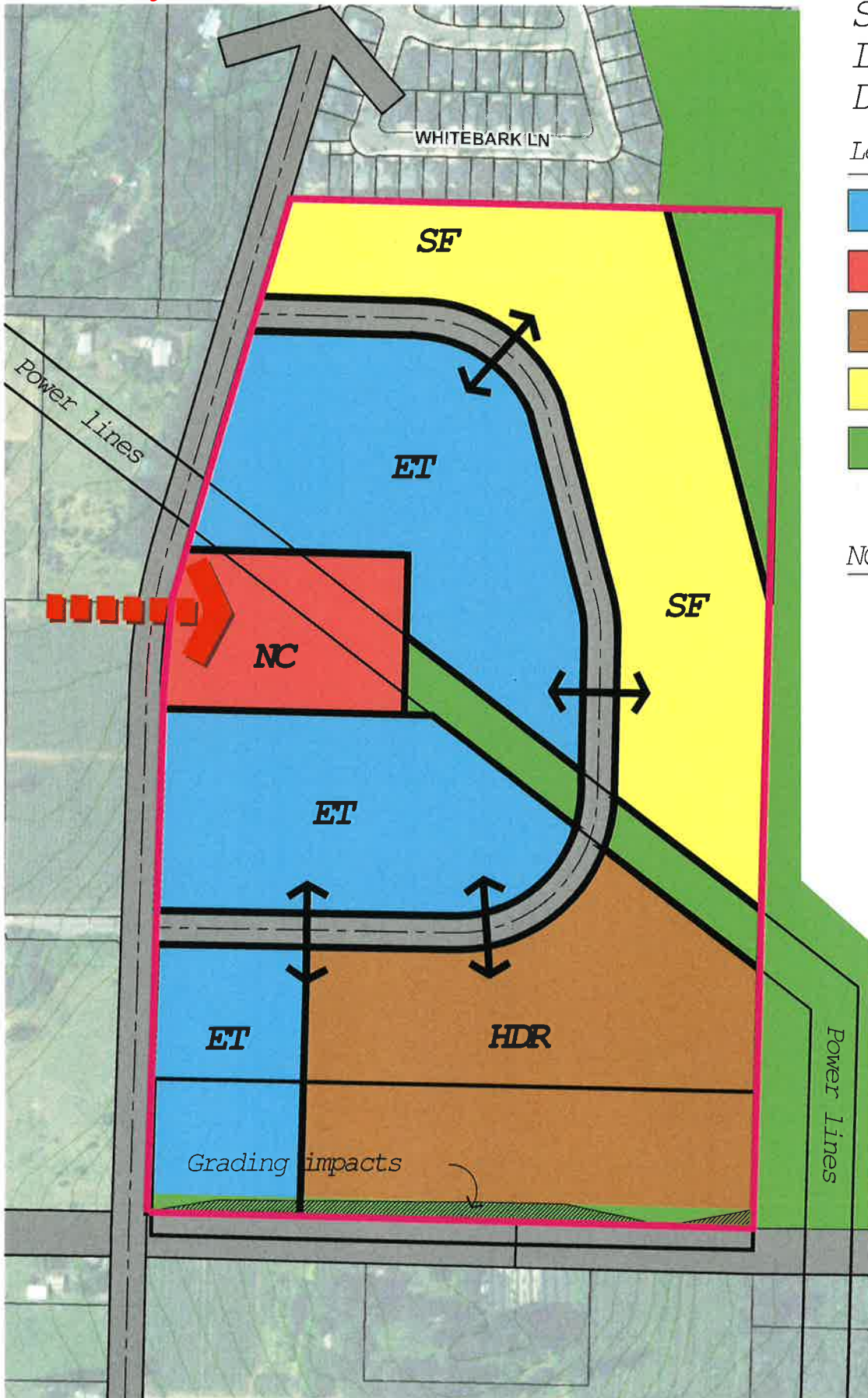
Subdistrict Land Use Diagram

Legend

	Employment transition 21.40 ac
	Neighborhood commercial 3.96 ac
	High density residential 13.09 ac
	Single family residential 13.26 ac
	Open space 5.54 ac

NOTES

- Residential serves as transition against ex. homes and canyon
- Housing is walkable to retail center and jobs
- Employment Transition mixes with the residential sub-district
- Employment Transition maintains on-grade relationship with streets



8-23-2016



Basalt Creek Concept Plan B

City of Tualatin - Exhibit No. 108



Hanmi Global Partner

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BASALT CREEK/TUALATIN CONCEPT PLAN Amendment Request to the Concept Plan Tualatin, Oregon August 23, 2016, Revised November 21, 2016

Introduction

- Otak Inc. (Otak) represents The Sherwood Grahams Ferry Investors LLC, headed by Herb Koss, who hold 10 acres in the 41 acre northeast quadrant of the overall district. The property is located near the northeast corner of Grahams Ferry Road and extends over to the Basalt Creek Canyon along the proposed new east-west arterial road. This summary of concerns and the amended concept plan lay out our intended direction moving forward.

Project Concerns

- Otak's concern is that the northeast quadrant area is not well suited to industrial zoning or employment transition proposed by the concept plan.
 - **Topography.** Much of the site contains slopes in excess of 10 percent (10%) and 25 percent (25%). The site would be extremely difficult to flatten out to accommodate industrial or employment transition site development requirements. Attached is a topographic map of the South Center project provided to City of Tualatin (City) staff. Otak designed this flex-space project. The topography is half as severe as portions of the 41 acres site. The site would be extremely difficult to develop given today's American with Disabilities Act (ADA) requirements.
 - **Access.** Vehicular access will be limited to Grahams Ferry Road and extending Tonquin Loop into the site. No access will be permitted on the proposed new east-west arterial road.
 - **Basalt Creek Canyon.** The industrial land abuts the Basalt Creek Canyon with no transition.
 - This is not a big change but rather a refinement to the concept plan. It is a defined site area that makes up about 3 to 5 percent (3-5%) of the total Basalt Creek Study Area. Also there are currently 329 acres of undeveloped industrial land within a one mile radius of the study area.

Land Use Context

- The following shows a comparison of Metro's initial goal for the district, the City's current plan, and the proposed amended plan.

Metro	2500 Jobs	1200 Households
City Plan	4500 Jobs	600 Households
Amended Plan	4070 Jobs	1194 Households

The amended plan proposes a more balanced approach that is well within the intended mix proposed by Metro when the land came into the Urban Growth Boundary (UGB).

A group of mayors in our region have gone to Metro and asked Metro for flexibility related to UGB expansions. They have asked Metro to look at lands and appropriate zoning designations on a sub-regional basis. They have asked that Metro consider factors such as slope, and proximity to infrastructure, to help avoid situation like Damascus. We are asking you to do the same. We recognize that the region anticipated that the Basalt Creek area would primarily be zoned employment uses.

It is certainly anticipated that the vast majority of the land will be used for that purpose. But, within the Basalt Creek Planning Area, there are sub-areas that cannot reasonably be developed as employment land because of topographic and other issues. The 41 acres that we have asked the City to zone for residential purposes is one of those sub-areas. There is land to the west and south of this land that is zoned employment, that land is flatter than the subject 41 acres, and it is closer to transportation infrastructure than the subject 41 acres. Neither PacTrust Pacific Realty Associates, LP nor Brian Clopton Excavating believed that an employment designation was possible given the slope and soil quality. Instead of designating the property with a designation that will result in it never developing, we ask that you give it a designation that will make development feasible. If you do not do so, it will sit vacant; counting as developable employment land, just as Damascus has sat vacant, counting as available housing stock. Its designation will prevent further necessary expansions.

There is a housing crisis in our region and the latest modeling has demonstrated the importance of having residential land and employment land in close proximity. This is an opportunity to provide housing, on land which cannot be feasibly developed as employment land.

Amended Plan Options

- The attached concept plan option summarizes the requested amendment for proposed land uses that fit the site and its unique conditions.
- The plan anticipates building Tonquin Loop as an actual loop with two access points on Grahams Ferry Road. This road extension will provide complete access to the properties and also access to property owners east of the site.
- Three densities of residential are shown as transition to the neighborhood to the north and canyon to the east and also along the new east-west arterial, which is down 25 vertical feet from the site area. A center core area of potential retail, high density residential, and open space could serve as a walkable destination in the neighborhood. Also secondary access can be provided to the developable lands to the east above the canyon.
- Property uses can be molded to fit actual site conditions and provide a mix of housing (including workforce housing) close to jobs anticipated to the south and west.
- The programmed development will “be trip cap neutral” compared to the current city concept plan.

City of Tualatin - Exhibit No. 108

*Basalt Creek/Tualatin Concept Plan
Amendment Request to the Concept Plan*

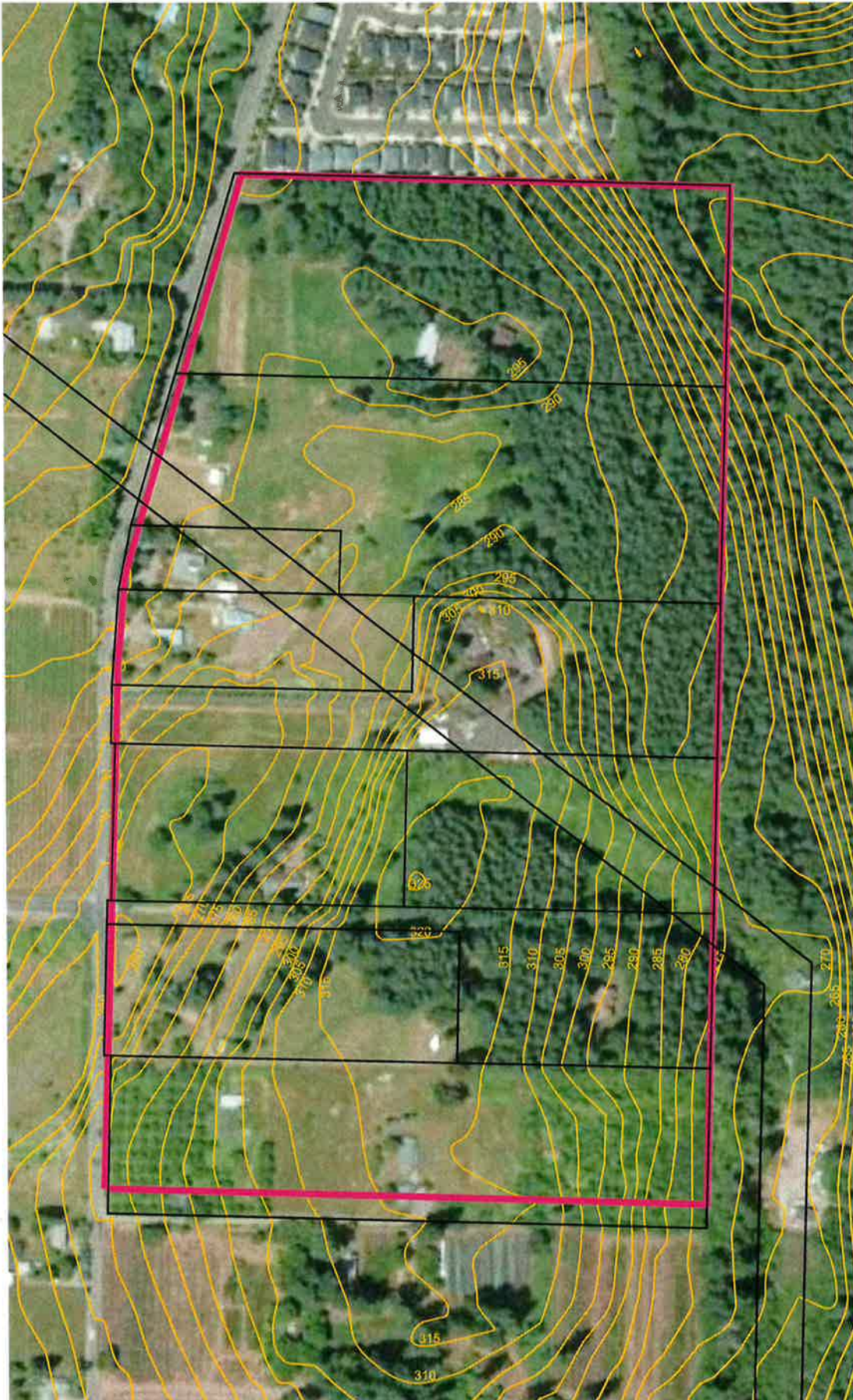
*Page 3
August 23, 2016
Revised November 21, 2016*

Benefits

- A walkable neighborhood with appropriate transitions and destinations
- Land uses that are adaptable to actual site conditions. The mix of uses will act as a **catalyst to create activity in the district**. The high-density residential (HDR) land provides the best opportunity for workforce housing next to employment lands. Residents won't need a car to commute.
- A plan that meets Metro's initial objectives when the land was brought into the UGB.
- A more complete quality neighborhood for the City of Tualatin.

Attachments: Basalt Creek Site Topo
Basalt Creek Slope Analysis
South Center Site Topo (Comparison)
Basalt Creek Land Use Concept
Letter from PacTrust Pacific Realty Associates, L.P.
Letter from Brian Clopton Excavating
Letter from Micheal Diamond, Real Estate Investment Group
Basalt Creek nearby Job Lands Map

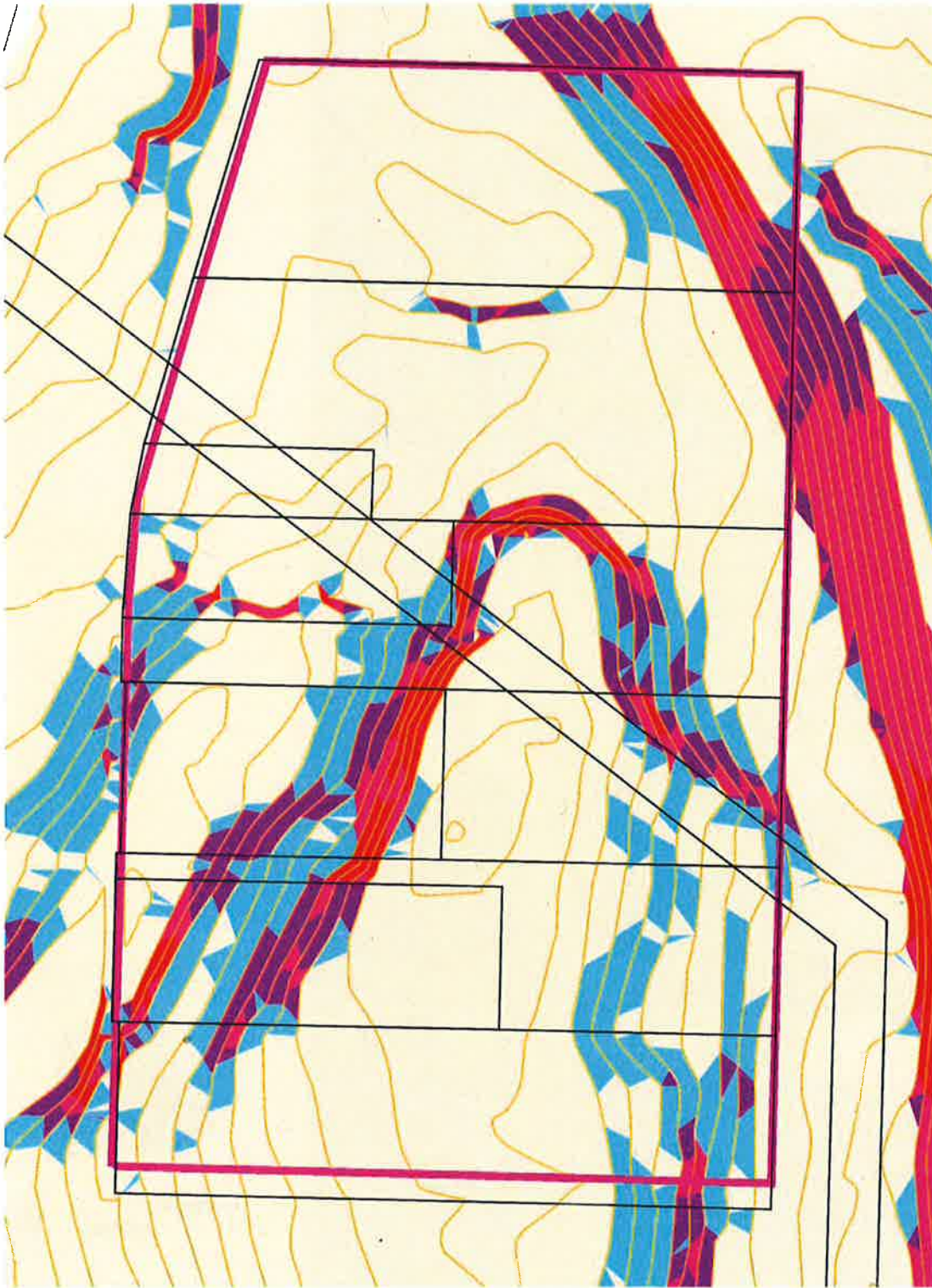
City of Tualatin - Exhibit No. 108



11-16-2016



BASALT CREEK SITE TOPO



11-16-2016



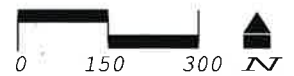
Slopes Table			
Number	Minimum Slope	Maximum Slope	Color
1	0.00%	10.00%	Yellow
2	10.00%	15.00%	Blue
3	15.00%	20.00%	Purple
4	20.00%	25.00%	Red
5	25.00%	357.23%	Dark Red

BASALT CREEK SLOPES ANALYSIS

City of Tualatin - Exhibit No. 108



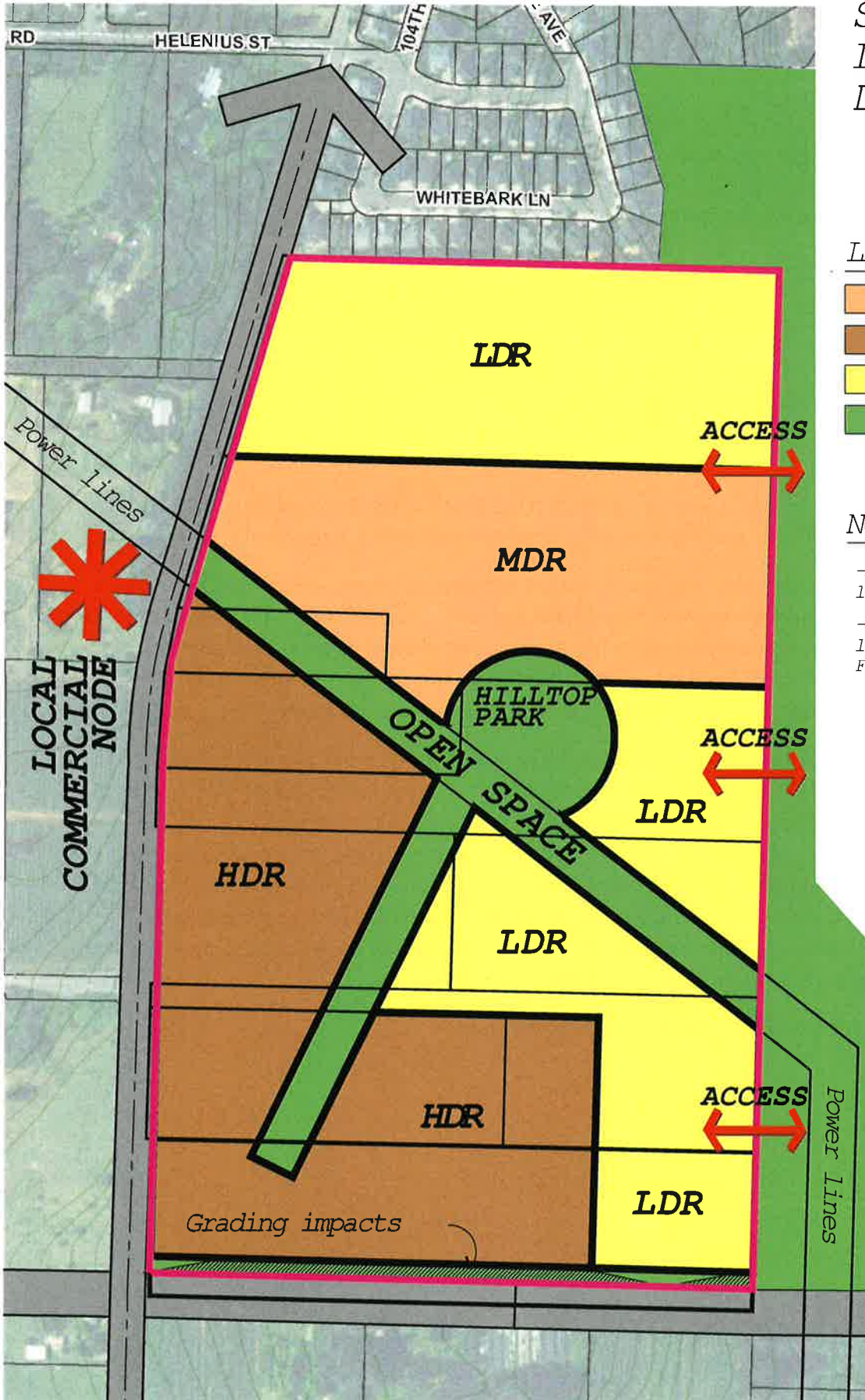
11-16-2016



SOUTH CENTER SITE TOPO

City of Tualatin - Exhibit No. 108

Subdistrict Land Use Diagram



LEGEND

- Mid Density Residential
- High Density Residential
- Low Density Residential
- Open space

NOTES

- Access provided for landowners to East
- Local commercial node located across Graham's Ferry Road



11-21-2016



Basalt Creek Concept Plan

City of Tualatin - Exhibit No. 108



**BRIAN CLOPTON
EXCAVATING**

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Wilsonville, OR 97070
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F: 503-570-3235
www.cloptonexcavating.com

November 18, 2016

Dear Mr. Koss

You have asked me to visit the 41 acre site located in the Basalt Creek Planning area. Your question was the feasibility of grading this site for employment land vs. a residential zone.

For your information my company has just purchased another four acres next to our Clay Street property. With this acquisition we now have 16 acres of land on Clay Street. I am very familiar with this area and as you know my company has mass graded many sites in the Portland Metro Area. I have been asked many times to inspect potential projects in order to determine problems that may be associated with a developer's site plans --- slopes, access and feasibility.

Thank you for providing me with topography of the site. It was very helpful and to be honest the slopes on the site were more severe then I first thought. The other big issue is the amount of rock that would be encountered with any grading necessary to accommodate any development on this site. This site is far better suited for Residential use since grading for this does not require the same topographic grading in comparison to employment uses. The Basalt Creek area does feature other land that is suited for employment; however the 41 acres you have asked me to visit is not in that category. I was also surprised by the 18 to 20 foot cut in order to accommodate the extension of Basalt Creek Parkway.

If you require any additional information please let me know.

Sincerely

Brian Clopton

President/Owner

City of Tualatin - Exhibit No. 108



November 21, 2016

Herb Koss
2643 South Shore Blvd.
Lake Oswego, Or 97034

VIA: EMAIL

RE: 41-acre Basalt Creek southern boarder 23960 SW Grahams Ferry Rd.

Dear Herb,

I visited the site and spent a considerable amount of time driving the area. It is an exciting development area especially when the Basalt Creek Parkway is completed.

The topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use.

I also looked at the site for office park use and concluded that due to the steep topography of the site it could have a negative impact on the proximity of the parking that may pose an issue with ADA requirements. I also believe that the extraordinary site cost and small office footprints would not be cost effective and competitive in the office market. Furthermore, the location does not readily lend itself to that use.

This site lends itself to smaller foot print buildings such as housing and multifamily that can be planned around the steep grades and terraced into the topography. It is my opinion that the highest and best use for this site are single family homes buffered along the frontage with multifamily housing.

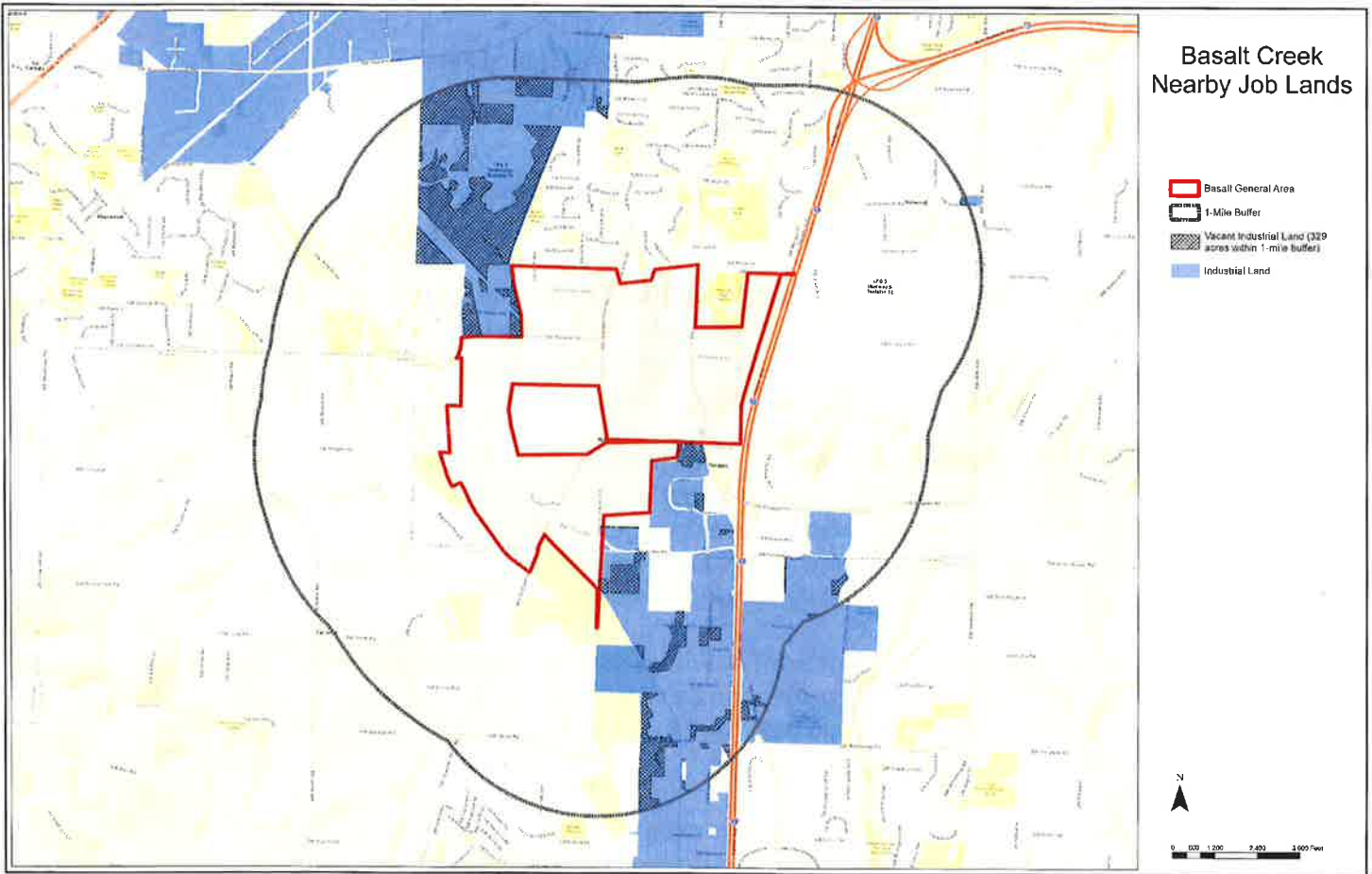
Our office has forty years of experience in commercial real estate and have procured sites for commercial developers such as Gramor, Holland Development LLC and West Hills.

Let me know if you have any questions.



Michael N Diamond
Principal Broker

City of Tualatin - Exhibit No. 108



City of Tualatin

Exhibit No. 109



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May 19, 2017

Herb Koss
2643 South Shore Blvd
Lake Oswego, OR 97034

RE: Basalt Creek Central Area - KPFF Concept Plan

Hello Herb,

I've read Tony Weller's letter regarding the extra costs required to develop the subject property with employment uses. Tony is a very experienced and capable engineer. He also has very relevant experience in the area.

I agree with Tony's letter and believe it summarizes the situation quite well. The hard costs are actually on the low side for grading the site based on my recent experience on similar sites.

The other concern both Tony and I share is access for cars, trucks and emergency vehicles. A second access point will be extremely difficult to provide.

Please feel free to call with any questions or comments.

Thanks,

A handwritten signature in black ink, appearing to read "Don Hanson". The signature is fluid and cursive, with a large initial "D" and "H".

Don Hanson
Principal
Otak, Inc.

Appendix 9

Employment land site characteristics

Background

Under Division 24 (Urban Growth Boundaries) of the Oregon Administrative Rules, Metro is required to complete an employment land inventory that describes site characteristics of buildable lands inside the urban growth boundary (as described in Division 9, Economic Development). Cities and counties, in the course of their own planning efforts, are responsible for determining whether sites are suitable for particular uses that match their economic development objectives. This is an appropriate approach given the regional scale of this inventory and the desire to not replicate or supplant local efforts.

The approach used for this analysis is also informed by Division 9 (Economic Development) of the Oregon Administrative Rules, that states “The effort necessary to comply... will vary depending on the size of the jurisdiction...” and that “a jurisdiction’s planning effort is adequate if it uses the best available or readily collectible information...” This clause acknowledges that a detailed region-wide analysis of employment sites is not feasible either to complete or interpret in any meaningful fashion.

This analysis uses a general approach that has been developed in consultation with Oregon Department of Land Conservation and Development staff. Table 1 summarizes the site characteristics mentioned in the Administrative Rules and the various data points that have been used to summarize these characteristics. For practical reasons, this report presents regional maps and summary tables. Metro can provide its tax lot level buildable land inventory GIS database on request. Employment land is organized into three categories for this analysis:

- Commercial land
- General industrial land
- Large industrial sites (maps depict dots for each tax lot that comprises a large site; some sites may consist of multiple tax lots)

City of Tualatin

Exhibit No. 110

Table 1: summary of approach for describing site characteristics

OR Administrative Rules Division 9 – Economic Development	Metro employment land inventory approach
Description of minimum acreage or site configuration characteristics including shape and topography	<p>Acreage – summary tables of net buildable acreages are provided. Metro can provide its tax-lot-level buildable land inventory GIS database on request.</p> <p>Shape - site shapes cannot be summarized in any meaningful fashion at the regional scale, but the GIS database includes a visual depiction of the shape of each tax lot in the inventory. Metro can provide its tax-lot-level buildable land inventory GIS database on request.</p> <p>Topography - portions of tax lots with slopes over 25% have been removed from the inventory since they are deemed unbuildable. This report describes, as a site characteristic, the portion of each inventoried tax lot that has a slope between 7-25%. This range was chosen because slopes over 7% are often regarded as an impediment to industrial uses with larger development footprints.</p>
Visibility	This characteristic is taken to mean visibility from a public right of way. For each tax lot in the inventory, distance to the nearest major arterial is computed.
Specific types of public facilities, services or energy infrastructure	<p>Region-wide data to address this site characteristic are not readily available. For public security reasons, Metro does not have access to data on where power and gas transmission lines are. Metro also do not have access to data on where water and sewer facilities are located. The inventory depicts the following:</p> <ul style="list-style-type: none"> -Sewer district name -Water district name -Fire district name -Distance to closest major arterial
Proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.	<ul style="list-style-type: none"> -Distance to nearest rail terminal -Distance to transshipment facilities -Distance to major arterial -Distance to designated freight route -Distance to airport -Distance to marine terminals -Transit access index rating
Description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory	<ul style="list-style-type: none"> -Number of environmentally constrained acres (note – these acres are removed from buildable land inventory). -Inside or outside marine use restriction area -Inside or outside an aviation overlay zone -Average volume-to-capacity ratio for traffic in surrounding area -Portion of each tax lot that has a slope between 7-25%

Appendix 3

Buildable land inventory results (revised as of 10/27/15)

This appendix describes the results of the buildable land inventory methods described in Appendix 2. All cities and counties in the region were given over two months to review a preliminary inventory in the fall of 2013. This inventory incorporates edits submitted by local jurisdictions. This buildable land inventory should be understood as a first cut at understanding the growth capacity of the Metro UGB. As described in the 2014 UGR summary and appendices 4 (Housing Needs Analysis) and 6 (Employment Demand Analysis), not all of this inventory may be feasible in the 20-year planning horizon. Additional market feasibility considerations are incorporated into the analyses found in those documents.

This inventory includes revised assumptions about growth capacity in Damascus. Please refer to Appendix 15 for a description of the “Damascus disincorporation” scenario which documents those revised assumptions.

City of Tualatin Exhibit No. 111

Does not include the Hillsboro industrial land added to the UGB by HB 4078
COM capacity includes capacity in COM and MUR zone classes
Unincorp = unincorporated areas inside Metro UGB

2014 Buildable Land Inventory (BLI) - Damascus Disincorporation Capacity Summary by City, Source, and Type Metro Research Center 27-Oct-15

Local Government	TOTAL ACRES	Industrial		Commercial		Commercial on COM		Commercial on MUR		Total Capacity by Land Type			Percent of Capacity by Land Type			
		Vacant	Redev	Vacant	Redev	Vacant	Redev	Vacant	Redev	IND	COM	MUR	Vacant Total	Redev Total	% Vacant	% Redev
Clackamas Total	1,982	327	563	413	680	38	209	375	470	889	247	846	1,242	1,444	37%	63%
DAMASCUS	297	0	25	152	119	0	50	152	69	25	50	222	740	152	75%	49%
GLAUSTONE	68	1	57	3	7	3	7	0	0	58	10	0	4	4	51%	5%
HAPPY VALLEY	489	127	16	154	191	15	0	140	191	243	15	331	207	281	58%	42%
JOHNSON CITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	0%
LAKE OSWEGO	28	2	9	4	13	0	0	4	13	10	1	17	6	22	21%	79%
MILWAUKEE	60	1	42	8	9	0	6	8	2	43	7	10	10	50	16%	84%
OREGON CITY	308	43	101	50	113	0	19	50	94	145	19	144	215	93	30%	70%
RIVERGROVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	0%
WEST LINN	14	1	0	9	4	0	0	9	3	1	1	12	4	4	68%	32%
WILSONVILLE	279	57	171	18	33	11	26	7	8	228	36	15	204	75	73%	27%
UNINCORP-CLACK	441	95	142	15	189	9	100	6	90	237	108	96	331	110	25%	75%
Multnomah Total	4,315	1,507	1,342	329	1,137	132	212	197	925	2,849	344	1,122	2,479	1,637	43%	57%
FAIRVIEW	165	102	0	32	32	21	28	11	4	102	49	15	32	134	81%	19%
GRESHAM	666	364	97	96	108	32	7	65	101	462	39	166	205	461	69%	31%
MAYWOOD PARK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	0%
PORTLAND	2,434	649	753	131	901	64	161	67	740	1,402	225	807	1,655	780	32%	68%
TROUTDALE	328	247	6	42	32	4	6	38	26	253	11	64	290	290	12%	12%
WOOD VILLAGE	69	5	31	8	25	1	3	7	22	35	4	29	56	13	19%	81%
UNINCORP-MULT	653	140	454	20	39	10	7	10	32	594	17	42	493	160	25%	76%
Washington Total	4,139	1,887	1,132	448	672	157	219	290	453	3,019	376	743	1,803	2,335	56%	44%
BEAVERTON	335	32	72	121	109	3	12	119	98	105	14	216	182	154	46%	54%
CORNELIUS	109	35	1	18	54	-8	54	0	0	36	72	0	55	5	49%	51%
DURHAM	6	5	1	0	0	0	0	0	0	6	0	0	1	5	84%	16%
FOREST GROVE	163	95	0	14	53	1	4	14	49	95	5	63	53	110	67%	33%
HILLSBORO	1,623	570	847	107	98	72	31	35	67	1,417	103	102	945	677	42%	58%
KING CITY	4	0	0	0	4	0	4	0	0	0	0	0	4	0	0%	0%
SHERWOOD	121	83	0	19	19	11	9	8	10	83	20	18	102	19	84%	16%
TIGARD	178	25	28	40	40	22	25	22	58	54	44	80	112	66	37%	63%
TUALATIN	272	210	7	15	40	15	40	0	0	216	56	0	47	223	85%	17%
UNINCORP-WASH	1,328	831	176	112	204	19	39	93	170	1,007	58	263	385	943	71%	29%
UGB TOTAL	10,436	3,722	3,056	1,190	2,486	328	640	863	1,848	6,757	967	2,711	4,912	5,524	47%	53%

This table reflects a necessary correction identified by Metro staff in September 2014. The correction relates to lands added to the urban growth boundary by the Oregon Legislature in March 2014 under House Bill 4078. At the request of the City of Forest Grove, this revised report counts lands added near Forest Grove as industrial, rather than residential with a small amount of commercial. Since these lands are not yet annexed to the city, they appear as unincorporated Washington County.

City of Tualatin Exhibit No. 111

2014 Buildable Land Inventory (BLI) – Damascus Disincorporation Capacity Summary by City, Source, and Type Metro Research Center 27-Oct-15

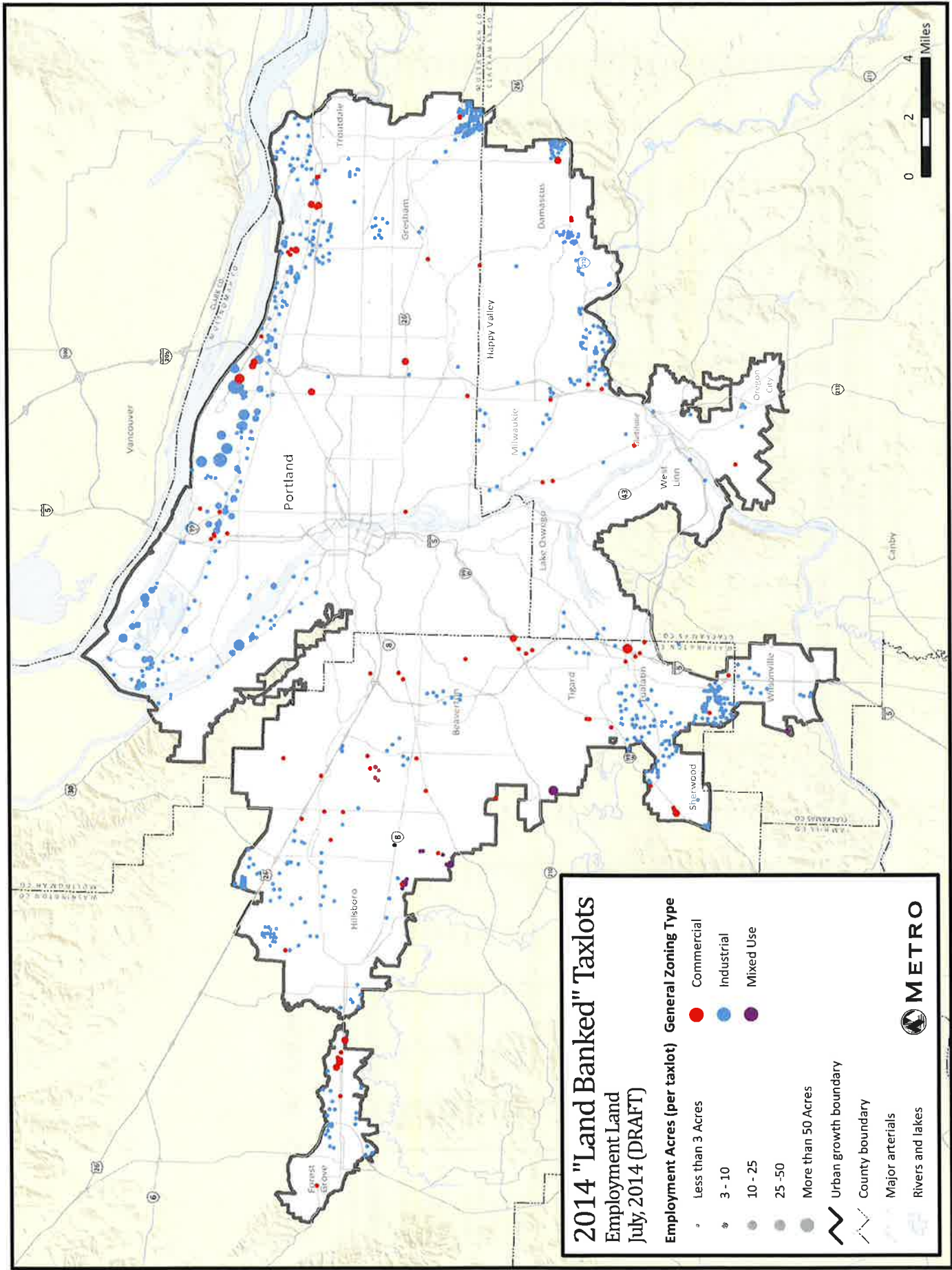
MF capacity includes capacity in MFR and MUR zone classes
"Unincorp" = unincorporated areas inside Metro UGB

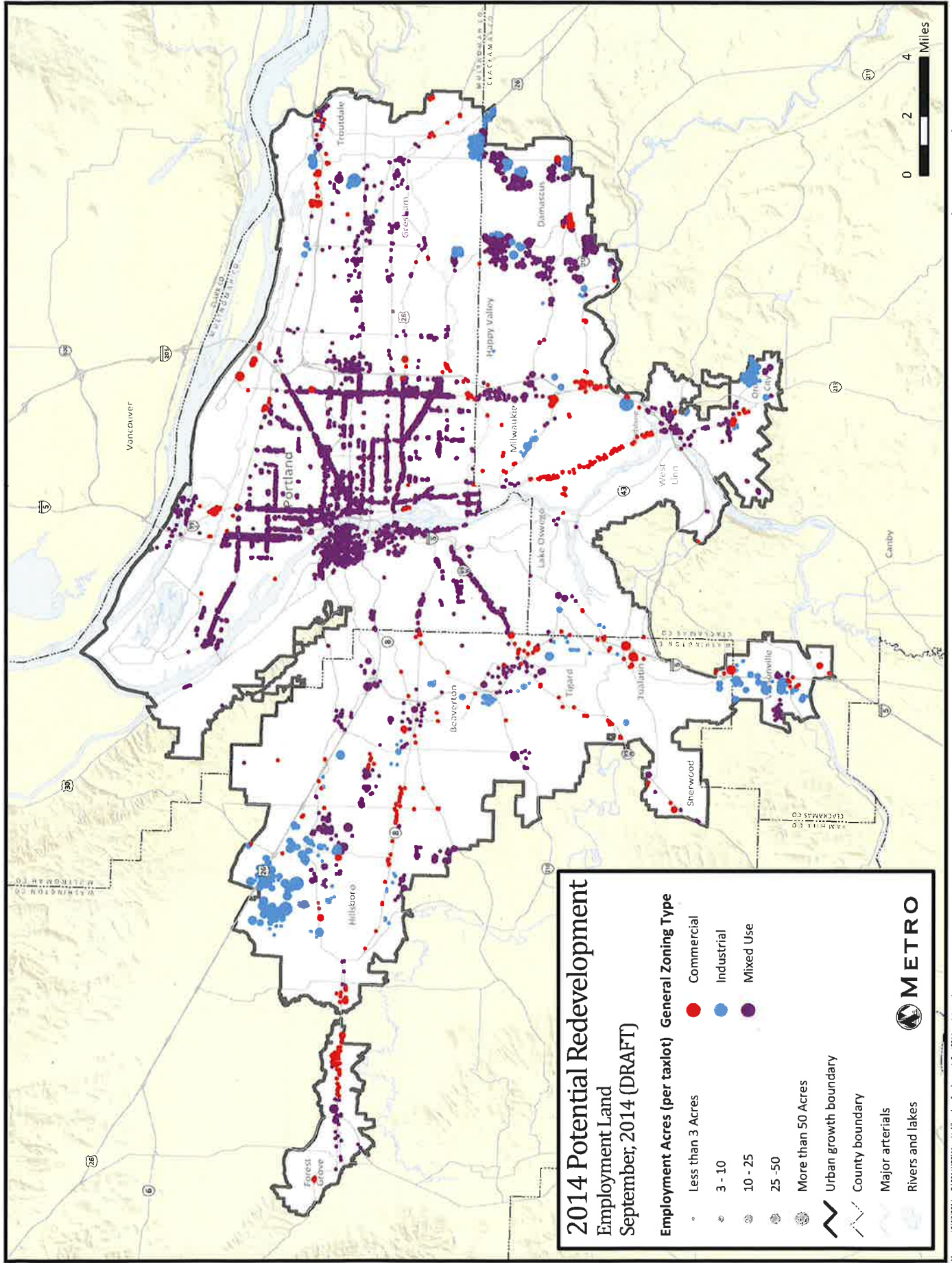
Local Government	TOTAL DU	Single Family (SF)		Multi-Family (MF)		MF - Low (< 75 DU/acre)		MF - High (> 75 DU/acre)		Total Capacity by Building Type				Percent of Capacity by Building Type					
		Vacant	Infill	Vacant	Redev	Vacant	Redev	Vacant	Redev	SF	MF - Low	MF - High	MF - High	% SF	% MF - Low	% MF - High	Vacant Total	Redev Total	% Vacant
Clackamas Total	56,738	15,600	20,043	7,459	13,656	6,238	11,545	1,221	2,091	35,543	17,783	9,312	63%	31%	6%	29,059	33,679	41%	59%
DAMASCUS	15,681	5,034	5,837	2,046	2,764	2,046	2,764	0	0	10,871	4,810	0	69%	31%	0%	7,080	8,601	45%	55%
GLADSTONE	567	37	199	41	290	0	290	0	0	0	331	0	42%	58%	0%	78	489	58%	86%
HAPPY VALLEY	10,004	2,615	3,043	2,266	2,042	2,137	2,042	129	38	5,658	4,179	167	57%	42%	2%	4,881	5,123	49%	51%
JOHNSON CITY	0	0	0	0	0	0	0	0	0	0	0	0	0%	0%	0%	0	0	0%	0%
LAKE OSWEGO	1,475	513	497	44	421	44	421	0	0	1,010	465	0	68%	32%	0%	557	918	38%	62%
MILWAUKIE	1,236	244	933	23	36	23	28	8	8	1,177	51	8	95%	4%	1%	267	969	22%	78%
OREGON CITY	7,330	1,462	1,173	1,791	2,904	835	1,832	956	1,072	2,653	2,667	2,028	36%	36%	28%	3,253	4,077	44%	56%
RIVERGROVE	36	31	5	0	0	0	0	0	0	36	0	0	100%	0%	0%	31	5	86%	14%
WEST LINN	1,048	511	413	51	73	51	73	0	0	924	124	0	88%	12%	0%	562	486	54%	46%
WILSONVILLE	3,852	1,275	1,485	531	561	531	561	0	0	2,760	1,092	0	72%	28%	0%	1,806	2,046	47%	53%
UNINCORP-CLACK	15,509	3,878	6,458	666	4,507	530	3,534	136	973	10,336	4,064	1,109	67%	26%	7%	4,544	10,965	29%	71%
Multnomah Total	255,834	9,823	14,709	23,775	207,527	8,678	50,815	15,097	156,712	24,532	59,493	171,809	10%	23%	67%	33,598	222,236	13%	87%
FAIRVIEW	1,124	212	209	367	336	367	336	0	0	421	703	0	37%	63%	0%	579	545	52%	48%
GRESHAM	13,322	1,774	3,034	3,032	7,482	2,865	6,945	169	537	4,808	9,808	706	31%	64%	5%	4,806	10,516	31%	69%
MAYWOOD PARK	32	15	17	0	0	0	0	0	0	32	0	0	100%	0%	0%	15	17	47%	53%
PORTLAND	228,426	5,760	9,420	19,037	194,209	4,109	38,034	14,928	156,175	15,180	42,143	171,103	7%	18%	75%	24,797	203,629	11%	89%
TROUTDALE	1,515	269	277	433	536	433	536	0	0	546	969	0	36%	64%	0%	702	813	46%	54%
WOOD VILLAGE	620	24	15	64	517	64	517	0	0	39	581	0	6%	94%	0%	88	532	14%	86%
UNINCORP-MULT	8,795	1,769	1,737	842	4,447	842	4,447	0	0	3,506	5,289	0	40%	60%	0%	2,611	6,184	30%	70%
Washington Total	74,880	20,870	32,295	9,224	12,491	8,664	11,563	560	928	53,165	20,227	1,488	71%	27%	2%	30,094	44,786	40%	60%
BEAVERTON	8,016	2,010	2,737	2,172	1,035	1,994	1,035	178	62	4,747	3,029	240	59%	38%	3%	4,182	3,834	52%	48%
CORNELIUS	241	23	65	31	112	31	122	0	0	88	153	0	37%	63%	0%	54	187	23%	78%
DURHAM	42	25	17	0	0	0	0	0	0	42	0	0	100%	0%	0%	25	17	60%	40%
FOREST GROVE	5,429	1,473	1,966	532	1,458	532	1,458	0	0	3,439	1,990	0	63%	37%	0%	2,005	3,424	37%	63%
HILLSBORO	9,972	1,736	2,925	1,385	3,926	1,385	3,926	0	0	4,661	5,311	0	47%	53%	0%	3,121	6,851	31%	69%
KING CITY	392	154	69	146	23	146	23	0	0	223	169	0	57%	43%	0%	300	92	77%	23%
SHERWOOD	991	75	397	218	306	218	306	0	0	467	524	0	47%	53%	0%	293	698	30%	70%
TIGARD	8,513	1,892	4,351	955	1,315	952	1,315	3	320	6,243	1,947	323	73%	23%	4%	2,847	5,666	33%	67%
TUALATIN	539	374	314	136	52	136	52	0	0	351	188	0	65%	35%	0%	173	366	32%	68%
UNINCORP-WASH	40,745	13,445	19,459	3,649	4,192	3,270	3,646	379	546	32,904	6,916	925	81%	17%	2%	17,094	23,651	42%	58%
UGB TOTAL	387,452	46,293	67,047	40,458	233,654	23,580	73,923	16,878	159,731	113,340	97,503	176,698	30%	25%	45%	86,751	300,701	22%	78%

This table reflects a necessary correction identified by Metro staff in September 2014. The correction relates to lands added to the urban growth boundary by the Oregon Legislature in March 2014 under House Bill 4078. At the request of the city of Forest Grove, this revised report counts lands added near Forest Grove as industrial, rather than residential with a small amount of commercial. Since these lands are not yet annexed to the city, they appear as unincorporated Washington County.

37 units on vacant land translates to 5.78 acres
6.4 units/acre

City of Tualatin Exhibit No. 111





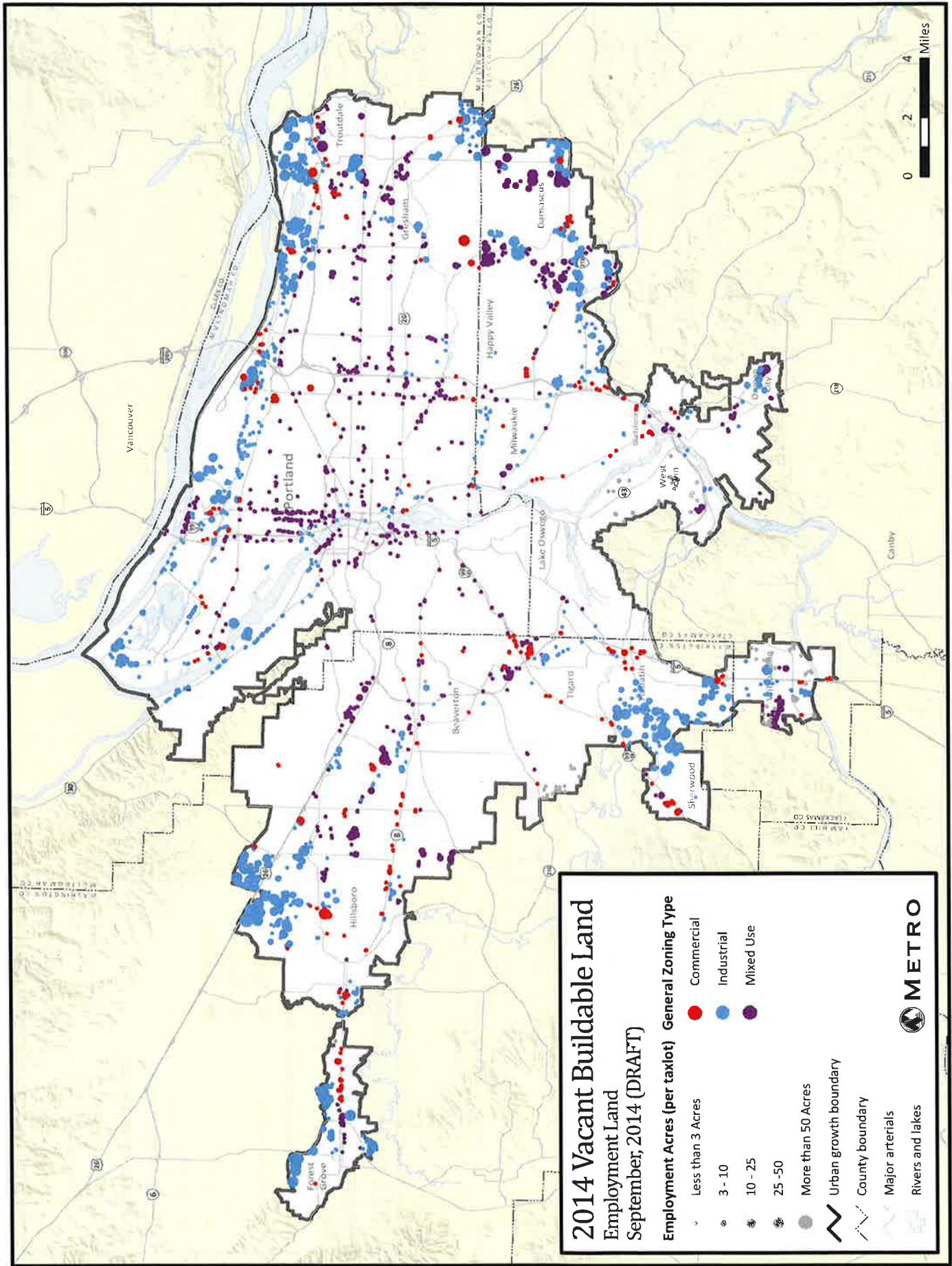
2014 Potential Redevelopment Employment Land September, 2014 (DRAFT)

•	Less than 3 Acres	•	Commercial
•	3 - 10	•	Industrial
•	10 - 25	•	Mixed Use
•	25 - 50		
•	More than 50 Acres		
—	Urban growth boundary		
—	County boundary		
—	Major arterials		
—	Rivers and lakes		

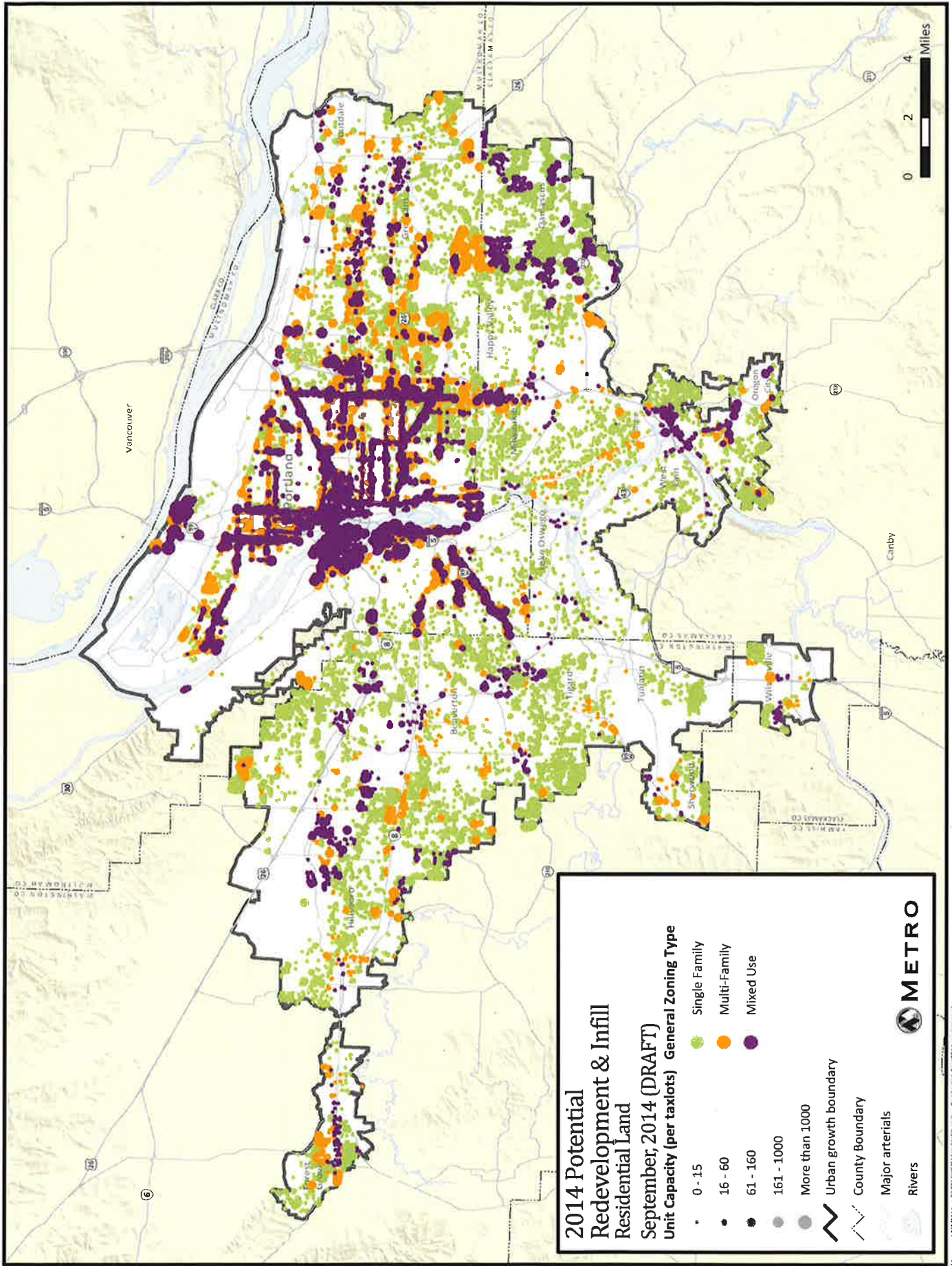
METRO

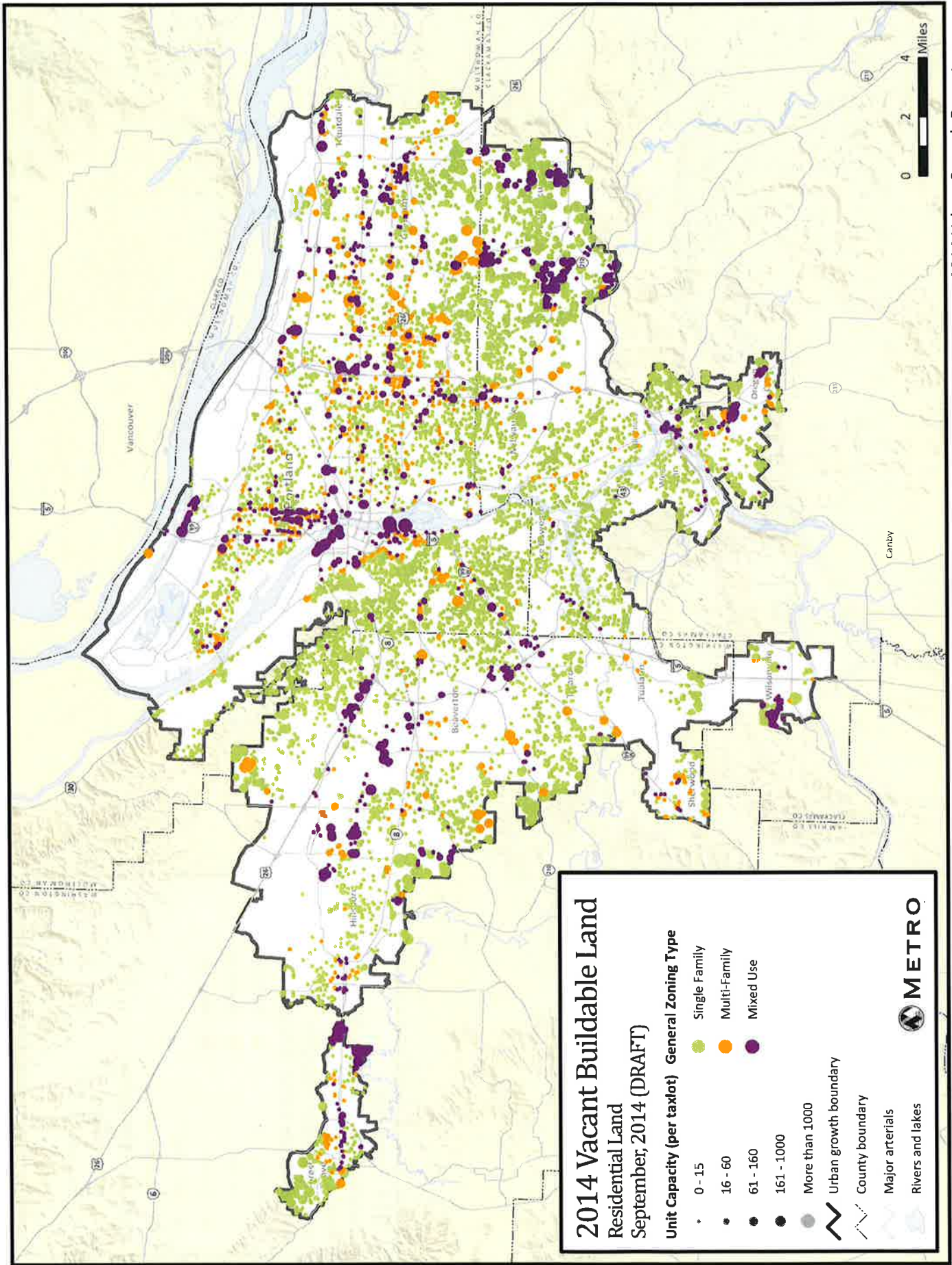
Map saved 9/17/2014 at T:\2014UGR\Map\111_rdrf_Employment_Sep2014_update.mxd

City of Tualatin Exhibit No. 111



City of Tualatin Exhibit No. 111





City of Tualatin

Exhibit No. 112



February 10, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Dear Mr. Koss:

In response to your request I have reviewed the Basalt Creek Concept Plan materials with regards to the suitability of employment/light industrial development on the 63 acres north and east of the intersection of Grahams Ferry road and Basalt Creek Parkway. These materials included:

1. Tualatin Staff Reports
2. Mackenzie Study
3. Email from Washington County Basalt Creek Parkway project manager Renus Kelfkens regarding access to Basalt Creek Parkway.
4. DKS preliminary profile of the extension Basalt.
5. OTAK Basalt Creek Concept Plan.

We understand that the City, Metro and Washington County's desire is to zone this area for employment land. Development potential of land for employment uses, as stated in the MacKenzie report, is generally assumed to have less than 5% slopes. This is to allow for larger building footprints, parking, loading areas and truck access.

The two areas that meet that criteria for this property is the northerly 1/3 adjacent Victoria Gardens and the top of the plateau area in the lower middle of the site. The northerly area would be well served with access from Grahams Ferry Road at Tonquin Loop and potentially a secondary access from Tonquin Road at Grahams Ferry Road. These to access points would appear to have good separation and sight distance on Grahams Ferry. The northerly area is very developable as employment land, however the City has set aside approximately 10 acres (almost half) as residential to buffer the Victoria Gardens lots.

The southerly plateau area's best access would come from the southerly property line and Grahams Ferry. However, this is the location of Basalt Creek Parkway which the County will not allow access. We also understand that the County has deleted the proposed Kinsman Road crossing of Basalt Creek Parkway shown on the Tualatin Concept and MacKenzie plans thereby eliminating the only at grade potential access coming from the southerly portion of the site. Therefore any access to the plateau area must come from the north (Tonquin Road or Tonquin

City of Tualatin

Exhibit No. 112

Mr. Herb Koss

BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Page 2 of 2

Road Loop). The plateau area is almost completely surrounded by steeply sloped land. The slopes range from over 10% to over 20%. The over 40 vertical rise needed to get from Tonquin Road to the top of the plateau area will take 800 feet at 5% not accounting for access to the lower property on either side or the potential impacts to wetlands.

There is slightly over 25 feet vertical rise from Tonquin Loop to the top of the plateau. This does not account for the low area just north of the plateau that drops down another 15 feet that this road would have to cross. While the grading is more manageable the result would be truck traffic routed through a residential area.

Neither access point can provide a secondary access to the plateau area. This is a negative for both traffic flow patterns and emergency access. In addition as these roads are raised to provide access to the plateau area, the access to land on either side of the road becomes more difficult.

This area is also well known for the hard rock that is very near the surface. We were the design engineers for Victoria Gardens where we had about 2-feet of fill brought into the site to reduce the rock excavation costs. Unfortunately, filling the area does not provide better access.

Employment land requires flatter slopes to serve larger building footprints and then adjacent parking/loading areas. Providing for truck access and typical development footprint will severely limit the development efficiency for this portion of the property. Residential uses are more flexible with access grades and smaller footprints however the site will still be difficult to development without access to the south.

In summary, the northerly one third of the property is well suited to employment land. However, contrary to the MacKenzie report, Tualatin's current plan reserves the northerly 10 acres or so (almost half) of the northerly area for residential to buffer the Victoria Gardens lots. The southerly plateau area is not well suited for employment land. This is due to access constraints, surrounding steep slopes, lack of secondary access and grading costs.

It has also been our experience that if property is forced into a development pattern it is not well suited for, it will end up being one of the last parcels developed and the quality of that development is usually below expectations. If you have any questions in regards to our analysis, please don't hesitate to contact us.

Sincerely,



Anthony R. Weller, P.E., P.L.S.

President

City of Tualatin

Exhibit No. 113



May 18, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CENTRAL AREA – KPFF CONCEPT PLAN

Dear Mr. Koss:

In response to your request we have reviewed the Basalt Creek Concept Plans prepared by KPFF with regards to the approximately 50 acres north and east of the intersection of Grahams Ferry road and Basalt Creek Parkway.

The KPFF study outlines three potential development schemes that share similarities between each scheme. Each scheme includes a single access point on Grahams Ferry Road at Tonquin Loop and no secondary or emergency access provided. The study also provides concept finish floor elevations and access road grades for each scheme. The summary shows either Scheme A or B as the higher rated concepts. We chose Scheme B to evaluate as the most highly ranked scheme.

Using the proposed grading plan for Scheme B, we calculated rough grading quantities and costs. Our estimate shows estimated grading totaling about 350,000 cubic yards. We also looked at the existing grades around the proposed parking and building areas for the potential need of retaining walls. The grading plan for this scheme showed some retaining walls but we believe additional walls would be required along the parking areas adjacent to the easterly property line and the downhill sides of Building B and Building D. We estimated the need for approximately 2400 lineal feet of retaining walls for these walls and the ones shown on the plan. We also believe additional smaller walls will likely be required for this plan as it is further developed. We did not provide any allowance for the smaller walls.

Our experience in this area on the site to the north, leads us to expect a significant amount of rock that is very near the surface. The proposed grading plan also includes significant depths of cut and fill. The fill in the south east corner of the site would be about 20-feet and cuts on the site that could be over 10-feet. Rock excavation is not very efficient and therefore more costly. Also to use the excavated rock materials as fill, will require additional processing or it may need to be supplemented with imported materials to accomplish the grading as proposed.

CESNW, INC.
13190 SW 68TH PARKWAY, STE. 150, TIGARD, OR 97223
503.968.6655 TEL 503.968.2595 FAX WWW.CESNW.COM

City of Tualatin

Exhibit No. 113

Mr. Herb Koss

BASALT CREEK CENTRAL AREA – KPFF CONCEPT PLAN

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For budgetary purposes, we would estimate \$30 per cubic yard for grading to reflect the rock excavation and potential imported fill needs for this site. This results in an estimated grading cost of \$10,500,000. At the anticipated wall heights, we have estimated \$1,200,000 for the retaining walls.

In summary, we feel the proposed grading plan is possible but it puts parking lot and access way slopes at the near maximums for industrial development. If you were to reduce slopes to improve the usability, it would require even more excavation and the costs would be even higher.

If you have any questions in regards to our analysis, please don't hesitate to contact us.

Sincerely,



Anthony R. Weller, P.E., P.L.S.

President

\\3273_CESNW_KPFF

City of Tualatin

Exhibit No. 114



July 20, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CENTRAL AREA – EMPLOYMENT VERSES RESIDENTIAL DEVELOPMENT

Dear Mr. Koss:

In response to your request we have prepared a summary on the differences between development of employment type uses verses residential uses on the central area of Basalt Creek Concept Plans. When we evaluate property for development we look at zoning, transportation/access, utility service availability, topography, environmental constraints, soil conditions and adjacent uses.

The Basalt Creek Central Area faces development constraints that impact any development regardless of use (employment verses residential). These development constraints are:

- Limited access (only from Grahams Ferry Road).
- Wetlands
- Powerline easement that bisects the area
- Significant slope and topography to access the southerly portion.
- Shallow hard rock soil conditions.

The most significant differences between employment development and residential is how they can respond to these constraints. Residential development typically has smaller building footprints and can accept steeper grades for access. In addition attached residential buildings can have split floor elevations and parking underneath, both of which allow this type of building to be more responsive to the topographic and access issues.

Conversely, employment development has larger building footprints, must have flatter access grades for trucks, wider maneuvering areas for turning movements and parking. It is also undesirable to split building floor elevations as that can limit the use or size of tenant. **This flatter and wider footprint requires more grading and retaining walls on property like this than any competitive property without these constraints. Add rock excavation at six to ten times the normal cost of grading to the excessive amount of grading required, and this property may not be economically feasible to develop.**

City of Tualatin

Exhibit No. 114

Mr. Herb Koss

BASALT CREEK CENTRAL AREA

Page 2 of 2

Two residential projects we have been involved in are examples of how residential development can be more responsive to site constraints. Forest Rim apartments on Nyberg Road in Tualatin had wetlands and large rock outcrop in the middle of the site. The access roads and buildings were able to be wrapped around these features that turned them into amenities rather than limitations. A condominium project in Happy Valley, Greystone at Altamont was able to be wrapped around the top of the knoll with parking underneath both the upper and lower side of the units.

Most of the competitive employment land along the I-5 corridor in Tigard and Wilsonville or western Tualatin is relatively flat and/or does not require the rock excavation for development. We prepared rough cost estimates for the grading and retaining walls this property based on the KPFF Option B plan for basic site prep. These costs are in addition to the paving and utility costs that will also be needed for this site. The rough grading and retaining wall costs are:

Grading	350,000 Cubic Yards	\$10,500,000.00 (assumes significant rock excavation)
Retaining Walls	2,400 Lineal Feet	\$ 1,200,000.00

It is important not to overlook the other constraint that impacts this area, Access. The lack of access to the southerly and upper portion of the area increases the amount of grading and rock excavation required to develop the property. If Basalt Creek Parkway had been a local street that would provide at grade access to the upper portion of the area, employment uses could be feasible. Similar to variance criteria, this is not a self-imposed hardship but one that is unique to this portion of the planning area.

Another consideration is how this area relates to the adjacent uses (both existing and future). There is existing single family detached housing to the north. There is also underdeveloped property east of the planning area as well as the creek itself along the northeasterly portion of the area.

The City of Tualatin is proposing additional single family detached adjacent the existing single family housing to the north. Higher density residential provides an excellent transition between lower density residential, commercial and/or industrial uses. Basalt Creek Parkway with its deep cut and wide right of way provides additional transition area to the south.

Per your request, I will be present at the 7/24 work session and will be happy to answer any questions at that time.

Sincerely,



Anthony R. Weller, P.E., P.L.S.

President

City of Tualatin

Exhibit No. 115



15350 S.W. Sequoia Pkwy., Suite 300
Portland, Oregon 97224
503/624-6300 • Facsimile: 503/624-7755

November 14, 2016

VIA EMAIL

Herb Koss
2643 South Shore Boulevard
Lake Oswego, OR 97034

Dear Herb,

At the request of Peter Bechen, I toured your site north of the future Basalt Creek Parkway last week. PacTrust is developing an industrial park several miles north at 115th Avenue and Tualatin-Sherwood Road in Tualatin known as Koch Corporate Center. We are interested in locating a site to develop in the Coffee Creek area for light industrial uses. Unfortunately, the topography of your site makes development of industrial or flex buildings uneconomic. We believe housing would be a more appropriate use for the site. The smaller floor plates for housing enable it to work with slope conditions present on your property. Industrial/employment land requires sites to be much more flat due to dramatically larger floor plates, parking requirements, loading areas for trucks and ingress/egress concerns for trucks. There are several sites in the area that are more appropriate for industrial/employment development.

Let me know if you would like to discuss this further.

Yours very truly,

PACIFIC REALTY ASSOCIATES, L.P.

A handwritten signature in blue ink, appearing to read "Eric A. Sporre".

Eric A. Sporre
Vice President

City of Tualatin
Exhibit No. 116

MACKENZIE.

DESIGN DRIVEN | CLIENT FOCUSED

January 11, 2017

Washington County
Attention: Erin Wardell
Department of Land Use & Transportation
155 N First Ave, Suite 350 MS16
Hillsboro, OR 97124

Re: **Basalt Creek Employment Site Evaluation**
Project Number 2150111.01

Dear Erin:

Washington County contracted with Mackenzie to review the subject site based on Mackenzie's experience with planning and design for development of industrial and employment lands in the Portland region. The goal of this effort is to assist County staff in understanding the likely development opportunities and patterns that might occur on the subject site based on general site development factors including but not limited to potential physical site development constraints.

The 63-acre site (see attached), located within the Basalt Creek planning area is currently planned for future industrial/employment development. We understand there are questions that, given the topography and potential wildlife habitat/wetlands on site, the site may be better suited for uses other than industrial/employment (e.g., residential). This letter summarizes our preliminary opinion on the developability of the subject site for industrial/employment uses from a concept planning level only. Our review is based on limited information regarding existing conditions provided by Washington County on December 20, 2016.

The County's Goal 5 inventory shows the entire subject site as significant natural area and 2.75 acres in the northeast corner as wetland and fish wildlife habitat. In addition, nearly 70% of the subject site is Metro Title 13 Riparian areas with riparian wildlife habitat areas and impact areas. The exact location and classification of these features is unknown at this time and is beyond the scope of this evaluation. It is possible that there are no significant natural features located on the subject site, except for the NE portion of the site which has a ravine with natural resources discussed below. These potential natural features and wildlife habitat must be confirmed prior to development and it is recommended that prior to further master planning and/or zoning this property, a natural feature inventory and/or survey is performed on this site to further refine the net developable acreage. Only after a wetland delineation and/or survey would we will be able to confirm the developable acreage of this site and confirm whether the concept plan in Figure 3 is feasible as it was created using publicly available GIS data only. Therefore, we did not consider Goal 5 or Title 13 as a factor in this effort as there is not enough information at this time to confirm exact feature locations.

Therefore, this memo assumes that the Goal 5 and Title 13 resources are developable at this time, except for the stream and ravine in the most northeastern corner of the site. While we are aware of the potential location of natural resources, physical topography, site size, and site configuration were the largest factors taken into consideration in the conceptual site plan shown in figure 3. In discussion with County staff, Goal 5 and Title 13 are not regulated at the development level. Wetland delineation and surveys are required through the development review process, prior to development, to confirm any potential on site constraints. The Goal 5 designation requires the current or future property owner(s) to conduct a wetland delineation to confirm any potential resources as well as an assessment of



P 503.224.9560 • F 503.228.1285 • W MCKNZE.COM • RiverEast Center, 1515 SE Water Avenue, #100, Portland, OR 97214
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City of Tualatin

Exhibit No. 116

Washington County
Basalt Creek Employment Site Evaluation
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January 11, 2017
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those resources. In addition, site development should take into consideration potentially geological challenges related to the Tonquin Scablands, which may impact the subject site and were not reviewed as a part of this analysis.

INDUSTRIAL/EMPLOYMENT LAND SUITABILITY FACTORS

There are several physical factors that are utilized to determine the feasibility for development of industrial and employment uses, but the most critical is the need for generally "flat" land. Flat land in a concept planning analysis for industrial/employment development is commonly assumed to be less than 5% slope. Generally, increased slope results in smaller building footprints, less flexibility in building location and building orientation, and/or increased costs for grading. Although slopes from 5% to 10% can accommodate some employment uses, the site preparation costs and loss of efficiency increase dramatically. These factors in turn translate into a more limited range of potential users, ultimately limiting the marketability and underlying value of the site. Other factors for industrial/employment development include site size and configuration as well as proximity to major transportation corridors and private and public utilities. Market factors such as prevailing lease rates, market vacancy, and market depth may also impact the suitability of a development site.

SITE EVALUATION

Our approach was to "test" the site in two ways and compare the results. First, we reviewed the site from a high-level planning perspective utilizing GIS data and looking at general use and land efficiency factors. The second approach involved evaluation and conceptual site design by a Mackenzie architect who has decades of experience in industrial/employment development projects in the Portland region.

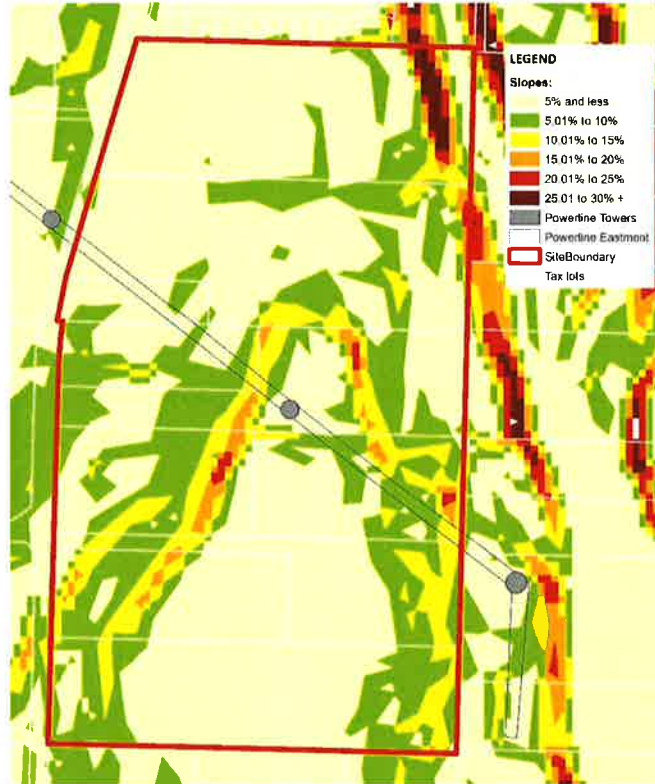
The high-level planning approach was to evaluate the existing slopes on site utilizing GIS data. As indicated below, the topography of the site lends itself to a natural divide into northern and southern development areas. The slope analysis in Figure 1 was completed utilizing the 2-foot contour GIS shapefile as provided by Washington County.

M.

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Figure 1: Slopes Map



The table below identifies potential development areas for two critical slope categories: areas that are slopes 5% and less, and slopes above 5% to 10% slopes. Of the 63 gross acres, approximately half of the site (about 37 acres) may be suitable for employment development, if slopes ranging above 5% to 10% can be mitigated. Less than a third of the property (areas A and C) has slopes less than 5%, which are most suitable for employment development. These areas will still require some cut/fill earthwork for building pads. Areas B and D will require additional and more significant cut/fill balance to acquire the additional development areas.

Nearly a third of this site, approximately 22 acres, contain slopes greater than 10% or are surrounded by 10% and greater slopes, which is extremely difficult to develop for industrial/employment uses. Additionally, approximately 9 acres of the site will be utilized for right-of-way dedication of the future Basalt Creek Parkway alignment. Approximately 5 of these 9 acres have slopes less than 5%. Lastly, the northeastern portion of the site contains a ravine with natural resource conditions making that portion difficult for any development type/use.

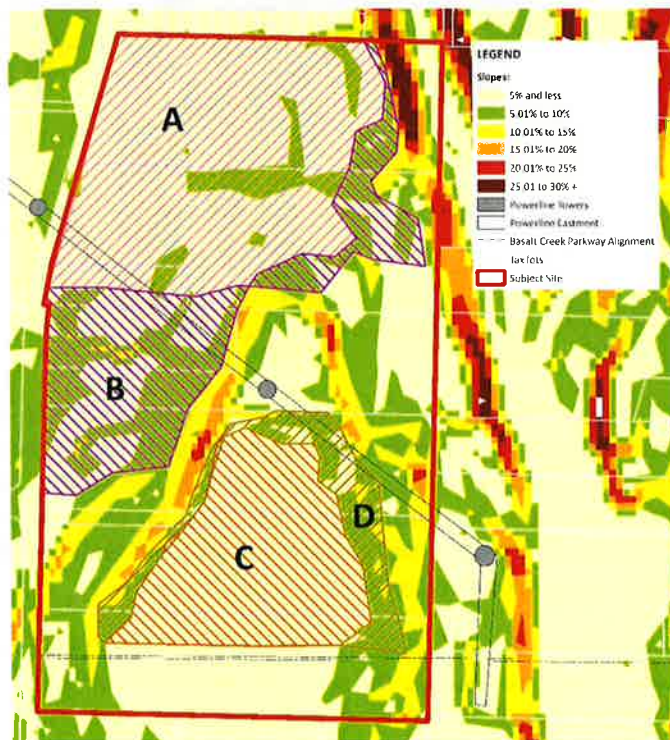


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Table 1: Estimated Development Area			
	Estimated Development Area with Slopes mostly 5% and less	Estimated Development Area with Slopes above 5% to 10%	Total potential development area
Northern Development Area (Areas A and B)	16 acres (Area A)	+ additional 10 acres (Area B)	26 acres
Southern Development Area (Areas C and D)	8 acres (area C)	+ additional 3 acres (area D)	11 acres
Total:	24 acres	+ additional 13 acres	37 acres

Figure 2: Estimated Development Area Acreages and Slopes Map



However, the difficulty with utilizing only the high-level planning approach is that number of acres don't necessarily tell the whole story regarding the developability of the subject site. Size and configuration of sites usually results in less building coverage because buildings are rectangular and physical site conditions are usually not. Therefore, a second approach to testing the site was utilized to provide a better picture of potential for industrial/employment uses. A Mackenzie architect experienced in industrial/employment development evaluated existing site conditions and created a conceptual site plan responding to size, configuration and access considerations. Given the topography challenges, existing power lines and structures, the future Basalt Creek Parkway alignment (and required right-of-way dedications) and access limitations, we determined that the subject site could potentially support approximately 315,000 sf of



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industrial/employment uses in 10 buildings, ranging in size from 18,000 sf to 43,000 sf. The conceptual plan below results in approximately 40% developable area, which includes the public roads, buildings, and associated parking areas, and is based on a building coverage factor that would result in the potential for approximately 315,000 sf of building area. This conceptual plan is shown in Figure 3 below and Exhibit B.

Figure 3: Conceptual employment use concept plan



OTHER CONSIDERATIONS

When comparing the land use concept of Basalt Creek, as shown on the Basalt Creek Concept Plan website¹ as of April 2016, the plan identifies the majority of the subject site as Employment with some Light Industrial/ Tech Flex and the northern taxlot as Multi-Family Residential. The property directly to the east is identified as the Basalt Creek Canyon, to the south is identified as a Light Industrial District, to the west is identified as Light Industrial/Tech Flex District, and

¹ http://www.basaltcreek.com/wp-content/uploads/2016/04/Basalt-Posters_042816_small.pdf



City of Tualatin

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Residential is designated to the north. Proximity to other industrial development will be important for industry synergies and future market growth.

CONCLUSION

The site is certainly feasible for employment, and given the existing site conditions and subject site location, the following employment uses may be suitable for this site:

- Flex business park (health services, professional services, support services, administration/back office support operations, incubator space)
- Office or office campus
- Manufacturing (food processing, metals, chemicals, equipment, machinery, product/components assembly)
- Commercial support services (restaurants, coffee shops, print shops) along the future Basalt Creek Parkway

NEXT STEPS

Significant transportation and utility planning must occur during the concept planning process to identify infrastructure needed to support the development of this site and adjacent uses. Infrastructure needs analysis, transportation analysis, and/or costing are not a part of this effort, however, we caution that this information is necessary along with a geotechnical report and ALTA survey to provide a complete analysis and recommendation.

Lastly, a market study to determine the need for employment uses and others (retail, commercial, residential, etc.) may assist the County and the cities of Wilsonville and Tualatin in determining the appropriate amount of industrial, employment, commercial, retail, and residential land requirements in the Basalt Creek Planning Area. The market study would further bring clarity to the market's ability to execute development across varying uses and determine the highest and best use of the subject property.

Sincerely,



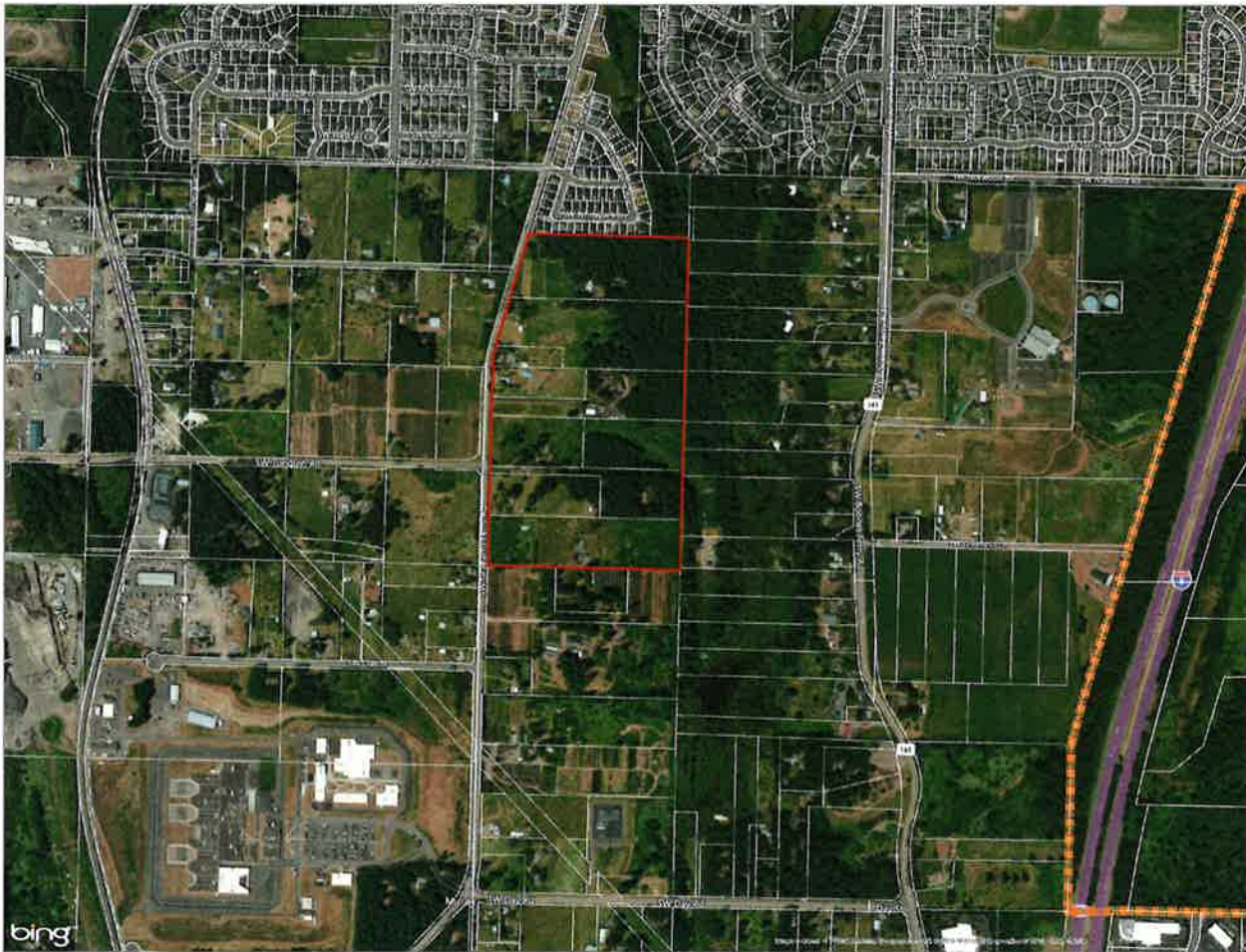
Gabriela Frask
Land Use Planner, Associate
Assistant Department Head

Enclosure(s): Existing conditions map
Concept plan

c: Todd Johnson - Mackenzie



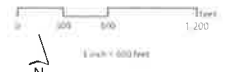
City of Tualatin Exhibit No. 116



Basalt Creek Employment Site Washington County, Oregon

LEGEND

-  Subject Site
-  Tax lots
-  Urban Growth Boundary (UGB)

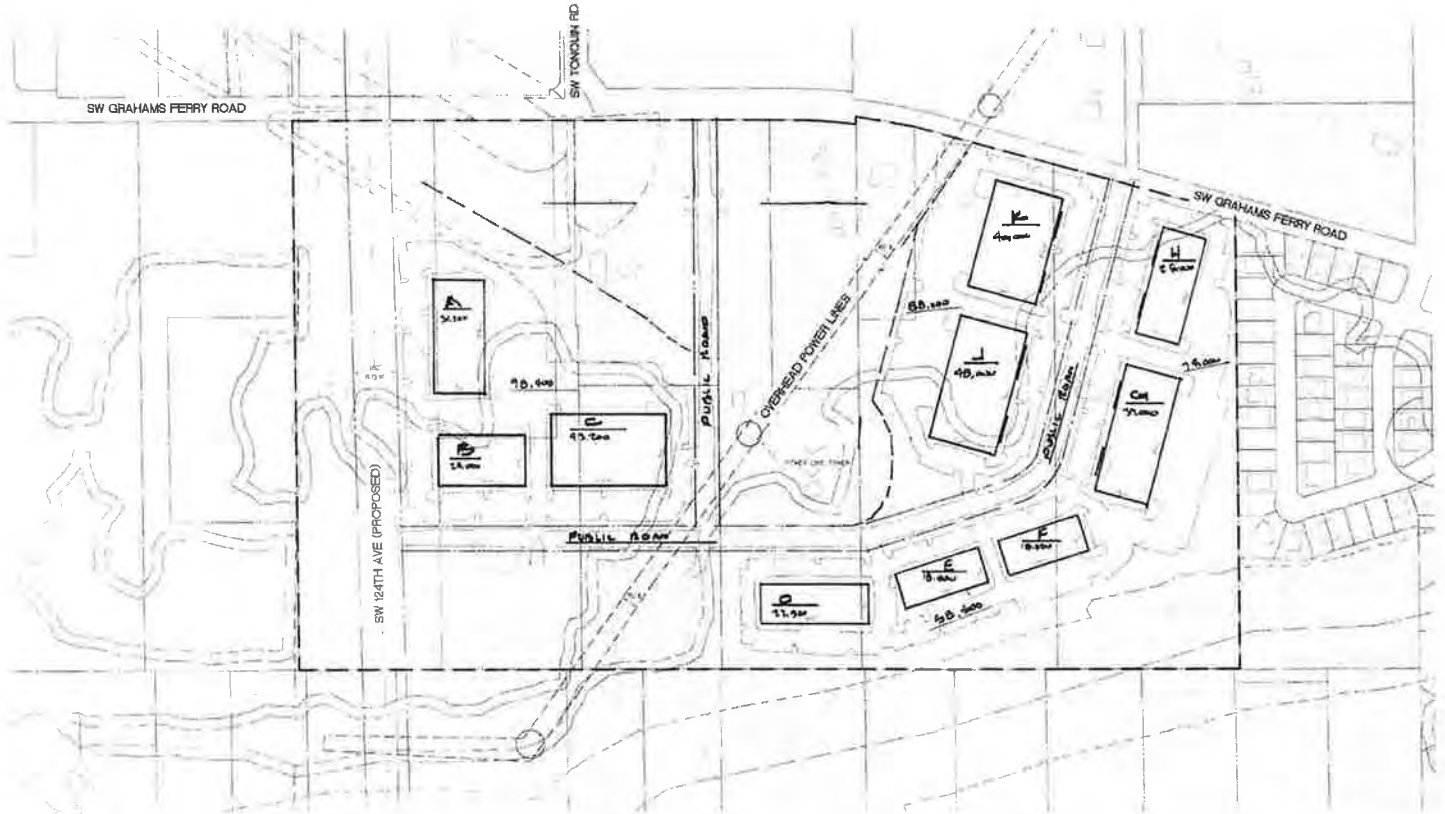


Source Data: Aerial Imagery, 2010
Map Data: 2010
Map Scale: 1 inch = 500 feet
Map Date: 2010



MACKENZIE.
400.228.4190 • 563.249.1899 • 1600 W. 23rd St.
Tualatin, OR 97146

City of Tualatin Exhibit No. 116



SITE XX
BASALT CREEK SITE
SW 124TH AVE
WASHINGTON COUNTY, OREGON

SITE DATA

BUILDING	SITE AREA	BUILDING AREA	PARKING SPACES	PARKING RATIO	EST DEVELOPABLE AREA (SQ FT)
PROPOSED BUILDING A	24,187	24,187	1000	1:242	24,187
PROPOSED BUILDING B	24,000	24,000	1000	1:240	24,000
PROPOSED BUILDING C	40,000	40,000	1600	1:250	40,000
PROPOSED BUILDING D	21,900	21,900	900	1:243	21,900
PROPOSED BUILDING E	18,000	18,000	720	1:250	18,000
PROPOSED BUILDING F	18,000	18,000	720	1:250	18,000
PROPOSED BUILDING G	21,900	21,900	900	1:243	21,900
PROPOSED BUILDING H	24,000	24,000	1000	1:240	24,000
PROPOSED BUILDING I	40,000	40,000	1600	1:250	40,000
PROPOSED BUILDING J	40,000	40,000	1600	1:250	40,000
PROPOSED BUILDING K	40,000	40,000	1600	1:250	40,000
TOTAL	313,500	313,500	12,500	1:250	313,500

LEGEND

Public Road	---
Public ROW	---
Overhead Power Lines	---
Water	---
Other	---

OPTION ONE
DEC. 21, 2016
313,500 SF "EMPLOYMENT BUILDINGS"

Portland Vancouver Seattle
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City of Tualatin
Exhibit No. 117

CITY OF WILSONVILLE

Basalt Creek Concept
Plan - Feasibility Study

JUNE 30, 2017



kpff

City of Tualatin Exhibit No. 117

Intent

The Basalt Creek Concept Plan Existing Conditions report was prepared in 2014 to look at future development of the 847 acres between the City of Wilsonville and City of Tualatin as part of the Urban Growth Boundary (UGB) inclusion process. In that report, potential land uses were identified for the region based on economic factors, land use compatibility, and projected growth (see Figure 1). The intent of this feasibility study is to take a further look at approximately 60 acres within the Basalt Creek Concept area to evaluate the potential to develop these properties to support increased employment opportunities in the region. This subarea's potential development is important because of its central location in the planning area and on the main intersection of the Basalt Creek Parkway in the future business district.

Uses beyond employment opportunities are not part of this feasibility study. Given the long history of planning and regional infrastructure investments for the Basalt Creek Planning Area as a regional employment area, this study was commissioned to ascertain whether the policy objective of employment uses is achievable in this subarea. Only if this investigation determines employment uses not to be feasible on this site will this analysis then consider feasibility of other land uses.

To evaluate employment opportunities for this site, three schemes have been developed in this feasibility study. The schemes have varying degrees of development to preserve open space and natural habitats on the site. The schemes are:

- Scheme A** – maintains all of the open area in the northern portion of the site and development is primarily on the southern portion of the site (below the PGE easement)
- Scheme B** – maintains open space in the northeast corner of the site but develops more of the site than Scheme A
- Scheme C** – fully develops the site to the maximum extent, feasible and has the least amount of open space

Various building prototypes are used in the schemes from general office buildings to industrial/warehouse facilities. These prototypes are based on local buildings and provide guidance on building footprint sizes and parking counts. Architectural renderings have been developed for 3 building prototypes to provide a graphical representation on how these buildings may fit the overall look and feel of the study area.

Site Overview

KPFF is studying in detail a portion of the Basalt Creek area that is approximately 60 acres in size and located east of Grahams Ferry Road, south of Helenius Road, west of Basalt Creek, and near the intersection of Grahams Ferry Road and Tonquin Road. The current use of the site is agriculture with single family homes and forested area near the creek. To the south is the Chick-A-Dee nursery and to the north of the site there is an open parcel of land and then residential housing. The site is comprised of 9 tax lots varying in size from 1.46 acres to 11.68 acres.

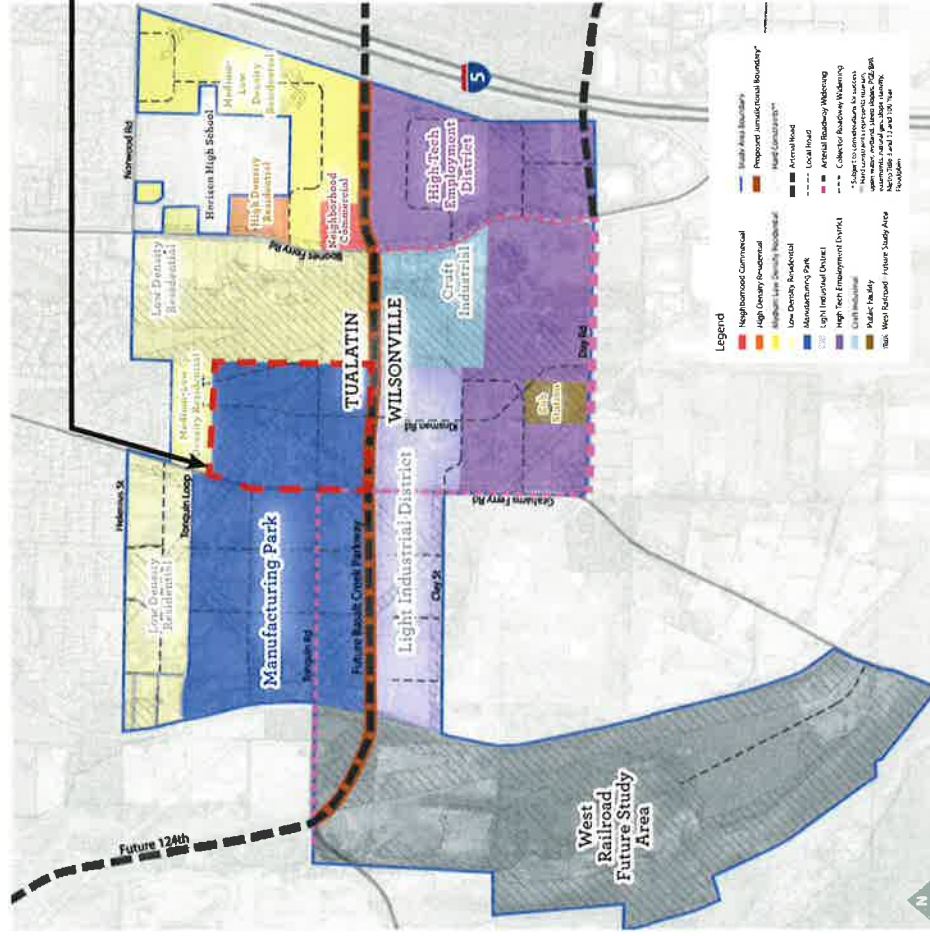
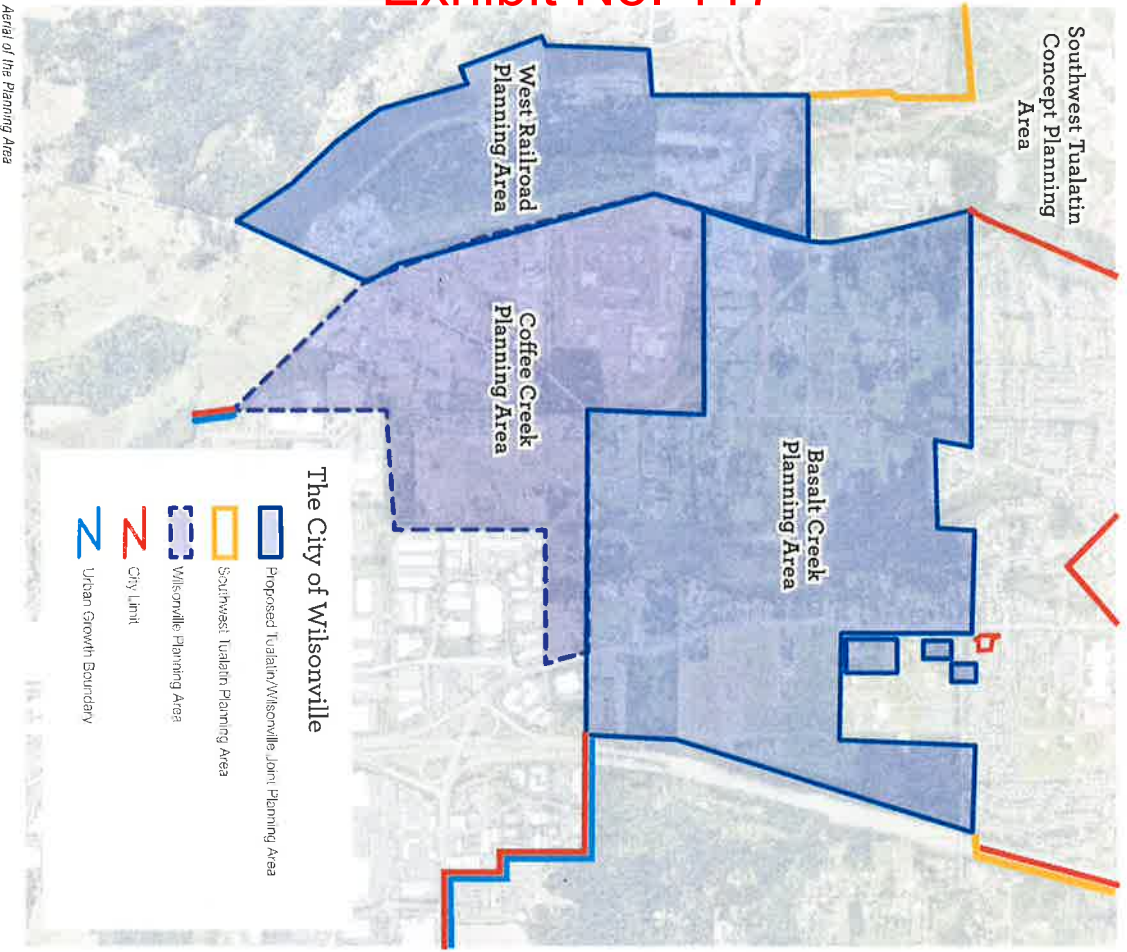


Figure 1 - Preferred Basalt Creek Land Use Concept Map (October 2016)

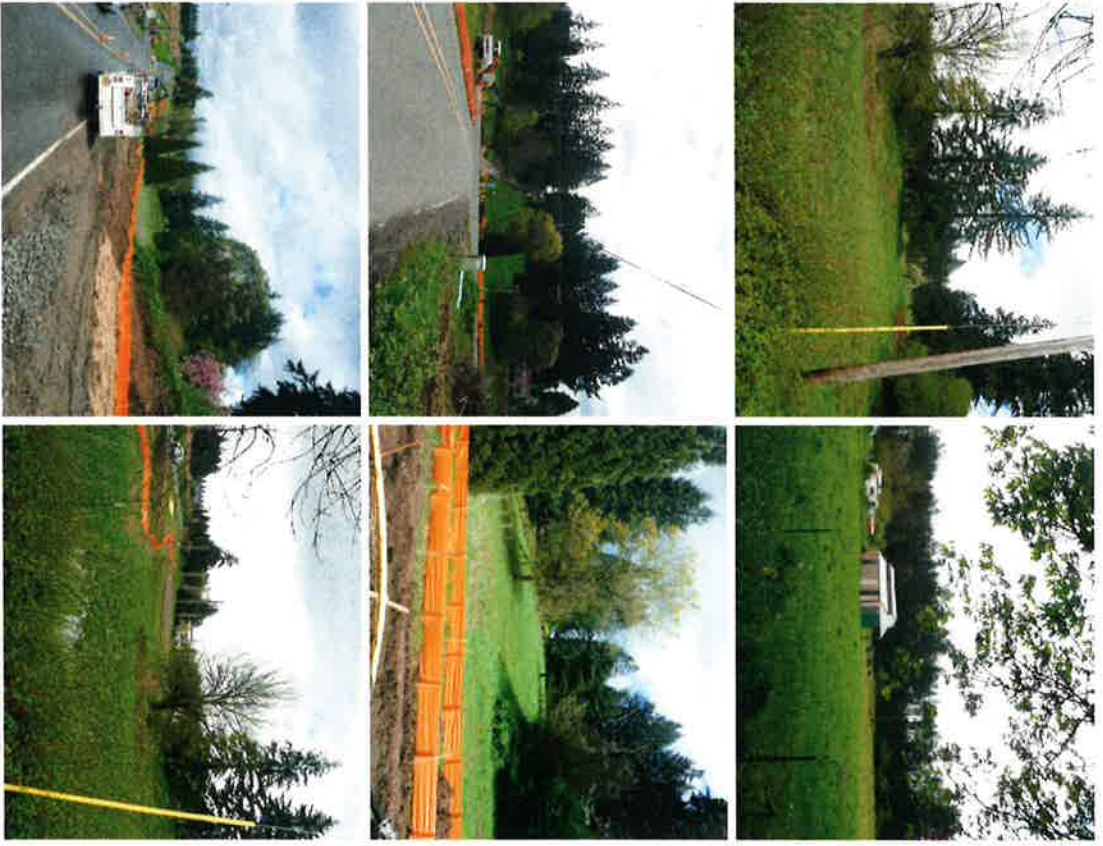


Figure 2 - Study Area

City of Tualatin Exhibit No. 117



Aerial of the Planning Area



Site Photos

Design Standards

ZONING

The site is currently zoned FD-20 per Washington County. FD-20 covers land added to the Urban Growth Boundary after 1998. This feasibility study is based on the assumption that the building prototypes indicated in the schemes are allowed uses.

BUILDING SETBACK

Building setbacks used to locate the structures on-site are based on a comparison of Washington County, City of Wilsonville and City of Tualatin zoning standards. The building setbacks are 30 feet from lot lines or right-of-way lines. This setback is for the building location only and parking is indicated in the setback.

SITE ACCESS

On-site parking is a key component of an industrial and manufacturing area to promote employee access and commuting. The Basalt Creek area has freeway access to I-5, Hwy 99W, Hwy 217 and I-205. The primary mode of transportation to the site is assumed to be single occupancy vehicles. Construction is currently ongoing to improve SW 124th Ave to provide a freight route and east/west connection through the site from I-5 to Tualatin Sherwood Road. This work includes the expansion of Grahams Ferry Road south of Tonquin Road from a 2-lane rural road to a major collector. The current roadway width is approximately 24 feet with an existing right-of-way that varies from 74 feet south of Tonquin Road to 40 feet north of Tonquin Road. With the SW 124th Ave extension, the ROW is being increased to 74 feet to approximately 225 feet north of the intersection. This is where the 3-lane roadway section finishes its taper to match back into the 2-lane road. Parcels north of the taper will require additional ROW dedication when Grahams Ferry Road improvements continue to the north or when these properties go in for development. The additional ROW dedication that will be required is approximately 17.5 feet along the frontage. Figures 3 and 4 indicate the lots that will be impacted by the additional ROW dedication and the typical street section from Washington County for a collector roadway.

Per Washington County, the future Basalt Creek Parkway along the southern frontage of the study area will be an arterial and will have access restrictions for new driveways. To accommodate this, the schemes have all assumed that access from Basalt Creek Parkway to the site is not feasible and no driveway entrances are shown here.

Public roadways within the site are assumed to have a pavement width of 50 feet and a right-of-way dedication of 64 feet. The City of Wilsonville standards may vary from this but Washington County standards have been used to establish roadway widths in the concept plans as shown in Figure 5. Private access drives for parking lots and buildings are a minimum of 20 feet wide and truck circulation paths around the buildings are 50 feet wide. Loading docks and storage areas are shown to be 50-100 feet wide to allow semi-truck parking and access around the loading bays. At the terminus of the public roadways, either a hammer head or cul-de-sac are provided to allow for fire truck turn-around. These locations are indicated on the concept plans.

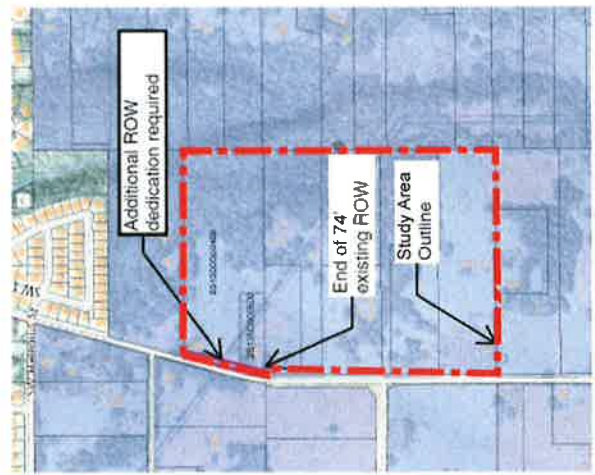


Figure 3 - Additional ROW Dedication Required

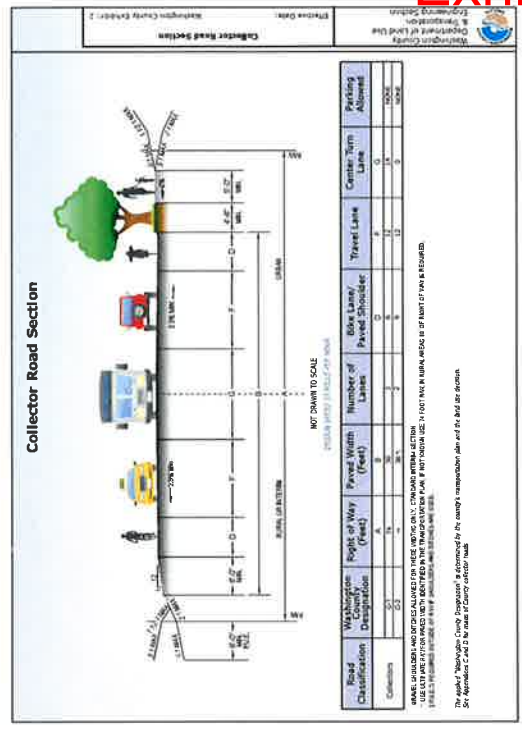


Figure 4 - Washington County Standard Street Section for Collector Roadway

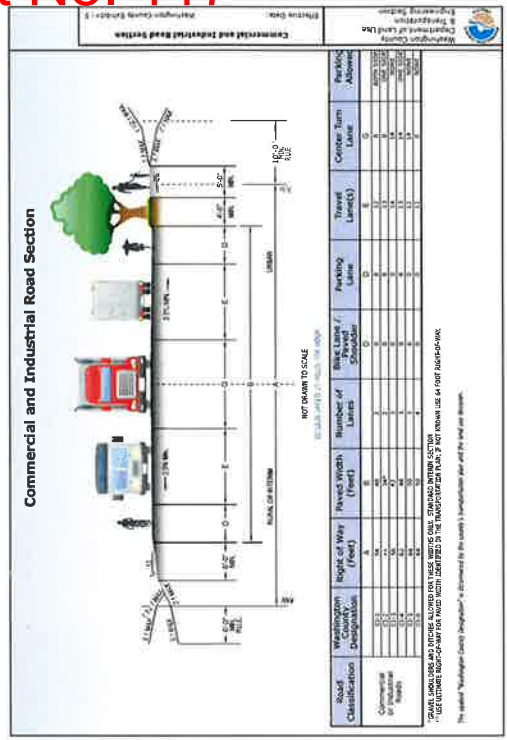


Figure 5 - Commercial and Industrial Road Section

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Utilities STORMWATER

Parking Requirements

To accommodate the vehicles accessing the site, on-site parking will be required. Based on the City of Wilsonville's zoning code section 4.155, Table 5 and City of Tualatin Community Development Code Section 73.370, the following parking standards are used for the concept plans. The assumption is that larger building footprints shown in the concept plans are manufacturing type facilities and will require less parking and more loading dock/storage space. The office building prototypes will be more general office and medical/dental type of facilities. For these 3 stalls per 1,000 gsf and 4 stalls per 1,000 gsf are used respectively. For the manufacturing type of facilities 1.6 stalls per 1,000 gsf has been used.

City of Wilsonville and City of Tualatin	Parking Requirement	Notes
	1.6 per 1000 sf	Per City of Wilsonville Zoning Code section 4.155, Table 5 for manufacturing establishment and City of Tualatin Development code section 73.370 for industrial manufacturing facility
	2.7 stalls per 1000 sf (min) and 4.1 stalls per 1000 sf (max) 3.9 stalls per 1000 sf (min) and 5.9 stalls per 1000 sf (max)	First requirement is based on other commercial use (not medical/dental) and the second parking requirements are based on medical and dental use, per City of Wilsonville section 4.155, Table 5 and City of Tualatin Development Code Section 73.370.

Table 1 - Parking Requirements

The Basalt Creek Concept Plan and follow-up studies by CH2M indicate that a regional stormwater management facility is not being evaluated for the site and drainage will need to be handled on an individual development basis. The concept plans re-present these two options. One scheme indicates some regional stormwater management ponds that can be used to serve portions of the site while the other schemes assume that stormwater will be treated and detained on an individual development basis. The individual lot systems are not shown on the concept schemes but the systems could be combined with the open space indicated to enhance the natural area while meeting the standards. For smaller lots, subsurface systems may need to be considered due to the limited open area on these properties. Low impact development concepts should be considered in the design since they provide an aesthetic and functional benefit.

Based on the existing studies, drainage from a portion of the site can be conveyed north to the City of Tualatin public system and the remainder will flow to Wilsonville. The City of Tualatin has 12-inch storm drain lines that discharge to Basalt Creek. The City of Wilsonville has storm drain lines to the south that discharge to the Willamette River via the Corral Creek Basin. Now storm drain lines are being installed in Grahams Ferry Road as part of the 124th Ave Extension work per the Washington County construction drawings. These lines are 12-inch and 15-inch pipe which collect the roadway section between Basalt Creek Parkway and north of Tonquin Road. The drainage is collected using catch basins and conveyed to a water quality swale at the intersection of Tonquin Road and Grahams Ferry Road to treat the run-off as shown in Figure 6. A 24-inch and 15-inch culvert are being installed along the feasibility study area in tax lots 2S13SCC00800 and 2S13SCC00800 to collect roadway run-off in this area as the road is sloping towards the site. These culverts cross under Grahams Ferry Road and discharge to the new water quality facility. With the proposed development in this area, these culverts may need to be revised if the grades are modified at the culvert inlets.

The soil types in the area are silty loam and well drained at the surface. This would indicate that infiltration is a feasible option for disposing of storm drainage and would reduce the amount of run-off leaving the project site. The site is not located in a FEMA floodplain.



Wilsonville Creekside Woods Swales

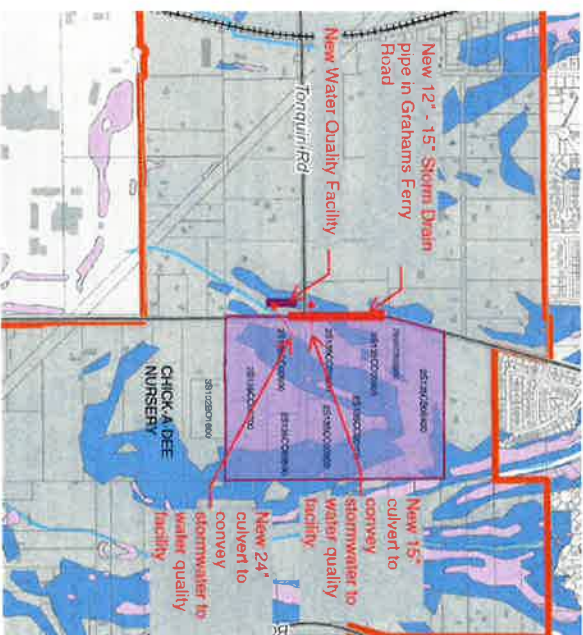


Figure 6 - Storm Drainage

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Utilities

WATER

Currently there is no water service to the site, but the CH2M utility study in 2016 indicated that water can be provided to the site either from the City of Tualatin or the City of Wilsonville. The City of Wilsonville gets their water from City of Wilsonville (Williamette River Water Treatment Plant). The current capacity in the plant is 15 MGD but it can be increased to 70 MGD. The City of Wilsonville water study for the region accounted for 0.75 MGD of water being required for industrial use. The increased water demand for the proposed schemes can be served by the planned improvements in the area. The utility layout for each scheme assumes that water lines are installed in Grahams Ferry Road and these lines are sized for the capacity of the proposed development. The water line installed in the future Basalt Creek Parkway will provide a looped system in the area but the study area will not connect to this line. Water lines will be installed within the public roadway shown on the schemes.

SEWER

There is currently no sewer service to the site but sanitary sewer service connections are available to the north via the City of Tualatin or to the south via the City of Wilsonville. The City of Tualatin sewer lines are conveyed to the CWS Durham Treatment Plant for treatment and the lines are managed by CWS. The City of Wilsonville has a treatment plant south of the site and most flows from the study area can gravity flow to the Wilsonville treatment plant. To connect to the CWS and Tualatin system in the north, a lift station will be required near the intersection of Grahams Ferry Road and Day Road. This station will pump the sewage to the existing main at Grahams Ferry Road and Helenius Street.

Assuming the Grahams Ferry Road pipes are sized to accommodate the proposed development, sewer service is available to the site. Public sewer lines will be installed within the public roadway sections shown on the schemes. Due to the uncertainty regarding utility lines being installed in the future Basalt Creek Parkway and ability to connect, the sewer connections for the study area are shown to Grahams Ferry Road only and no connections are shown to the future Basalt Creek Parkway.

Water reuse strategies should be considered for manufacturing and industrial facilities. These facilities often use a large quantity of water for functions such as cooling towers, air handling units, or process water. This water could be recirculated on-site for non-potable use or a closed loop system could be designed to both help reduce the amount of water required and the sewage flow from the property.



Scheme B Stormwater Pond

City of Tualatin Exhibit No. 117

Site Factors

ENVIRONMENTAL

The Basalt Creek planning area primarily contains agriculture and undeveloped forestland. Basalt Creek runs along the eastern edge of the site and there are multiple wetlands and riparian corridors within the site based on the RUS data provided by the City of Wilsonville and the Basalt Creek Concept Plan Existing Conditions Report. The Land Suitability Study completed in 2015 indicates that the tax lots within the project site are modestly constrained for development since these are medium sized lots that are mostly vacant or undeveloped (see Figure 7). The Environmental Constraints Exhibit (figure 8) in this report indicates the site constraints that will impact the developable area. Per documentation from PGE, restrictions within their easement include the construction of any permanent feature such as a building, planting trees or heavy vegetation that may impact the clear height to the poles, constructing permanent obstructions that may impact their maintenance access, and extensive grading. Parking lots, roads and low height vegetation are allowable uses within the easement.

The Site Constraints table summarizes the setbacks associated with the environmental constraints and lists the implications to the developable area using Clean Water Services standards. The City of Wilsonville standards may vary from these, and some of the environmental constraints noted can be mitigated through the use of mitigation banks or mitigation at other locations. Washington County indicated for the 124th Ave extension work, mitigation for wetland impacts was done by purchasing credits for the Mud Slough Mitigation Bank.

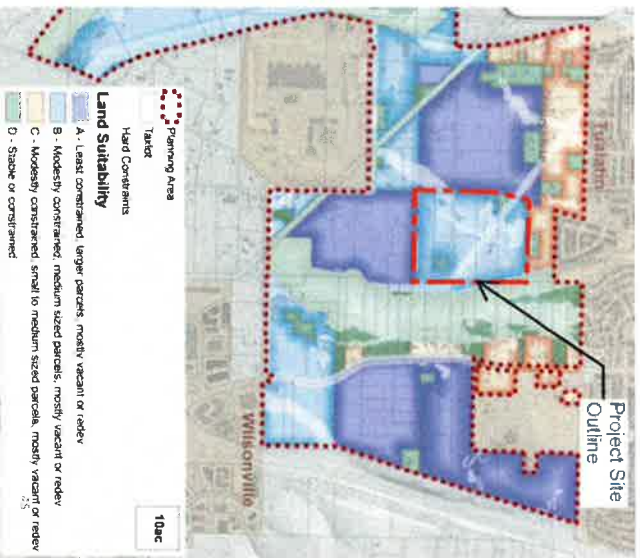


Figure 7

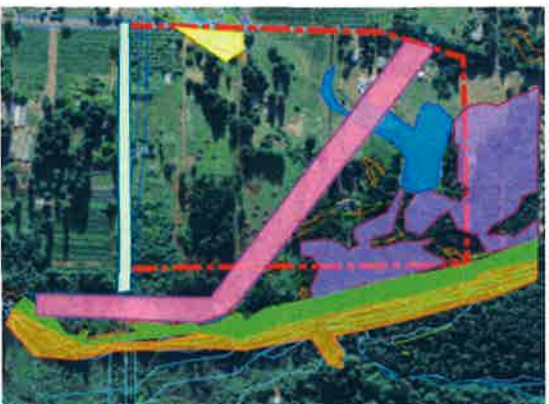


Figure 8

Constraint	Description	Setbacks*	Development Limitations
Title 13 – Class A Upland	Area defined as high value for wildlife habitat		Can do routine maintenance and repair of structures within this zone as long as the upland area is maintained. Design to incorporate minimum impact.
Title 13 – Riparian Class 1 and 2	Supports 1-3 riparian functions	100'	
Basalt Creek	Perennial Creek	50' (per CWS Table 3.1)	
Wetlands	Wetland	50' (per CWS Table 3.1)	
Steep slope	Slopes greater than 25%	The vegetated corridor will extend 35' beyond the break in slope along the creek	Steep slopes are considered unstable and not desirable for development.
PGE Easement	Overhead transmission lines	125' easement	PGE has limitations for use within the ROW including tree locations and permanent structures to allow maintenance of the lines.
Future Roadway Extension	Future Basalt Creek Parkway	90' ROW	Per Washington County TSP Figure 3.10 this is a 4-5 lane arterial.

Table 2 - Site Constraints
* - Vegetated corridors within CWS are measured from edge of the sensitive area and are for each side of the corridor.

Site Constraints

ELEVATIONS AND ROCK EXCAVATION

The project site is currently relatively flat in the southern and northwestern region but has slopes towards the middle and east that are in the 15-25% range. Adjacent to Basalt Creek, the slopes are above 25%. The site slope map (Figure 10) indicates the approximate slopes on the site based on GIS data provided by the City. The steeper slopes can cause challenges for development due to additional cut and fill earthwork that is required to create a level building pad and site. Industrial facilities typically require large, flat areas for the building pad and adjacent storage and loading/unloading zone. As a result, in the schemes the industrial facilities have been set in the flatter portions of the site and alternative building types have been shown in the steeper sections such as office space. Office buildings are more conducive to stilt elevations and access at varying levels to accommodate grade. Parking lots can also be used in the sloped portions of the site with retaining walls to create level parking areas. Concept grading schemes have been developed for each of the three schemes to show potential finished floor elevations.

The geotechnical report by GRI dated March 19, 2015 and the CH2M study of this area indicate that rock excavation can be expected in the eastern portion of the site. Moving further west from Basalt Creek and towards Graham Ferry Road, the amount of rock expected to be encountered with construction decreases. The rock in the area is basalt per GRI's findings and it is decomposed rock that is soft to very soft. However, the boring equipment did experience drill chatter while excavating the 2 deep boring holes within the feasibility limits, suggesting the rock does provide resistance to excavation and may require heavier construction equipment to remove or blasting. Based on Figure 9 and the studies completed in 2015, the majority of the proposed development area is located in the lowest concentration of rock excavation. Developers may encounter some rock with deeper excavations during construction but this could be addressed by raising finished grade here to reduce the amount of excavation required. Based on the previous studies completed, grading and site preparation will require some attention in the proposed development area but are not as large of a concern as in some other portions of the Basalt Creek planning area.

Per the SW 124th Ave Extension plans, the intersection of SW Grahams Ferry Road and Tonquin Road will be raised approximately 9 feet from existing grade. To match existing grade on the east side of the roadway (along the project site frontage) a cut/fill slope will extend approximately 20 feet into the site. Per Washington County, the slope easement is a permanent easement. However, if the project development raises grade to match the roadway grade in this area, then the easement can be removed and this land is available for development. The slope easement is shown on the concept site plans for reference.

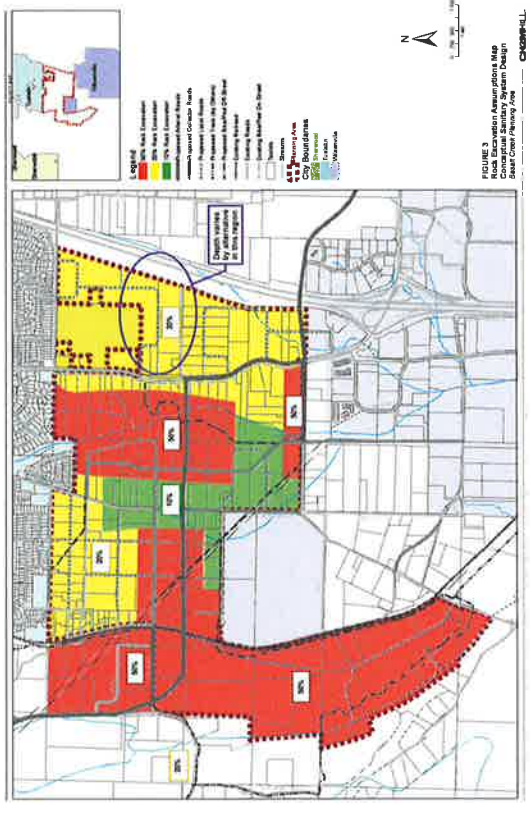


Figure 9 - Rock Map by CH2M

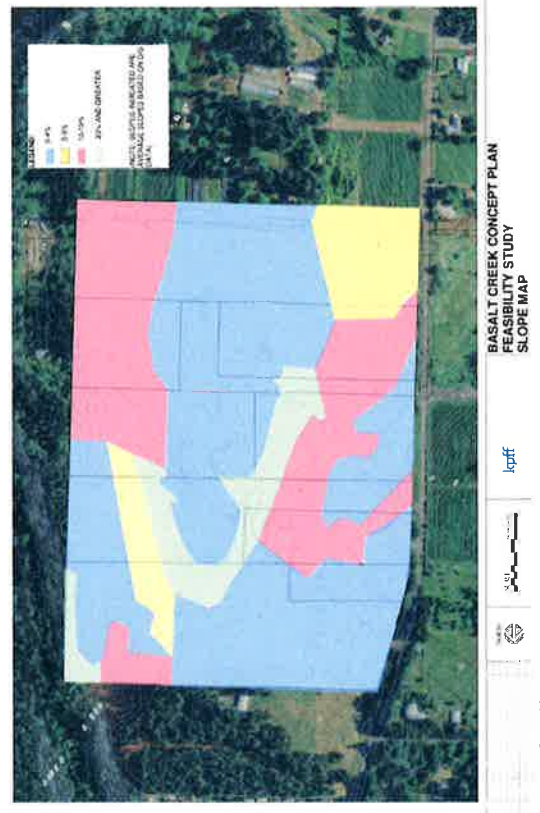


Figure 10 - Slope Map

Schemes



City of Tualatin Exhibit No. 117

Sample Building Designation

Building Prototypes

The building sizes and footprints shown in the concept plans are based on the following building prototypes. These prototypes were chosen based on their location in the local area (so they are representative of local facilities), variation in footprint size, and to provide a variety of building uses. The table to the right corresponds to the letters on the concept plans and in the renderings:

The craft industrial footprint (E1-E4) used in the concept schemes represents a block footprint that can fit within the space available. This footprint, however, can be modified to accommodate smaller buildings to serve more craft industrial type of services such as breweries, pottery or metal works, craft making, or others. Some images for these types of buildings are included to provide a reference for what other footprints may be used to develop the area.

Building Designation	Building Type	General Description	Approx GSF	Similar facility type
A	Office and industrial mixed use	This is the largest of the building footprints and is a combination of office space in the front and manufacturing/industrial in the back.	215,800	Fujimi Corporation
B	Office	Office building (assumed to be 3 stories for the parking count)	120,000	Lewiston Drive office building component shown in image for E1-E4 below
C	Office	Office building with a split bar so can accommodate grade changes (assumed to be 3 stories)	120,000	Providence Bridgeport
C1	Office	Office building with a split bar to accommodate grade changes. This is a slightly smaller footprint than C (200' x 100' vs 200' x 200') to fit the smaller lots (assumed to be 3 stories)	80,000	
D	Manufacturing/Industrial	This building is more of a manufacturing/industrial facility with limited office space and more loading bays and exterior storage.	90,000	Heesler Industries
E1-E4	Craft Industrial	Buildings E1-E4 are craft industrial type of facilities with limited office space and more workshop type of facilities over large manufacturing. These have vehicle access around the site and some storage area but do not require as much yard space as building D.	Varies 10,800 - 82,500	Industrial Park on Lewiston Drive

BUILDING DESIGNATION B



Capitol

BUILDING DESIGNATION C AND C1



Providence Bridgeport

BUILDING DESIGNATION A



Fujimi Corporation

Sample Building Designation

BUILDING DESIGNATION D



Heister Industries

BUILDING DESIGNATION E1-E4



Industrial Park

Sample Craft Industrial Buildings



Schmeer Sheel Metal Works (NW Vaughn St., Portland)



Bull Run Distilling (2250 NW Quimby St., Portland, OR)



Redmond Art Works (6825 176th Ave NE, Redmond, WA)

City of Tualatin Exhibit No. 117

Scheme A

Scheme A – maintains all of the open area in the northern portion of the site and development is primarily on the southern portion of the site (south of the PGE easement)



City of Tualatin Exhibit No. 117

LAYOUT

Scheme A is developed to preserve as much of the open space as feasible on the north side of the site including the upland habitat and wetlands. The development is primarily focused south of the PGE easement and includes building prototypes C, D, B, and E. Building C is located on the southeast corner of the site so it is the face of the development when someone is traveling west on future Basalt Creek Parkway. From here, the site begins to accommodate more of the industrial use by locating buildings D on the flatter portion of the site near the future Basalt Creek Parkway and buildings E1-E4 to the west near the environmental regions and PGE power lines. The lots for buildings E2 and E4 are large to include the open space areas. At the corner of Grahams Ferry Road and future Basalt Creek Parkway, Building B is located to anchor this corner and provide office space and a visual marker. Access to the facilities is via a single public road connection at Tonquin Road. This public road is assumed to be similar to the Washington County industrial/commercial roadway section described previously. The parking lot sizes indicated are based on the assumed parking counts previously indicated for the gross square footage of development. Parking lots and loading areas can be screened in this layout with trees planted along Basalt Creek Parkway, Grahams Ferry Road and along the public roadway within the site. A secondary access point will be required off of Grahams Ferry Road for the E2 building in the northwest corner of the site. Parking for Scheme A is located close to the buildings and there is some parking in the PGE easement, but of all the schemes this has the least amount of parking in the easement.

For Scheme A the total built area is 480,000 sf, the total parking count is 1,230 stalls, and the potential open space is 14 acres.

GRADING

The finished floors indicated represent potential finished floors for the buildings taking into account existing grade and the roadway grading being completed for Grahams Ferry Road at Tonquin Road. Building B in the southwest corner will be a split building to accommodate the slopes in this region. Retaining walls will be required on the west side of this building to meet the roadway grades and the building will be sitting higher than the adjacent roadway. Buildings E1-E4 are set close to existing grade to minimize the earthwork for those structures and to maintain the existing grade at the open space areas. E3 has a split elevation in the east/west direction to accommodate the grade change north of the PGE easement where the site currently slopes down to the upland habitat area. Building D is located near the plateau area on the south side of the site where the grades are relatively flat. This allows for level areas around the building for storage yard and loading bays. Building C in the southeast corner of the site is designed to accommodate the grade change here as the site begins to slope into Basalt Creek. The existing grade change in this area is 40 feet. The design concept shows a 15-foot grade change between the two building bays which would allow access at two different floors. Changes to grade in the parking lot will need to be accommodated by retaining walls in this option. A retaining wall will be required along the eastern property line near building C. Of the three options, Option A works the best with existing grade since improvements north of the PGE easement and east near the creek are limited.



Scheme A Grading

City of Tualatin Exhibit No. 117

Scheme A



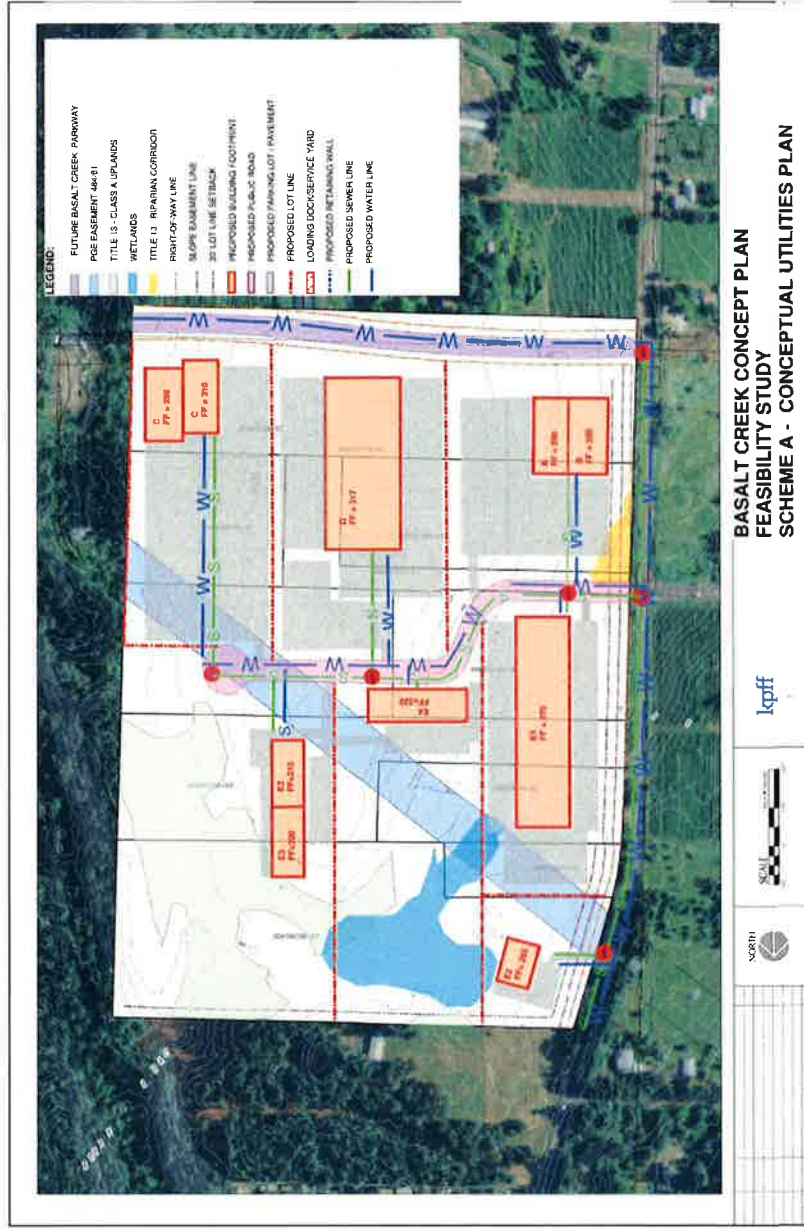
City of Tualatin Exhibit No. 117

UTILITIES

Utilities for Option A will include sewer and water service to the buildings from Grahams Ferry Road and via the public roadway within the site. There is no regional storm drainage concept in this scheme and the intent is for storm drainage to be accommodated on each lot through the use of subsurface or low impact development options. Buildings E1-E4 are either adjacent to or include the open space in their lots which provides the opportunity to incorporate the drainage systems with these areas and to gravity drain down to the open space. The building grades within the site are raised from the roadway grades in Grahams Ferry Road in Scheme A, with the intent to gravity drain the sewer from the site to the public lines. Drainage for the other buildings (B, D, and C) will also be able to gravity drain to Grahams Ferry Road.

ENVIRONMENTAL IMPACTS

Scheme A of the three schemes preserves the most amount of open space and has the least impact on the existing natural resources. This option preserves both the wetland and upland habitat area on the north side. The Title 13 riparian corridor along Grahams Ferry Road is impacted under all 3 schemes and this can be mitigated similar to what the County did for work on 124th as described previously. Based on the condition of the wetland onsite, there is a potential to enhance this area to act as a transition from the development to the residential uses to the north.



Scheme A
Utilities

City of Tualatin Exhibit No. 117

Scheme B

Scheme B - maintains some open space in the northeast corner of the site but develops more of the site than Scheme A



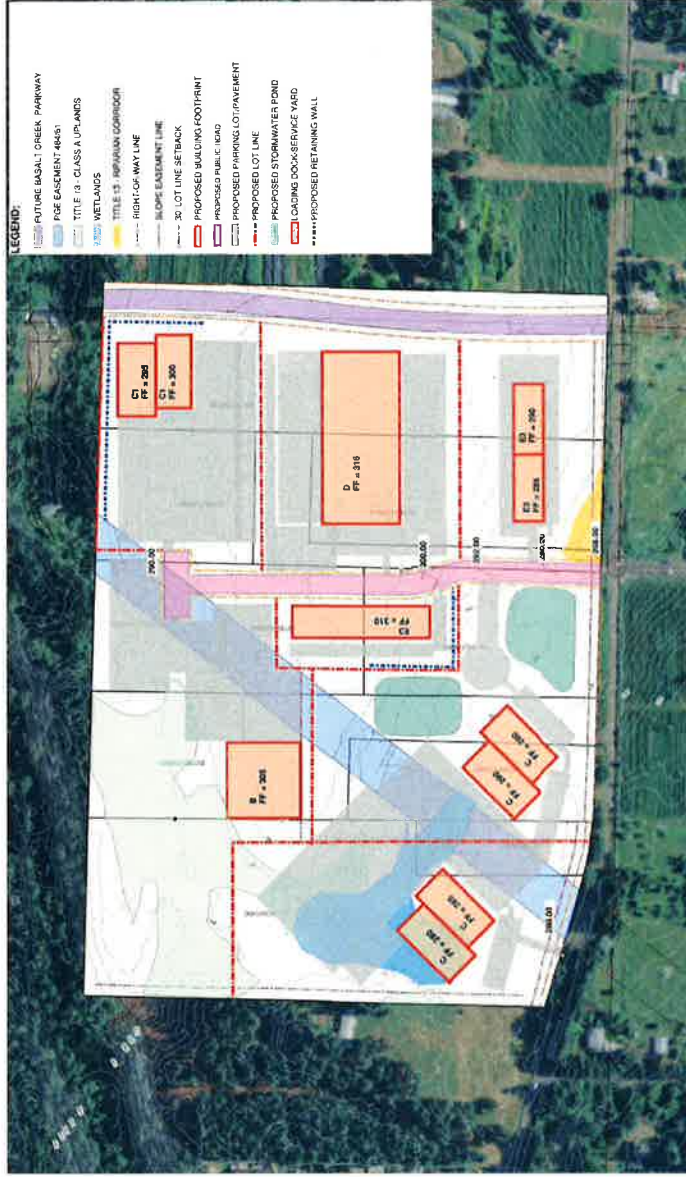
LAYOUT

Scheme B is the moderate scheme between Schemes A and C. It utilizes more of the open space for development than Scheme A but it also maintains some open space unlike Scheme C. Scheme B has a combination of office and manufacturing/warehouse space and has the largest number of office-only buildings (prototypes B and C) of all three schemes. In Scheme B, buildings E and D are located along the future Basalt Creek Parkway in the southern portion of the site. Building D is located on the southwest corner of the site, similar to Scheme A. Building E3 is located in the southwest corner of the site and both parking and vehicle access are provided around all sides of this building. Building C1 is located in the southeast corner as in Scheme A to anchor this location and to provide a visual presence for the site as drivers travel west on the future Basalt Creek Parkway. The C1 footprint was used here to reduce the parking area and to allow Building D to be located on the latter portion of the site. The public roadway heading east from Tonquin Road intersects the site internally both north and south. To the north of this road is a smaller craft industrial building (E3) and then closer to the open space are office Buildings B and C. Building B is adjacent to the upland habitat area and the open space can be incorporated into the building layout and design. The two type-C buildings located on the northwest portion of the site will have a shared parking lot. Access to these buildings is from Grahams Ferry Road and the internal public roadway. Scheme B utilizes the POE easement for parking more than Scheme A. Scheme B is also the only scheme that looks to incorporate regional stormwater systems into the layout. These ponds are shown near the main entrance to the site.

For Scheme B the total built area is 594,800 sf, the total parking count is 1,753 stalls, and the potential open space is 6.3 acres.

GRADING

The finished floors indicated represent potential finished floors for the buildings, taking into account existing grade and the roadway grading being completed for Grahams Ferry Road at Tonquin Road. Building E3 in the SW corner of the site will be split in elevation to accommodate the existing grade here. Retaining walls will be required along the eastern and southern side of these lots to match the roadway grades. Since building E3 will be filling in the slope easement, this easement can be removed providing more developable area between the building and Grahams Ferry Road. Buildings D and C1 are located in similar locations in Scheme A and B. Building D is located near the plateau area on the south side of the site where the grades are relatively flat. This allows for level areas around the building for storage yard and loading bays. Building C1 in the southeast corner of the site is designed to accommodate the grade change here as the site begins to slope into Basalt Creek. The grade change in building C1 is shown as 5 feet and a retaining wall will be required along the eastern property line. Retaining walls will be required in the parking lot for C1 and the adjacent building B to accommodate the slope in this area. Building B is located at the top of the slope near the upland habitat and will require some cut in this area to create a level building pad. Buildings C near the western portion of the site steps down with grade with 5- to 10-foot grade variations between the levels. This is to accommodate the existing slope in this area. Access is also provided from Grahams Ferry Road to these building which impacts the finished floor elevations.



**BASALT CREEK CONCEPT PLAN
FEASIBILITY STUDY
SCHEME B - GRADING PLAN**

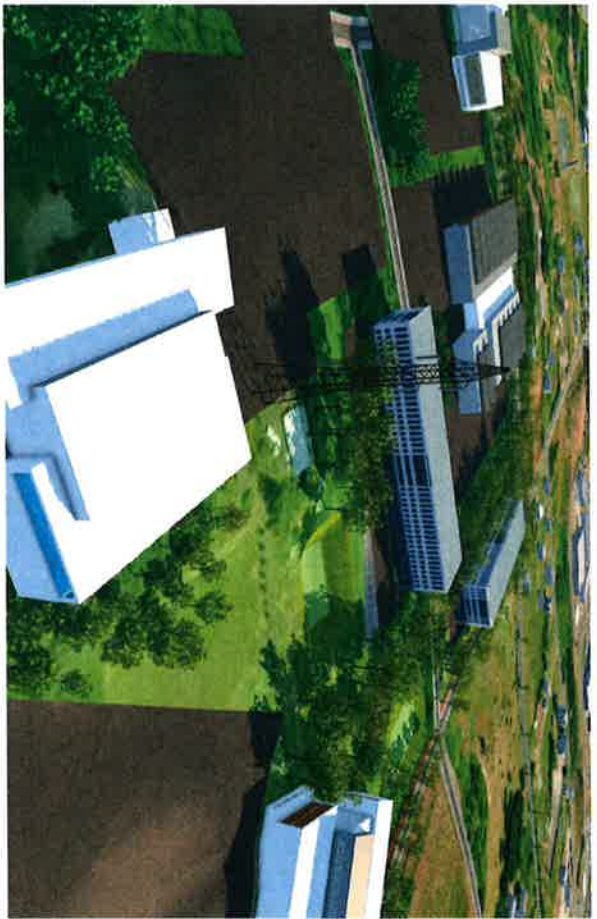
kpff



Scheme B Grading

City of Tualatin Exhibit No. 117

Scheme B



City of Tualatin Exhibit No. 117

UTILITIES

Utilities for Scheme B will include sewer and water service to the buildings via the public roadway within the site and Grahams Ferry Road. There are two regional storm drainage ponds shown in this concept that provide approximately 1.6 acres for water quality treatment and detention. To accommodate the full build out of development, this will not provide enough volume and storm drainages will also need to be accommodated on each lot through the use of subsurface or low impact development options. Buildings B and C are either adjacent to or include the open space in their lots which provides the opportunity to incorporate the drainage systems with these areas. The building grades within the site are raised from the roadway grades in Grahams Ferry Road, with the intent to gravity drain the sewer and drainage from the site to the public lines.

ENVIRONMENTAL IMPACTS

Scheme B is the middle ground option for natural resource protection. The upland habitat area in the northeast corner of the site is maintained in this option but the wetland north of the PGE easement is utilized for development. The condition of this wetland will need to be evaluated as the region is developed but visual observations during the site walk of the area indicated this wetland may not be in "good" condition and could be mitigated elsewhere. By utilizing the wetland area it allows the northwest portion of the site to be developed more than in Scheme A providing more building square footage and employment opportunities.



Scheme B Utilities

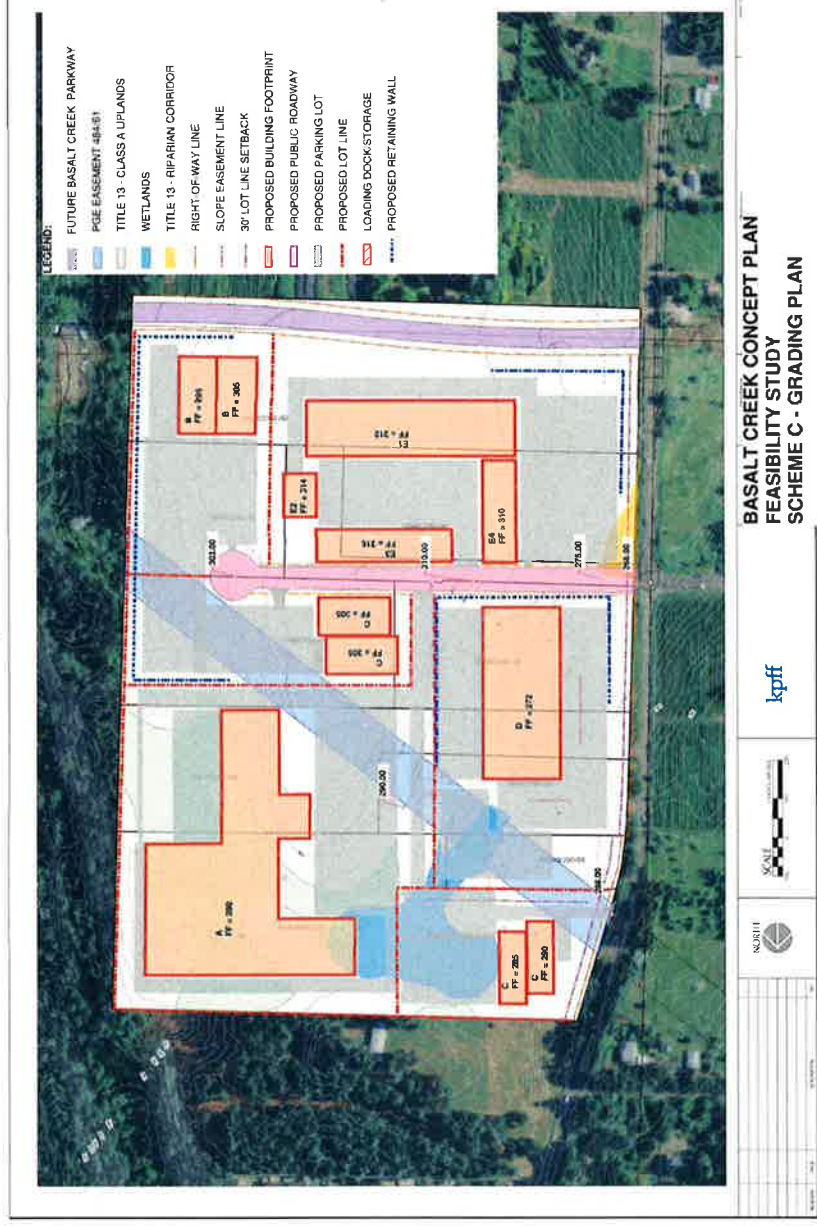
LAYOUT

Scheme C utilizes the most amount of area on the site for development and preserves the least amount of open space of the three schemes. In Scheme C, buildings E1 - E4 are located along the southern portion of the site and have a combined courtyard area to allow for storage, utility yards and other uses that can be screened from the public. Parking for these buildings is combined and located in a lot at the southwest corner of the site. In the southeast corner of the site is Building B. Building B is located further away from the Basalt Creek steep slope in this scheme so it can be closer to the flatter portion of the site. This building still requires a step in the finished floor elevations but there is more room to grade out from the building to the east, which helps to reduce the retaining wall height here. A public roadway is located east of Tonquin Road and provides the north/south split within the site that is common between all three schemes. On the north side is Building C which is accessible from the site public roadway. Building C shares a combined parking lot with Building B. North of the new public roadway is Building D. A second building C is located in the northwest corner of the site, similar to Scheme B. Scheme C is the only one to utilize the Building A footprint since this is the largest of all the building prototypes and requires infilling the natural resource area to accommodate the building. Parking and roadways are located within the PGE easement in Scheme C and this scheme utilizes the PGE easement the most. In Scheme C there is no anchor building at the southeast corner of the site to provide the visual connection from Grahams Ferry Road since this area is utilized for parking.

For Scheme C the total built area is 781,350 sq ft, the total parking count is 1,542 stalls, and the potential open space is negligible. The parking stalls provided is less than the required count by code since the parking lots are shared in Scheme C for Buildings B and C. There is not enough room on the site to meet the parking count for each building individually.

GRADING

The finished floors indicated represent potential finished floors for the buildings taking into account existing grade and the roadway grading being completed for Grahams Ferry Road at Tonquin Road. For Scheme C, buildings E1-E4 are located on the flatter portion of the site near the future Basalt Creek Parkway and the parking lot in the southwest portion of the site will need to be tiered to accommodate the grade difference between the roadway and buildings. Building B is stepped in the southeast corner, similar to buildings C in Schemes A and B to accommodate the grade change here. The combined parking lot for buildings B and C will be located on the slope heading down to the upland habitat area and will require retaining walls to accommodate the grade change. Building C has a constant finished floor in Scheme C and the grades slopes north from Building C to Building A. Building A is located in the lower portion of the site and is at the elevation of the upland habitat area. This allows the building to create level areas on the east and north side for storage and vehicle access. From Building A, the site slopes back up to the west to set the finished floors for buildings D and C. Building D is located on the flatter area near Tonquin Road and Building C is stepped to accommodate the grades to the north. Scheme C will require internal retaining walls to accommodate the grade changes within the site since this scheme has the most amount of impervious area and the least amount of open space to accommodate grade changes in undeveloped areas.



Scheme C Grading

City of Tualatin Exhibit No. 117

Scheme C



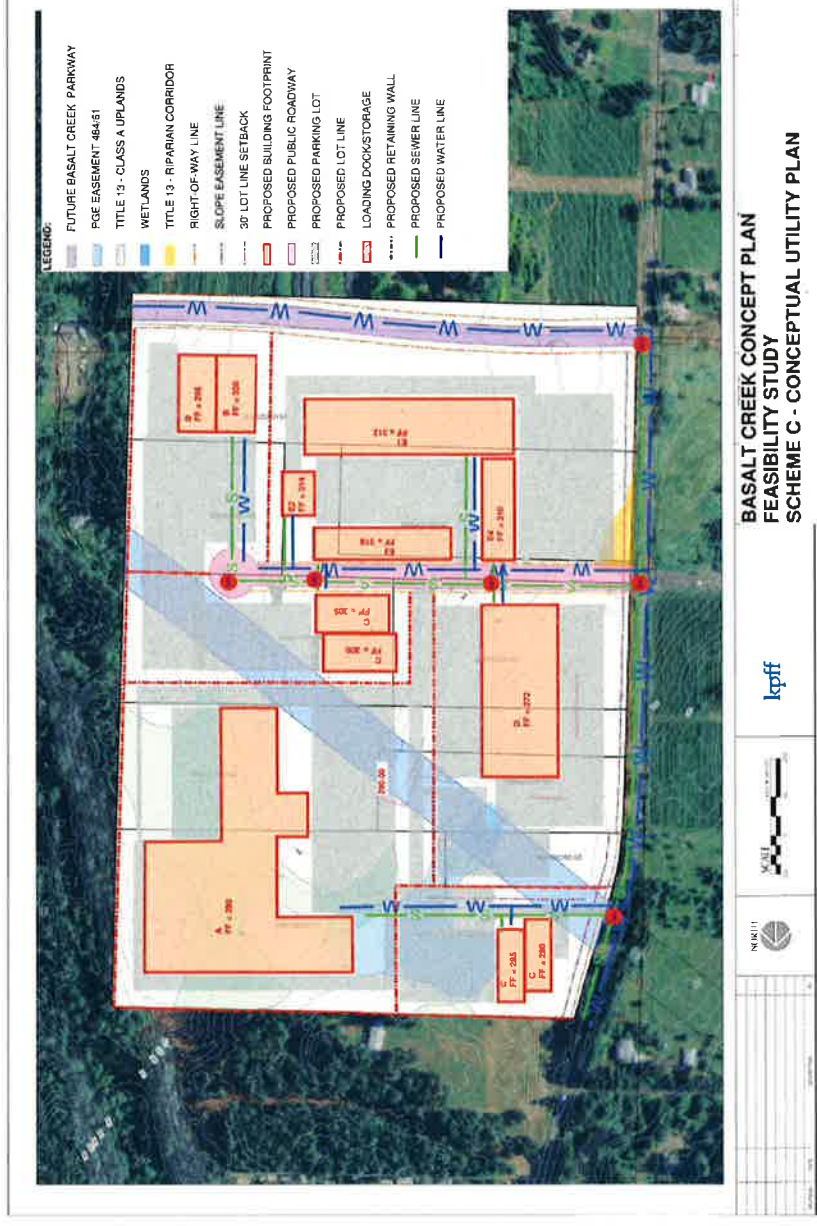
City of Tualatin Exhibit No. 117

UTILITIES

Utilities for Scheme C will include sewer and water service to the buildings from the public roadway within the site and Grahams Ferry Road. This scheme does not show any regional stormwater systems and storm drainage will need to be accommodated on each lot through the use of subsurface or low impact development options. The building grades within the site are raised from the roadway grades in Grahams Ferry Road, with the intent to gravity drain the sewer and drainage from the site to the public lines.

ENVIRONMENTAL IMPACTS

Scheme C has the most impact to the environmental resources on site and preserves none of the upland habitat or wetlands. These areas will need to be mitigated either through mitigation banks or improvements off site.



Scheme C Utilities

City of Tualatin Exhibit No. 117



Building Renderings

Building renderings provided are representative conceptual images of what Buildings B, C, and D could look like

City of Tualatin
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ZGF
ZIMMER GUNDEL FANCA ARCHITECTS LLC

Building B



City of Tualatin Exhibit No. 117

Building C



ZGF
ZIMMER GUNDS IRAGO ARCHITECTS

City of Tualatin
Exhibit No. 117



ZGF
ZIMMER GUNSUL FRASCA ARCHITECTS LLC

Building D

City of Tualatin Exhibit No. 117

Summary

SCHEMES

Each scheme presented provides unique design opportunities for the region that capitalize on the goal of increasing employment opportunities. The three schemes take different approaches on how to develop the site and provide fast fits for design concepts. The existing grades on the site pose a challenge for development but the concept grading schemes show the grade changes can be accommodated through the use of stepped finished floors and retaining walls. Grades within the parking lots for some of the schemes may require the use of walls and terraced parking to accommodate the slope. The material for the retaining walls can be chosen to be aesthetically pleasing and the walls may be terraced to break up the grade and allow for planting in this area. Consideration should also be given in some of these locations to structured parking which can accommodate grade changes better than surface parking can. The table below is a side by side comparison of the three options to show their similarities and differences. "1" indicates that the scheme is closest to meeting the objective and "3" is least of all schemes to meet the objective.

Objective	Scheme A	Scheme B	Scheme C
Provides the most building square footage	3	2	1
Provides the most number of parking stalls	2	1	3
Meets or exceeds the code parking count based on the assumptions outlined in this study	2	1	3
Provides the most potential for open space	1	2	3
Transition to residential area to the north	1	2	3

CONCLUSION

Various employment opportunities can be accommodated on the site from larger industrial facilities such as Building A to smaller craft industrial facilities such as Buildings E and C. These buildings could provide office space as well as smaller craft facilities that can include breweries, textiles, pottery and metal works. Not only will these facilities increase the employment opportunities in the area but they also fill a need for providing space to support local artists and the craft industry. As indicated in the three schemes there is flexibility on the site to use a variety of building types and footprints. This feasibility study has validated through the fast fits that the area can be developed to increase employment opportunities in the region. As a result, other land uses were not analyzed for feasibility since the area is designated as a regional employment area.

The site does pose some grading challenges which will require the use of stepped foundations and retaining walls as indicated and discussed. This is not unexpected in the region and the use of retaining walls and stepped footings has been done in other projects locally as indicated by the included images. The cost for accommodating the grade change is higher than if the project site were completely flat, but it is not out of line with development on similar types of sites. Infrastructure costs such as construction of new roadways and utilities are required for all greenfield sites and would be required to develop the feasibility study site regardless of the intended use.



City of Tualatin Exhibit No. 117

Sample Projects for Similar Grading and Development Schemes



Office and commercial building near SW 724th Ave and SW Leveton Dr, Tualatin with retaining wall between properties



Mountainside High School (new Beaverton High School) looking from Scholls Ferry Rd, Beaverton



Parking lot retaining wall at Legacy Medical Office Building, Tualatin



Nyberg Woods (terraced retaining walls filled with plants), Tualatin



Parking lot off of SW Barnes Rd, Portland (across from Oregon College of Art & Craft)



Access road and retaining wall in the Portland metro area



Access road and retaining wall in the Portland metro area

City of Tualatin Exhibit No. 118

8



Construction, Inc.

P.O. Box 489 • 915 S 12th Ave • Cornelius, Oregon 97113 • (503) 357-2193 • FAX (503) 357-3649

2/10/17

Subject: The Land South of Victoria Gardens to Basalt Creek Parkway

Dear Mayor Ogden and Tualatin City Councilors:

I am the owner of Ken Leahy Construction Inc., our firm specializes in all aspects of site preparation projects including full site development that require erosion control, clearing, grubbing, stripping, earthwork, cement soil stabilization, storm water detention facilities, bio swales, underground utilities (storm sewer, sanitary sewer, water distribution and franchise utilities), sanitary sewer lift stations and force mains. Our firm is celebrating its 50th year in the business and has been involved in many developments in the Portland Metro area.

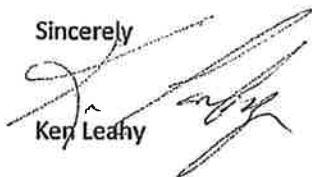
At the request of Herb Koss and I toured the site on 2/10/17, to give him an idea of the feasibility of full site development for employment use. I also was given topography site maps detailing the slopes and grades on the property.

I personally have developed sites that contain large volumes of rock. Based on my personal experience I estimate that the cost of land preparation for the land described above would surpass the \$5.00 per foot range.

I looked at site access, and am basing my opinion about access on the understanding that no access will be allowed onto Basalt Creek Parkway. If there is no access from Basalt Creek Parkway, traffic will have to come from the intersection of Tonquin Road and Grahams Ferry Road. There is approximately 50 feet of elevation rise, from that access point, which creates major issues for truck traffic.

Limited access, topography, and the large quantity of basalt rock are all major issues. A single one of them might not prevent the site from being developed as employment land, but the combination of all three cannot be overcome. Mass grading of Basalt Rock is not financially feasible.

Sincerely


Ken Leahy

City of Tualatin Exhibit No. 119



November 21, 2016

Herb Koss
2643 South Shore Blvd.
Lake Oswego, Or 97034

VIA: EMAIL

RE: 41-acre Basalt Creek southern boarder 23960 SW Grahams Ferry Rd.

Dear Herb,

I visited the site and spent a considerable amount of time driving the area. It is an exciting development area especially when the Basalt Creek Parkway is completed.

The topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use.

I also looked at the site for office park use and concluded that due to the steep topography of the site it could have a negative impact on the proximity of the parking that may pose an issue with ADA requirements. I also believe that the extraordinary site cost and small office footprints would not be cost effective and competitive in the office market. Furthermore, the location does not readily lend itself to that use.

This site lends itself to smaller foot print buildings such as housing and multifamily that can be planned around the steep grades and terraced into the topography. It is my opinion that the highest and best use for this site are single family homes buffered along the frontage with multifamily housing.

Our office has forty years of experience in commercial real estate and have procured sites for commercial developers such as Gramor, Holland Development LLC and West Hills.

Let me know if you have any questions.



Michael N Diamond
Principal Broker

City of Tualatin Exhibit No. 120



Memo

Date: August 28, 2017
To: Metro Council
From: Elissa Gertler, Planning and Development Director
CC: Martha Bennett, COO
Megan Gibb, Land Use and Development Manager
Emily Lieb, Equitable Housing Initiative Project Manager
Subject: Regional Equitable Housing Investment Opportunities

Like other regions around the country, the Metro region faces an urgent need to address a critical shortage of affordable housing. Rents are increasing faster than renter incomes, and more than 67,000 renters in our three-county region pay more than half of their income toward housing costs. Metro's Equitable Housing Initiative is working to build our region's capacity and Metro's capacity to respond through a multi-pronged approach that includes the following elements:

- Mitigate displacement and stabilize communities
- Maximize and optimize resources for regulated affordable housing
- Leverage growth for affordability
- Increase and diversify overall housing supply

Financial resources remain the biggest hurdle to ensuring adequate housing for the region's low-income residents. Federal resources for affordable housing have continued to decline, and despite recent expansions in funding at the state level and within the city of Portland, a large funding gap remains to meet the need for housing affordable to households making less than 50% of area median income (AMI). It would cost about \$900 million to construct sufficient new housing to close the region's 11,100-unit deficit of housing affordable to households making 30-50% of AMI, and approximately \$5 billion to fill the 36,300-unit deficit of housing affordable to households making at or less than 30% of AMI.¹

This memo starts from an assumption that there are certain income levels currently not served by the private housing market—hence the need to undertake strategies not only to increase incomes and provide access to affordable transportation options, but also to increase the supply of publicly subsidized, regulated affordable housing. The memo and attachments outline the need for and advantages of a regional approach to address the challenge and lay out the policy and operational considerations that can inform the agency's next steps. As part of the Equitable Housing initiative, we have undertaken a technical analysis to identify the region's most significant areas of housing need, and the strategies

¹ Assuming 4% tax credit leverage for wood frame or podium construction in medium cost areas, per unit gaps of \$60,000 to \$100,000 are achievable for affordability at the 60% of AMI level. Gaps to reach the 30% of AMI level are roughly double that amount. Based on David Rosen & Associates Housing Affordability Gap Analysis, 2017. Housing deficit estimates are from the 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS) produced by the U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS).

City of Tualatin

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that have been used successfully in other places to address similar challenges. The memo and attachments summarize the benefits and limitations of three potential investment strategies and two potential funding sources that have been informed by this research and additional initial stakeholder input, including feedback from our local city/county staff partners. Finally, the memo includes recommended next steps for partner engagement, application of a racial equity lens, and continued development of programmatic elements.

The Planning department is seeking Council feedback regarding the overall direction and proposed next steps described at the end of this memo.

Advantages of a Regional Approach

Our housing affordability challenges do not know jurisdictional boundaries, yet within our region, resources for investing in affordable housing are overwhelmingly focused within the city of Portland. More than half of our region's severely cost burdened households live outside Portland in the other 23 cities and counties that comprise Metro's jurisdictional boundary; however, only 33% of our region's 41,353 regulated affordable rental housing units are located outside Portland, and only 6% of existing \$149 million of annual funding capacity for investing in affordable housing is focused outside of Portland in the rest of the region.²

Tackling the region's shortage of affordable housing will require new dedicated revenue tools, coordinated investment strategies, and a mix of short- and long-term approaches. While such tools and strategies could be pursued at the local level, our team feels strongly that a regional approach offers several advantages, including the ability to:

- Generate an investment strategy on the scale necessary to have an impact on serving regional needs
- Integrate affordable housing into communities across the region and strategically target investments to locations that offer the best balance of cost efficiency, leverage, outcomes for vulnerable communities and local needs
- Develop a regional housing strategy that responds to regional dynamics of market change and economic displacement
- Connect affordable housing investments to planning and policy related to transportation, natural areas, economic development, and racial equity
- Leverage state and federal resources to support coordinated investment strategies to address a critical regional need
- Spread the burden of revenue generation evenly across the region in a way that does not affect the competitive advantage of one jurisdiction over another
- Capture operational efficiencies of scale

Recommended Strategies

Based on research, analysis, and stakeholder conversations over the past two years, staff have identified promising investment tools recommended for further exploration and development as part of a comprehensive regional investment program. We believe a successful regional program will include multiple components that fall within three strategic approaches:

² 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS), U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS); Metro 2015 Regulated Affordable Housing Inventory; David Rosen & Associates Inventory of 2016 Federal and Local Resources for Affordable Housing Investment.

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- *Strategy #1: Anti-displacement and community stabilization (land/building acquisition).* Land acquisition, acquisition and rehabilitation of existing regulated and unregulated affordable housing, and gap financing to create or preserve housing opportunities for households at 0-80% of AMI in locations with high displacement risk and/or access to transit, opportunities, and amenities.
- *Strategy #2: Flexible gap financing, homelessness prevention and deep affordability.* Flexible gap financing to support traditionally financed projects at 0-60% AMI, which face widening subsidy gaps due to rising construction costs and uncertainty in the tax credit equity market. This strategy could be coordinated with housing authorities' project-based rental assistance vouchers to include some units with deeper affordability to serve households with incomes at 0-30% of AMI.
- *Strategy #3: Mixed income communities and shallow subsidy.* Financial incentives for inclusion of affordable and "below market" units, typically 60-80% AMI, in new private market residential developments. Incentives could be tailored to local community needs.

These three strategies and the program components within them are further described in *Attachment A*. In order to respond to the range of needs and contexts across the region, we anticipate that a regional equitable housing investment program would include multiple programmatic elements targeting different income levels and approaches. Most of these strategies are fairly scalable; however, start-up and overhead costs will vary. A summary of feedback on these strategies from local jurisdiction staff is included on pp. 5-7.

Key policy considerations related to the equity and cost effectiveness that would need to inform the design of a regional investment program include:

- *Who is served?* Households with the lowest income levels have the greatest need for affordable housing, but deeper income targeting requires more subsidy per unit, thereby reducing the number of households that can be served. For example, a strategy targeting households at 80% of AMI will be able to support more units with a shallow subsidy than a strategy serving households at 30% of AMI, which requires a much deeper per unit subsidy. It is worth noting: while our analyses do not show a deficit of rental housing affordable at the 50-80% or 60-80% AMI levels anywhere in the region, the data show that people in those income categories tend to "rent down", putting further pressure on and exacerbating the deficit of housing in the 0-60% AMI range.³
- *Where is housing built?* It's more expensive to produce affordable units in locations with high land costs; however, these locations are often the places that offer better access to transportation, services, and jobs. Focusing investments in low or medium-cost areas with increasing land values could help prevent displacement, ensure income diversity in high-opportunity areas, and capture value created by the real estate market.

³ 2010-2014 Comprehensive Housing Affordability Strategy database (CHAS), U.S. Department of Housing and Urban Development (HUD) and U.S. Census American Community Survey (ACS). A similar conclusion was reached by a Johnson Economics of 2015 data from Axiometrics, ACS, and Metro's 2015 Regulated Affordable Housing Inventory.

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- *What type of housing (new or preserved)?* Acquisition of existing units for preservation as affordable housing is more cost effective than new construction in low- to middle-cost areas; however, this strategy does not increase the overall supply of housing and is limited to locations where existing naturally occurring affordable housing exists. More research is needed to understand specific preservation opportunities across the region and how they would align with different income targeting and location priorities.
- *What revenue tool could be used to support it?* Two funding tools that have been identified as having near term potential include construction excise tax (CET) and general obligation (GO) bonds. These tools have different implications in terms of potential scale, permitted uses and compatibility with identified investment strategies, anticipated geography (region as a whole vs. non-Portland balance of region), implementation requirements (legislative and voter approvals), and who would be impacted (i.e., who pays, who benefits). These considerations are discussed further in the next section. .

Potential Funding Sources

Two revenue tools identified as having near term potential include construction excise tax (CET) and general obligation (GO) bonds. These tools are complementary. While either tool could be pursued and implemented independently, it is anticipated that a regional program supported by both of these funding tools could generate broader stakeholder support and serve a range of housing needs and local market contexts. If the region chose not to pursue either of these funding sources, other potential options include attempting to build a regional housing investment consortium or collective impact approach, pursuing federal or philanthropic grants, or attempting to develop a private funding source. Such strategies would all likely result in a much smaller scale of impact than the two funding sources detailed here.

Considerations	Construction Excise Tax	General Obligation (GO) Bond
Scale	\$10.8 million/ year	Potentially \$500 million or more. For example, Metro’s 2006 Parks bond was \$227 million. The proposed TriMet transportation bond for 2018 will be \$1.7 billion.
Permitted uses	According to the formula laid out in SB 1533, 15% of proceeds are passed to the Oregon Housing and Community Services Department (HSCD) for homebuyer assistance programs, 50% of residential revenues must be used for developer incentives, and the remaining 35% of revenues from a residential CET and all revenues from a commercial CET can be used at local discretion.	Currently, local GO bonds for affordable housing are subject to a requirement that a public agency own and operate the asset until the bond is repaid. These requirements create limitations for the ability to use bond investments to leverage traditional finance tools such as tax credits. However, discussions are underway to pursue a constitutional amendment in 2018 that would modify those requirements to create greater flexibility.
Anticipated geography	Locations where a local CET is not currently in place. (Currently, Portland is the only Metro	The three-county region

City of Tualatin

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Considerations	Construction Excise Tax	General Obligation (GO) Bond
	jurisdiction with a local CET, but others are considering it.)	
Approvals required for implementation	State legislative approval is necessary to enable Metro to be authorized to use the CET enabled by SB 1533. Regional voter approval would also be necessary.	Regional voter approval would be required for a GO bond. State voter approval would be required for the constitutional amendment that would provide more flexibility for this strategy.
Who pays?	While it is often assumed that “developers pay” for a CET, it is possible that some or all of these costs may be passed on to tenants in new residential or commercial building.	Costs would be spread across existing property owners throughout the region. Due to Measures 5 and 50, this means that existing inequities in the property tax system would be perpetuated.
Current use for affordable housing	There are currently seven local jurisdictions around the state of Oregon that have adopted a CET for affordable housing under the authorization provided in SB 1533. Currently, Portland is the only jurisdiction in the Metro region with a CET; however, other jurisdictions, including Milwaukie, are considering a CET.	The State’s Local Innovation and Fast Track (LIFT) program is funded by \$40 million GO bond committed by the state legislature in 2015. In 2016, the City of Portland passed a \$258 million bond—the largest housing bond ever passed by Portland voters, with a price point of \$75/voter/year—focused on building or preserving 1,300 units of affordable housing over the next 5-7 years.

Feedback from Local Jurisdiction Staff

In August, Metro Planning staff met with planning, community development, and housing authority directors from across the region to discuss their perspectives on the need for regional approaches to funding and investment in equitable housing, and on the identified investment strategy options.

General themes included:

- There is widespread recognition among staff and elected leaders that housing affordability is a regional challenge that requires regional solutions. Participants expressed general support for Metro to convene a conversation about opportunities.
- Several participants expressed concerns about fair allocation of resources and the need for strong local participation in the design and/or administration of new investment programs. Additional concerns were raised about the need to align new program criteria with existing funding programs to avoid creating another layer of complexity for the already challenging process of lining up multiple funding sources to make affordable housing projects pencil out.
- Across the region, city and county staff are being directed by their councils to identify new policy and funding solutions to address growing local concerns about homelessness, displacement vulnerability for renters, and the need for permanently affordable housing to serve households at a range of income levels—from growing houseless populations to the local workforce.

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- Smaller jurisdictions feel they lack the technical capacity to facilitate affordable housing development and expressed interest in a regional technical assistance program, whereas several larger jurisdictions felt they had significant staff expertise but lacked the resources and in some cases the staff capacity for implementation.
- Staff from different jurisdictions expressed interest in having a range of program elements included to allow for optimal customization in making investments that serve local needs. Some jurisdictions might be interested in a full range of tools and approaches, while others might only be interested in specific program elements.

Themes related to how the strategies described in Attachment A might relate to identified needs and existing programs or gaps to address them included:

- Nearly everyone we spoke with expressed concerns about the need for new solutions to address growing homelessness challenges. Housing authorities saw an opportunity to combine new gap financing with their existing federal rental assistance vouchers and align investments with social services to develop new permanent supportive housing for service-dependent low-income households.
- Housing authority staff also identified a growing need for flexible funding to fill the widening gap for traditionally financed affordable housing projects at 30-60% AMI. Current projects in the pipeline have been experiencing delays due to rising construction costs and uncertainty among tax credit equity investors.
- City and county staff saw an opportunity for coordination between regional housing and transportation funding discussions. Several participants pointed to opportunities for land acquisition and preservation in the SW Corridor.
- Jurisdictions with a lot of naturally occurring affordable housing expressed interest in a preservation strategy that would improve habitability of units while also protecting affordability.
- Several participants saw an opportunity for developer incentives to support inclusion of 60-80% AMI rental units in new market rate development to support mixed income buildings. Even in locations where most market rate development is currently affordable at 80% AMI or below, staff saw an opportunity to bring more income diversity to neighborhoods while also protecting long-term affordability in the face of anticipated market change.

Participants also identified three areas not included in the strategies summarized in *Attachment A*:

- In addition to general preservation strategies, several participants specifically pointed to the need to stabilize communities in mobile home parks. New state resources have been dedicated to this issue, but several participants felt it merited additional consideration as part of a regional strategy. This is something we would like to further explore in the next phase of this work.
- Several participants talked about the need to broaden access to homeownership both through the development of more modest “missing middle” housing options and through targeted homeownership assistance programs. Such a strategy would be supported to some extent by a CET due to the requirement that 15% of funding be allocated to the state to provide down payment assistance.
- Several participants, particularly in Clackamas County, pointed to the need for new solutions to provide temporary housing for the homeless, and more regional coordination around services for the homeless. We believe there is an opportunity to explore how a regional investment program could support homelessness efforts. With regard to coordination of services, the HUD regional field office could potentially serve as a regional coordinator.

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Finally, feedback related to revenue approaches included:

- Some jurisdictions had concerns about the potential impacts of construction excise tax on development, given rising construction costs and already high system development charges (SDCs). At the same time, jurisdictions in Washington County have been fielding increasing inquiries from private developers following adoption of Portland inclusionary housing policy, which may create additional appetite for development outside of Portland.

Based on this feedback, we believe there is general support for the list of strategies described in Attachment A, but recommend continued engagement with city, county, and housing authority staff—as well as with a broader range of stakeholders—to design a program that will serve a wide range of needs and local contexts.

Racial Equity Approach and Proposed Next Steps

Based on the findings presented above and our discussions with internal and external stakeholders, we recommend the following next steps for staff to move forward with developing a draft regional investment program proposal.

Racial Equity Analysis. Over the next several months, staff will work with internal and external partners to identify how efforts to advance regional affordable housing can best align with Metro's adopted racial equity strategy and provide maximum benefit to residents of color in our region while still complying with federal fair housing law. Strategies designed to increase access to housing for residents with lower incomes do provide some targeted benefit to people of color, who experience disproportionate levels of low income compared to white populations; yet more can and should be done to explore how regional affordable housing revenue and investment strategies can maximize benefit to people of color. We will explore multiple next steps, including engagement, collaborative partner dialogue, and analysis to understand the potential equity impacts of revenue and investment strategy decisions, and to ensure that a racial equity lens approach is applied to these discussions. This information will be used to inform next steps and recommendations and will support existing timelines and program development.

Investment Strategies and Tools. Based on feedback from local jurisdiction staff, we recommend additional consideration of how mobile home park preservation and homeownership assistance might factor into a regional investment approach, and additional consideration for how a regional housing investment program could be aligned with homelessness efforts across the region. More targeted research is also needed to understand the best scale and targeting for a land acquisition and/or acquisition of naturally occurring affordable housing program.

Revenue Options. Further cost-benefit and legal analysis is necessary to understand the impacts of potential revenue tools and their implications for program development. Political feasibility research is also recommended to understand the viability of each of these strategies.

Stakeholder Engagement. On September 13, staff will present an update on this work to the Metro Policy Advisory Council (MPAC). We will also continue to engage city and county planning and community development staff and public housing authority staff, for-profit and non-profit developers, and funders and lenders to better understand their perceptions

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about how a regional strategy could respond to local needs and align with existing programs. Key stakeholders include:

- City and county community development and housing departments
- Local council and policy staff
- Public housing authorities
- Oregon Housing & Community Services (OHCS)
- Funders and community development finance institutions, including Network of Oregon Affordable Housing, Community Housing Fund, and Enterprise Community Partners
- Foundations, including Meyer Memorial Trust
- Private developers and nonprofit affordable housing developers
- Social service providers
- Advocacy groups and coalitions working on housing and equity issues, including the Welcome Home Coalition and Washington County Thrives Initiative
- Community leaders representing vulnerable communities, including partners on Metro's adopted Equity Strategy
- SW Corridor Equity & Housing Advisory Group

Council Next Steps. While staff is seeking Council direction to proceed with next steps to further research and analyze the most feasible and effective ways for Metro to play a role in addressing our region's affordable housing needs, we are also seeking Council's input on how our efforts at the financial and programmatic level can be best coordinated with the Council's outreach and engagement with key stakeholders across the region on this issue. How can staff's work best support and integrate with the leadership and communication efforts of Council on this issue as well as on related funding issues? Are there key stakeholders that Council wants to share this work with to seek feedback and input? As we work to explore an important new approach to accomplishing the 2040 Vision, staff recognizes how important it will be for Council to set the stage for this work and we want to ensure all of our efforts are coordinated with yours so that we're all more effective.

Saying they need more housing, Wilsonville leaders look to grow east

**By Cristina Rojas**

Feb. 7, 2018 9:25 a.m.

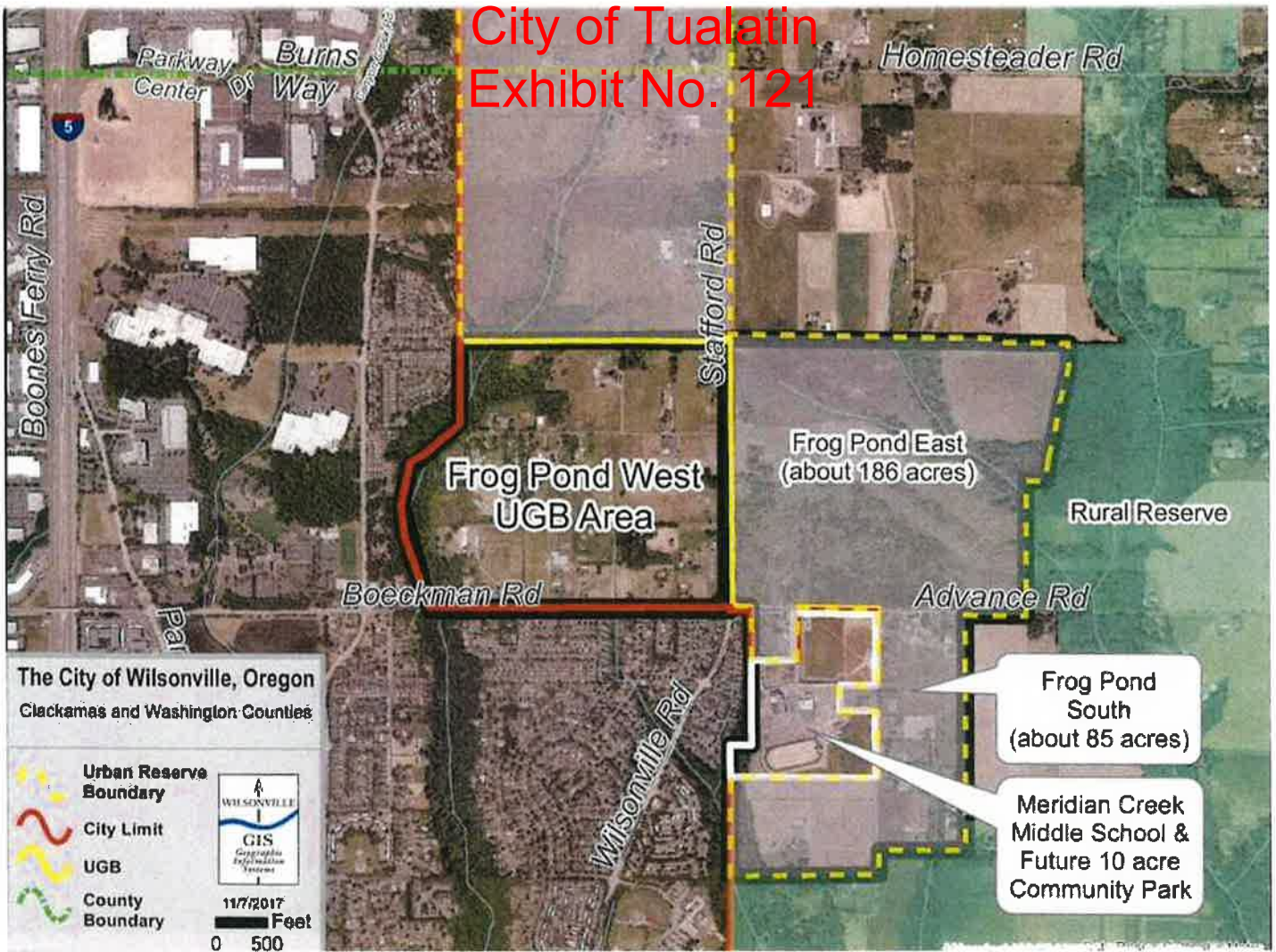
Bylined articles are written by Metro staff and do not necessarily represent the opinions of Metro or the Metro Council. [Learn more](#)

At the south end of the Portland metro area, the city of Wilsonville has seen its population double since the turn of the century. Now, leaders in this city of 24,000 say they're ready to take on more growth, if the Metro Council agrees to expand the urban growth boundary there.

After two previous attempts and seven years of hearings and revisions over the [county's urban and rural reserves plan](#), city officials believe 2018 may finally be the year that its efforts to add another 271 acres will succeed.

The Wilsonville City Council sent Metro a letter of interest to expand the urban growth boundary on the city's east side, in an area known as Frog Pond.

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A map showing Wilsonville's current boundary and plans for expansion

Wilsonville Mayor Tim Knapp says there will be a need for more housing with the 2,600-unit Villebois neighborhood nearing build-out and the influx of jobs that's expected to come with the development of the Coffee Creek and Basalt Creek industrial areas.

"We can't make people live close by, but we can give them an option of finding housing close by to those new jobs," he said. "We're reaching the end of (Villebois). The question becomes, 'What comes next?' Well, our Frog Pond area is what comes next."

The Metro Council will decide whether to expand the region's urban growth boundary in 2018, after an analysis of the land already in the boundary, and development and demographic trends. Metro is required to keep enough land inside the UGB to handle another 20 years of growth. This year, the council is also looking at whether sites are development-ready, including the ability to pay for the pipes and roads to serve new residents.

The roughly 500-acre Frog Pond area is divided into three neighborhoods: West, East and South. While only one of the three areas is currently in the UGB, Wilsonville has already planned for

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Metro added the 181-acre West neighborhood to the urban growth boundary in 2002. City planning director Chris Neamtzu says it made sense to include the area outside the UGB in the concept planning because 500 acres was a more cost-effective way to plan for land use and infrastructure needs. Both the Villebois and Charbonneau developments were similar in size.

The city council approved a concept plan for the Frog Pond area in November 2015 after an 18-month process that was aided by a \$341,000 Metro grant.

The West neighborhood, which is slated to begin construction this summer, will have as many as 571 single-family homes, part of a concerted effort to get to a 50-50 balance between multifamily and single-family housing. Currently, the city has more multi-family homes than detached.

The West Linn-Wilsonville School District also has plans to build an elementary school on a 10-acre parcel in the neighborhood. Knapp says he hopes it'll become the center of that community, much like Lowrie Primary School has for Villebois and the new Meridian Creek Middle School will for the South neighborhood.

Neamtzu says the East and South neighborhoods would add another 1,325 homes to the area, and include a mix of housing types and prices such as townhomes and cottages.

The East neighborhood would be anchored by the historic Frog Pond Grange and a neighborhood commercial center, while the South neighborhood would be anchored by the middle school that opened in September and a future 10-acre park with sports fields and play areas. The 40-acre school site was added to the UGB in 2013 under a special process that allows non-housing uses to come into the UGB without a region-wide review.

"These are logical extensions to the community," Neamtzu said. "All of our planning around transportation would knit these neighborhoods together into a walkable set of complete neighborhoods."

City officials worked with developers to come up with the best way to share the cost of building the roads, utilities and other infrastructure like parks. A financing plan was adopted as part of the master plan for Frog Pond West in July and Neamtzu expects the same plan to be applied to the East and South neighborhoods.

The city will be responsible for off-site improvements like pump stations and trunk lines, builders will pay the cost of improvements required by their developments and supplemental fees would be levied for each new building permit issued to generate revenue for projects that may be too large and expensive for any single developer to complete.

Neamtzu and Knapp said all the necessary work has been done and they're eager to build on the momentum from the West neighborhood.

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"I think planning proactively is a very responsible way to approach it instead of waiting until we've got major growth that we didn't plan for on our hands and then having to be reactive to that," Knapp said. "We're trying to be on the front end of things and I think we've got good plans."

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Regional Snapshot: Housing

How are we holding on to housing affordability in greater Portland?

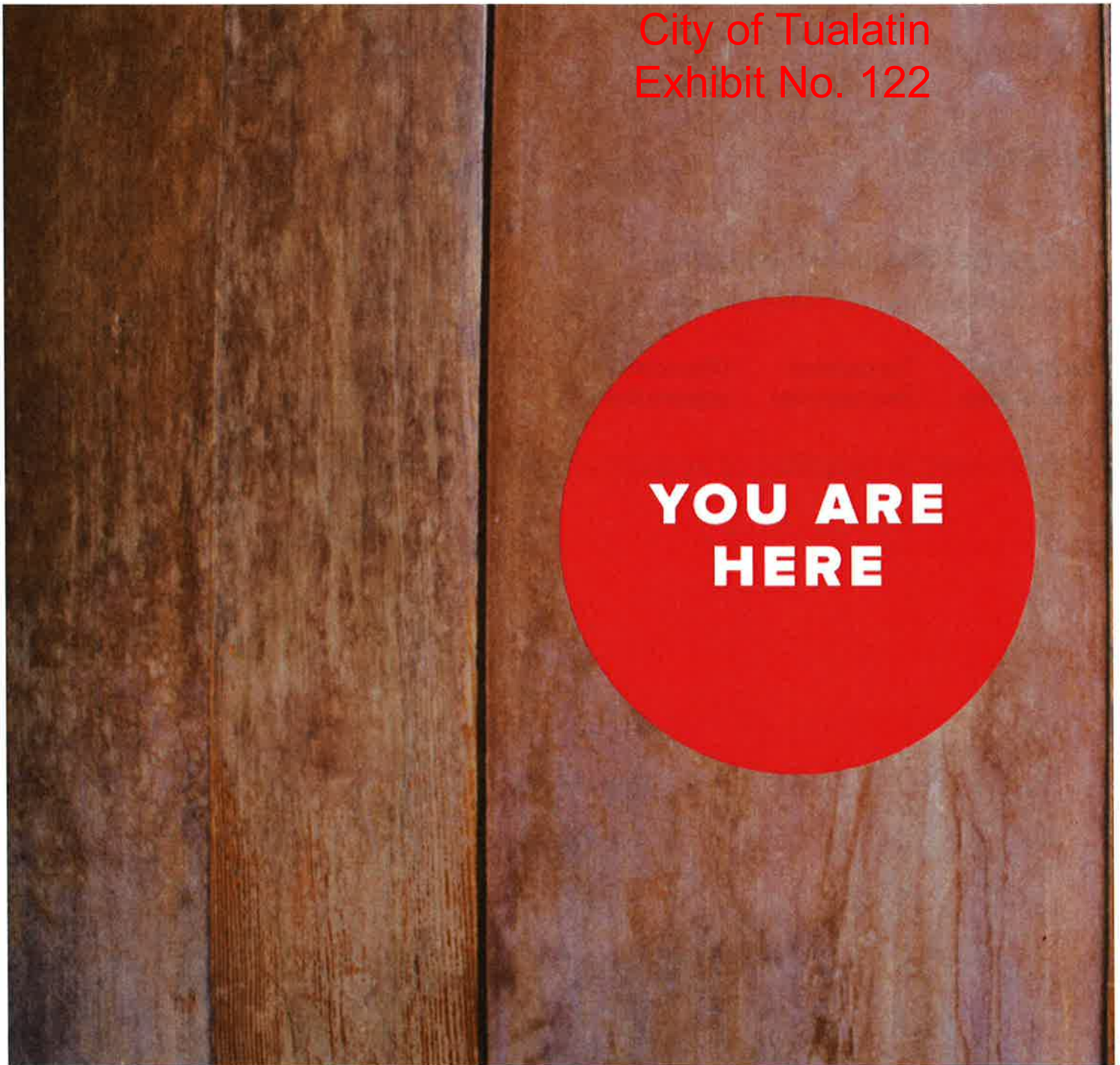
**You are here: 7
things to know**

**The rundown:
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You are here: A snapshot of housing affordability in greater Portland





By Rebecca Hamilton

Nov. 1, 2017 2:30 p.m.

Rebecca Hamilton is a regional planner at Metro. Stories with a byline do not necessarily represent the opinions of Metro or the Metro Council.

Despite some progress, greater Portland does not have enough affordable homes for everyone who needs them. 7 things to know.

Greater Portland came roaring out of the Great Recession. In less than 10 years, the region grew its economy and added high-wage jobs at higher rates than almost any other large U.S. metro area. Median incomes went up. The poverty rate went down. And thousands of young, educated workers migrated to the region drawn by the high quality of life and the opportunity of a booming economy.

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You are here: Regional Snapshots

Regular check-ins on issues that matter to greater Portland: Housing, jobs, transportation and more.

[Learn more](#) →

This influx of new affluence and new people was both a blessing and a curse, changing the dynamics of our housing market and shifting the geography of affordability in a very short period of time.

But longer-term trends also shaped our housing supply and those trends continue to challenge our ability to create housing choices that meet the needs of our changing region.

Here are some things to know about housing affordability in our region – and how we're responding.

1. The good news: the pace of unaffordability is slowing down.

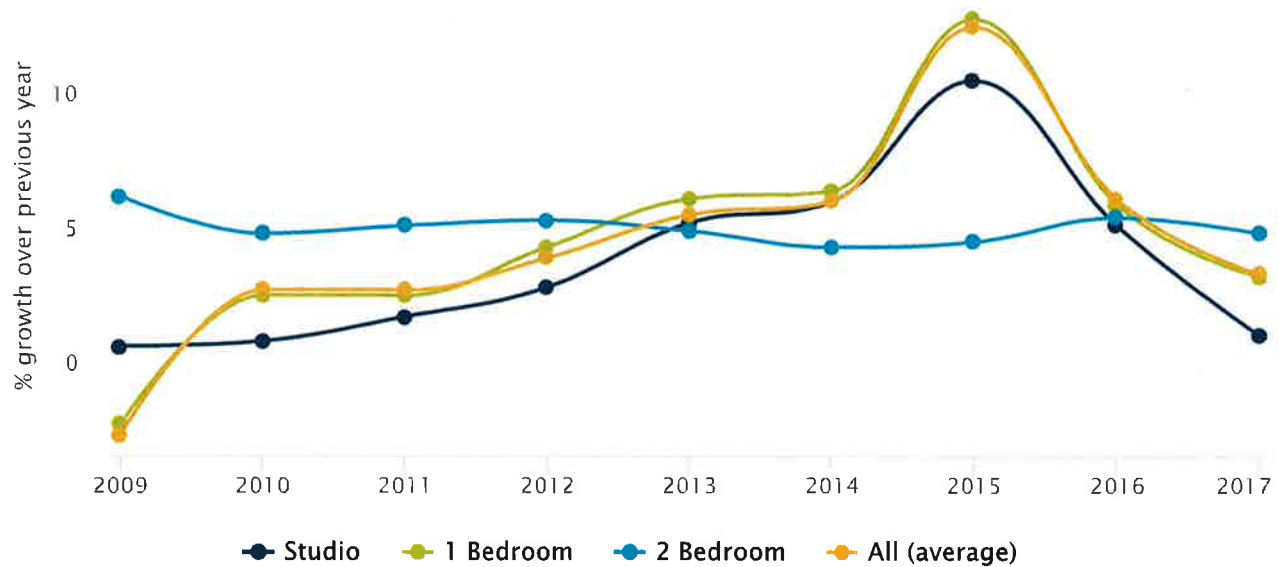
In 2009, Greater Portland had a high quality of life, an economy poised to ascend, and a steady stream of new people flocking to the region in search of both. But it didn't have nearly enough homes to accommodate them.

Housing construction grounded to a halt during the recession but migration into the region proceeded at a steady pace. As the population continued to grow, demand intensified and housing prices rose – slowly at first, but gaining momentum with each passing year. Rent and home price increases were among the highest in the nation; vacancy rates, the share of unoccupied rental units, were among the lowest.

Long-term residents found themselves priced out of their neighborhoods, while would-be homebuyers struggled to save for down payments that seemed to double overnight.

After years of climbing growth rates, the rental market is starting to cool down. **City of Tualatin Exhibit No. 122**

% growth in rental prices, Portland metro area 2009-2017 (year to date)



Data for Portland metro area, courtesy of CoStar commercial real estate company

This good news isn't great news, of course – rents and home prices are not going down. They are still rising, but not as quickly. Portland-area home values this summer were up 7.6 percent over last year, according to the Case-Shiller Index – well above the 5.9 percent national average and the second-highest in the nation behind Seattle. Still, that's better than last year's 12.4 percent spike.

And compared to 2015's staggering 12.5 percent average rental increase, this past year's modest year-over-year 2.9 percent increase, from September 2016 to September 2017, seems like a gift.

Finding home

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2. New homes are being built – here, there, almost everywhere.

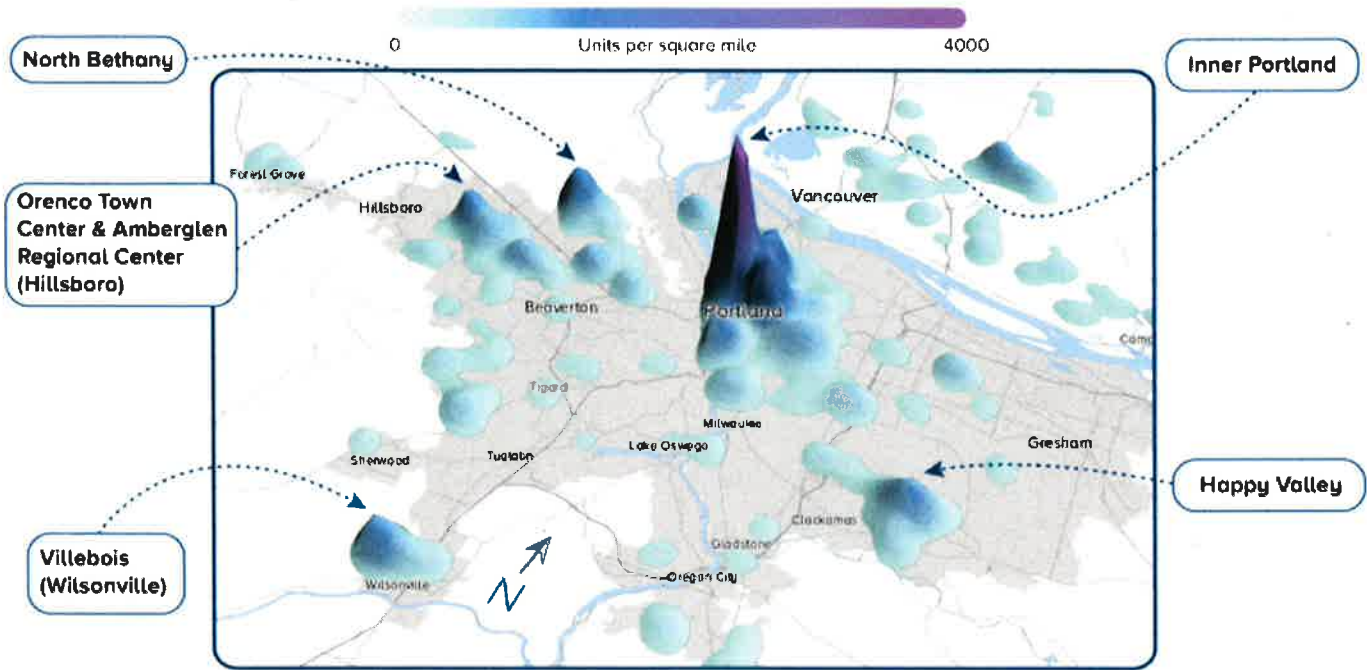
To what do we owe this small relief? To a few factors, but mainly construction. Housing construction is filling the deficit built up during the recession.

The majority of these new homes, particularly apartments and condominiums, are in key town and regional centers as a response to a growing demand for walkable neighborhoods close to amenities.

The majority of new homes have been added in key town and regional centers.

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Housing permits in the Portland Metro area, 2009-2017 - units per square mile



Source: Construction Monitor data report Q1 2009 - Q2 2017. Created October 2017

The majority of new homes have been added in key town and regional centers.

1.44 MB Adobe Acrobat PDF | Published Nov 01, 2017

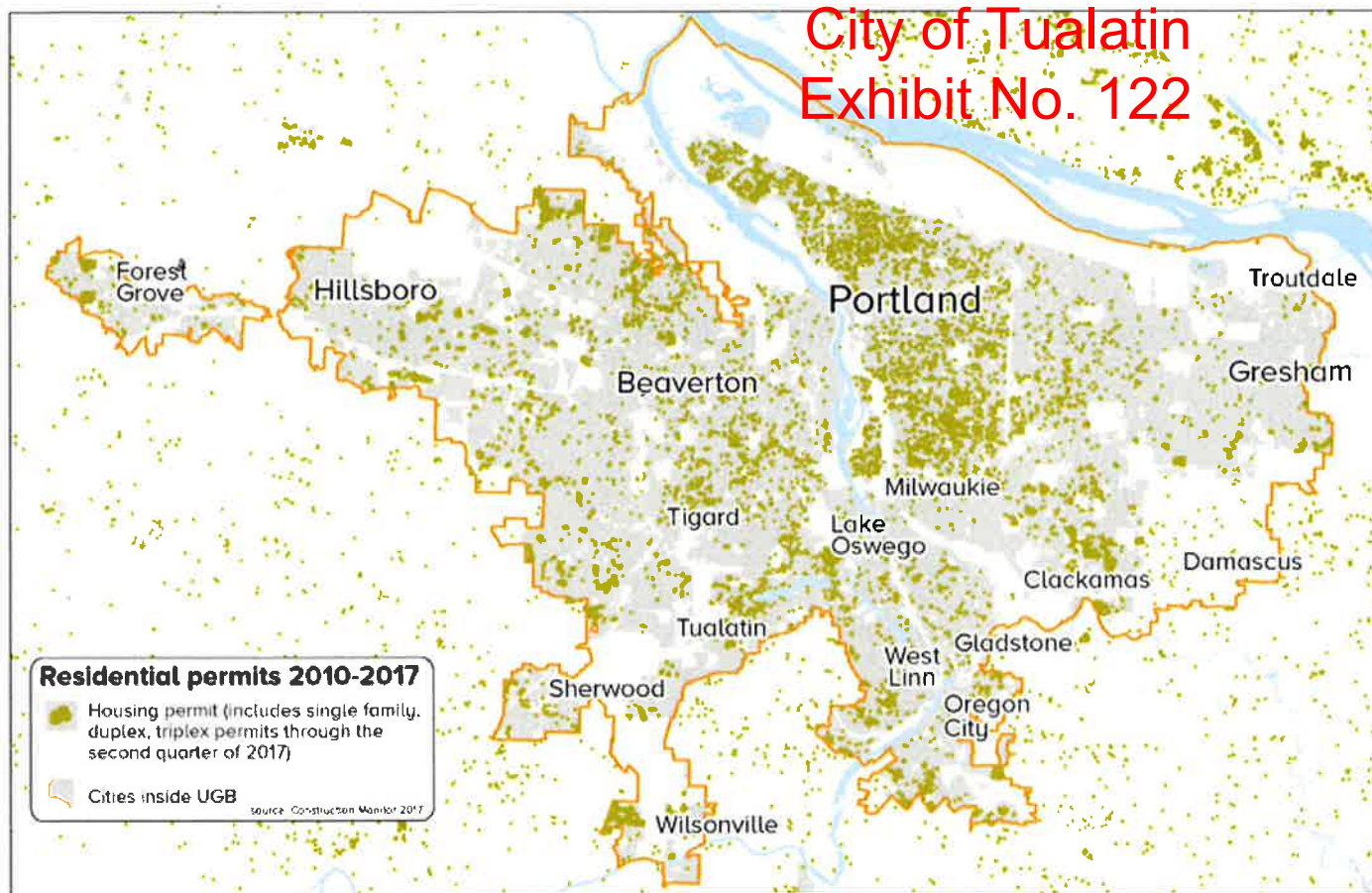
CoStar, a national real estate and marketing research firm, tracked construction of more than 20,000 new units of multifamily housing completed in the Portland metropolitan area since 2010. More than half of those units were built in the past two and a half years.

Data from Construction Monitor indicate that since 2015 developers submitted 25,000 permits for future multifamily buildings in greater Portland, meaning more apartments are in the pipeline.

The increased available supply loosened regional vacancy rates from a tight 4.6 percent in 2014 to a somewhat more comfortable 5.5 percent in 2017's current quarter, according to CoStar. This growing availability of housing gives apartment-seekers more choices, generating competition among property managers who have moderated their asking rents accordingly.

Construction Monitor data also show that nearly 30,000 permits for new single-family units, including duplexes and triplexes, were submitted between 2010 and mid-2017.

Map of residential permits between 2010 and 2017



Residential permits from 2010 to 2017

582.83 KB Adobe Acrobat PDF | Published Nov 01, 2017

Most newer homes have been built as infill development in existing urban areas. But in another positive sign, development is picking up in the urban growth boundary expansion areas.

Those areas make up 42 square miles of undeveloped land on the region's edges. Regional leaders added them to the urban growth boundary over the past 19 years to make room for housing and employment. (For context, that's an area the about the size of two Beavertons, or 420 Oregon Zoos.)

Leaders hope to avoid these kinds of delays in future UGB expansions. Going forward, Metro will focus its attention on only expanding the UGB in urban reserves that have well-considered infrastructure funding strategies in place for funding and building what's needed for a neighborhood.

New construction in these undeveloped expansion areas is a challenge. In addition to overcoming the normal financing and permitting hurdles, a city or developer must first build

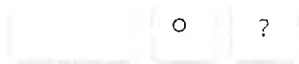
streets, sidewalks, sewers and other basic infrastructure to support a neighborhood. Infrastructure easily costs hundreds of millions of dollars.

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Since they were brought into the UGB, these areas have seen fewer than 11,000 approved (or pending) residential permits out of the expected 67,000. A number of areas still sit nearly vacant years after their addition.

Interactive map: Urban Growth Boundary expansion areas

UGB expansion areas



Map by Oregon Metro



Source: Construction Monitor 2017

So it is promising to see development take off in some of these areas, such as the Villebois community in Wilsonville and Washington County's North Bethany area. About 3,500 new units were permitted in UGB expansion areas from early 2015 through 2017's second quarter.

Project entitlements, a preliminary step in the development process, are underway in other areas. That development helps fill in the housing backlog created during the recession.

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3. New construction is helping, but there's more to the story.

New development helped slow the pace of rising home prices from an all-out sprint back to a steady jog. But business-as-usual building won't be enough to address our affordability challenges even though builders in the region will likely continue to add more housing.

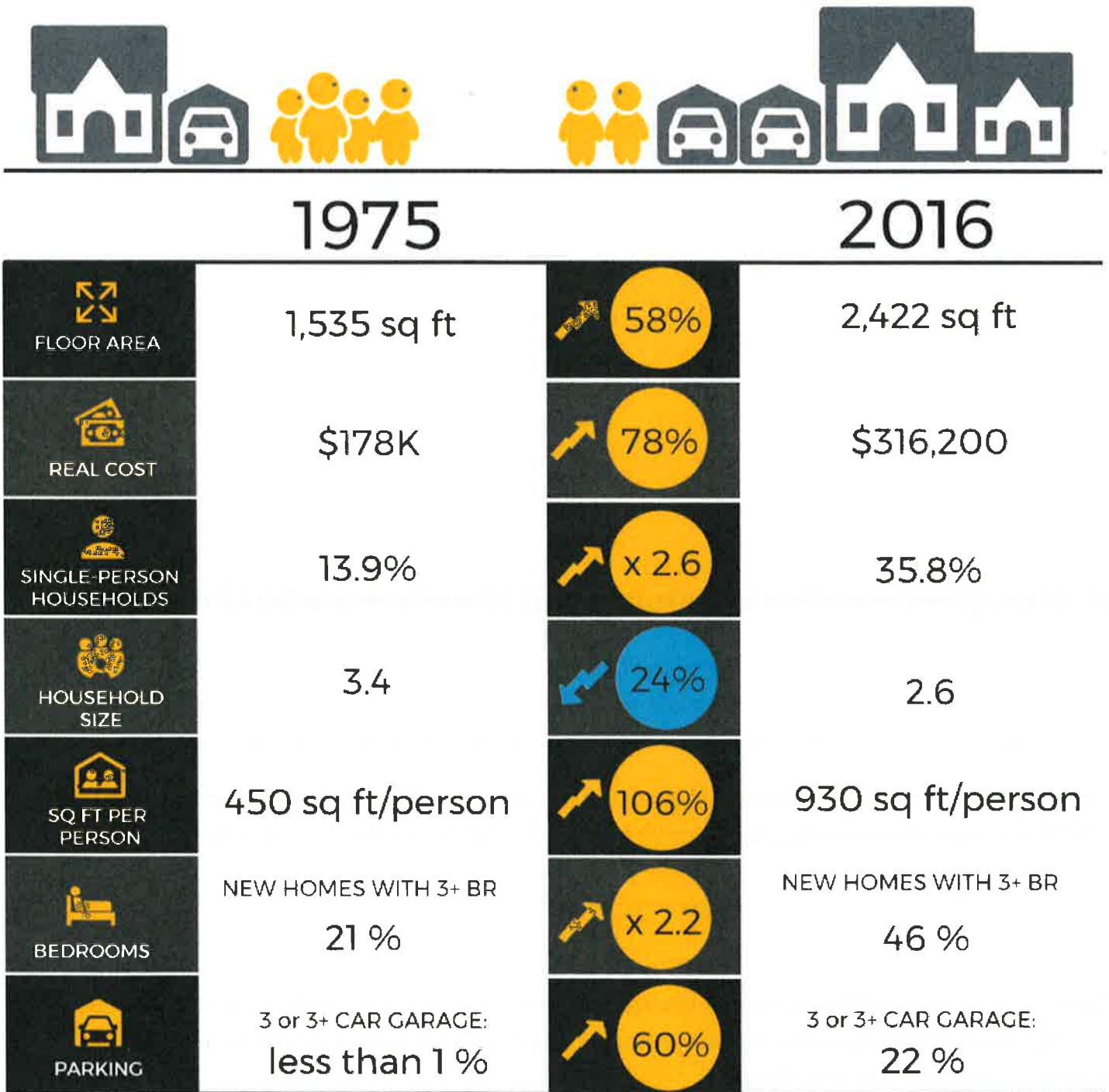
For single-family homes, the general model of market-rate affordability goes something like this: New, expensive housing is generally built with higher-income households in mind. These new units should draw wealthier people away from the slightly older housing stock, freeing up those units for the households in the next-lowest income bracket.

As homes lose value over time, they filter down the market and become affordable to first-time homebuyers and middle-income households. Lower-income households occupy the oldest homes. Adding supply at the top, according to this model, ensures a steady housing pipeline for every income bracket over time.

It's not a perfect pipeline, though. For decades, single-family homes have gotten bigger and bigger, with more square footage, more bedrooms, more bathrooms, and more room for parking. Bigger homes take longer to become more affordable.

SUPERSIZED City of Tualatin Exhibit No. 122

The size of the American Dream has grown - even as the size of the American household has grown smaller.



* Costs adjusted for inflation to 2016 \$USD. Numbers represent median values for new homes in the specified year. Data from US Census/American Housing Survey. Created October 2017.

Problems exist at the other end of this pipeline, too.

Home value isn't determined by the value of the structure alone. Where that structure sits matters tremendously.

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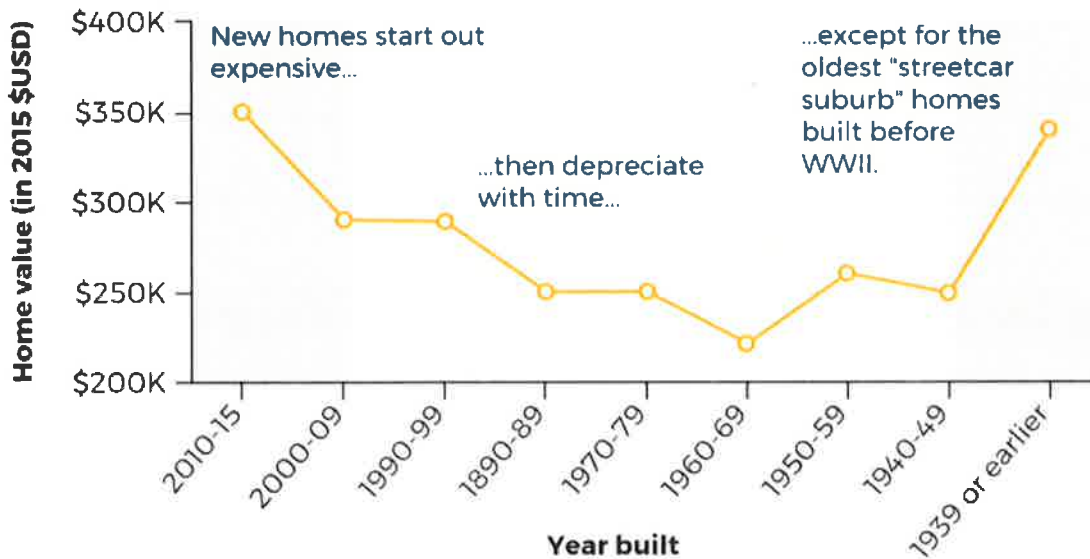
In greater Portland, the oldest housing was built near our urban centers during an era when development was organized around walking and transit. Newer neighborhoods were built increasingly further from the centers, following car-oriented development patterns after World War II.

In recent years the demand for walkable, "complete" neighborhoods surged. Prices in these areas skyrocketed. Larger or more luxurious units replaced some older homes and apartments. Lower-income households, particularly households of color, were pushed to less expensive neighborhoods, many at the edges of the metro area.

As a result, the value of place bent the low end of the housing pipeline into a "U" shape, as many of the oldest neighborhoods that should in theory be sanctuaries of deeply affordable housing are the epicenters of regional demand.

The region's oldest homes are almost as valuable as its newest homes due to their desirable location and historic charm.

Home values by year built, Portland MSA



Source: U.S. Census Bureau, American Housing Survey. Created October 2017.

Brand-new housing is typically expensive due to the value of the home, but much of the Portland metro area's older housing is now expensive due to the value of the place.

In the long term, new home construction won't significantly reduce demand across the income spectrum if it only creates big homes with little chance of filtering downmarket within a

reasonable timeframe. And it won't help ease demand in the short term if we don't create new housing where people want it most.

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Finding home

Our housing stories may be different, but we all share the desire to live in a safe and affordable home.

Six Oregonians share their housing stories at different stages of life. [Learn more. —>](#)

4. Building for an affordable future? Look to the past.

The good news is that we have strategies to address both of the long- and short-term demands. Building smaller-scale homes may reduce the cost of new housing from the top of the pipeline on down. And building more homes in the highest-demand areas of the region may help relax exorbitant land prices by dividing that cost among more people. Luckily, we have experience doing both.

Earlier in our region's history, developers had more options for what they could build to maximize their profit on a given lot. For example, they could build one large home and sell it for \$100,000 – or they could build several mid-sized units and sell them for \$60,000 apiece, depending on what they thought would sell best in the area.

That's because in most residential areas, small-scale multifamily structures, such as duplexes, triplexes, fourplexes, townhomes, row houses, cottage clusters, and bungalow courts, were legal in addition to single-family structures. This type of "[middle housing](#)" provided a mix of

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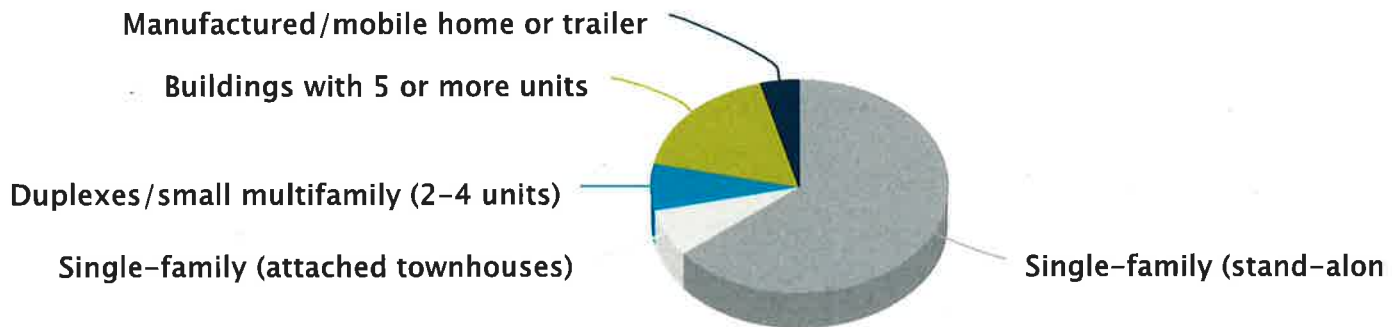
Middle housing enables more people to live in an area while maintaining the look and feel of a residential neighborhood. That, in turn, creates areas with enough people to support more frequent transit and local businesses, such as coffee shops, restaurants, and small grocery stores. It creates the kind of neighborhood where lots of people want to live nowadays.

housing to fit a variety of incomes and household sizes.

But laws changed around the middle of the 20th century. New zoning regulations and code restrictions effectively limited developers to two basic building options in most areas: single-family homes or large, multistory buildings. Today over 70 percent of our region's homes are single-family units.

Single-family homes make up most of the region's housing supply.

Percentage housing units by number of units in structure, Portland MSA, 2015



U.S. Census Bureau, American Housing Survey, 2015
The total number of housing units in the Portland MSA in 2015 is reported as 908,571.

Even in many of the neighborhoods where most people want to live, the zoning restricts housing to allow about six to 15 homes per block.

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INITIALIZING

By contrast, a neighborhood with middle housing mixed alongside single-family homes may allow two to three times as many households (about 25 to 50) to live in the same amount of space without considerably changing the neighborhood's character.

Reintroducing this middle housing into our neighborhoods may help meet the region's demand for housing, increasing the supply of available homes where people want it most. And since these housing types tend to be smaller and less expensive, they help make these amenity-rich places accessible to more people.

Changing zoning laws and building codes to allow middle housing won't transform neighborhoods – or housing prices – overnight. The transition to more diverse places to live may take decades. But it is an important step to provide for the region's long-term affordability.

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5. The region needs to work towards long-term solutions - but we also need to take action to help people who are struggling right now.

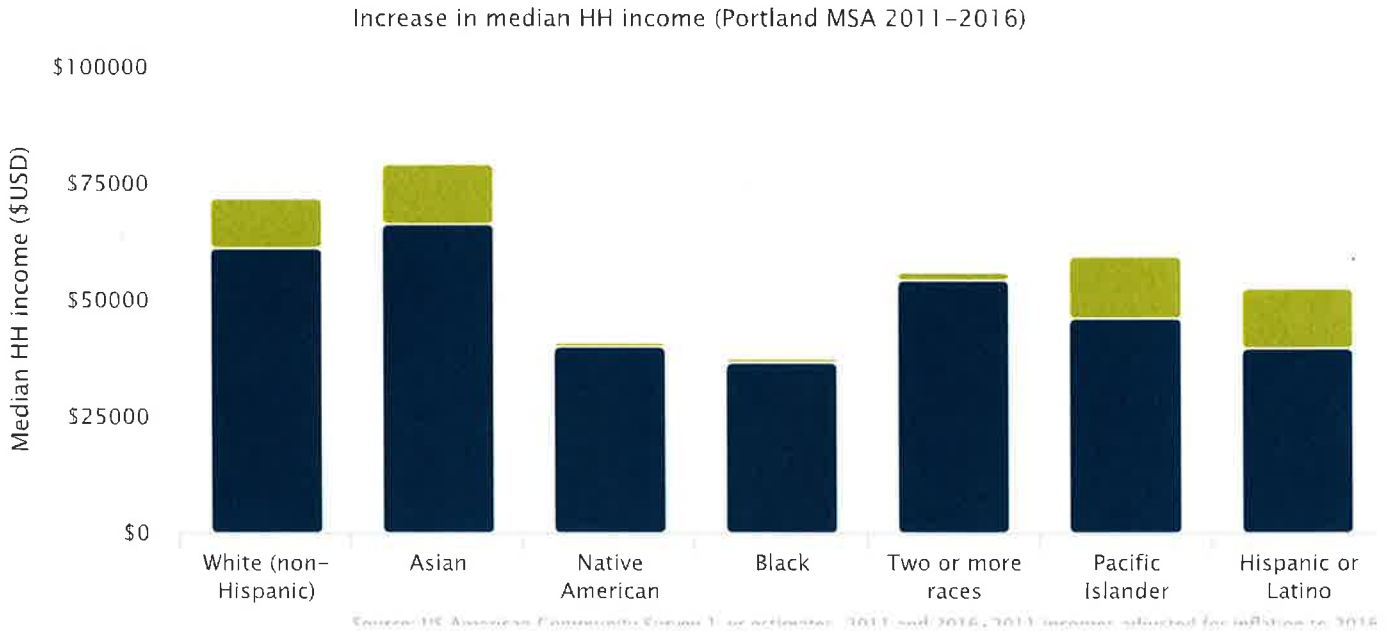
While we work to ensure that people have more access to neighborhoods of their choice, we can't lose sight of the fact that many others are fighting to stay in neighborhoods in which they've lived for years.

The price surges of previous years left a lot of people in our region feeling left in the dust, with little hope of catching up again. Although local incomes increased in recent years, those increases weren't nearly enough to keep up with housing prices.

Housing prices hit renters the hardest. Between 2010 and 2015, renters saw their median household incomes increase about 12 percent. Native Americans and African-Americans, who had the lowest median incomes, saw income gains of just three and four percent over that same time period, respectively.

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Greater Portland's median household income increased by nearly \$10K in the past five years, but Black and Native American households saw only one-tenth of that.

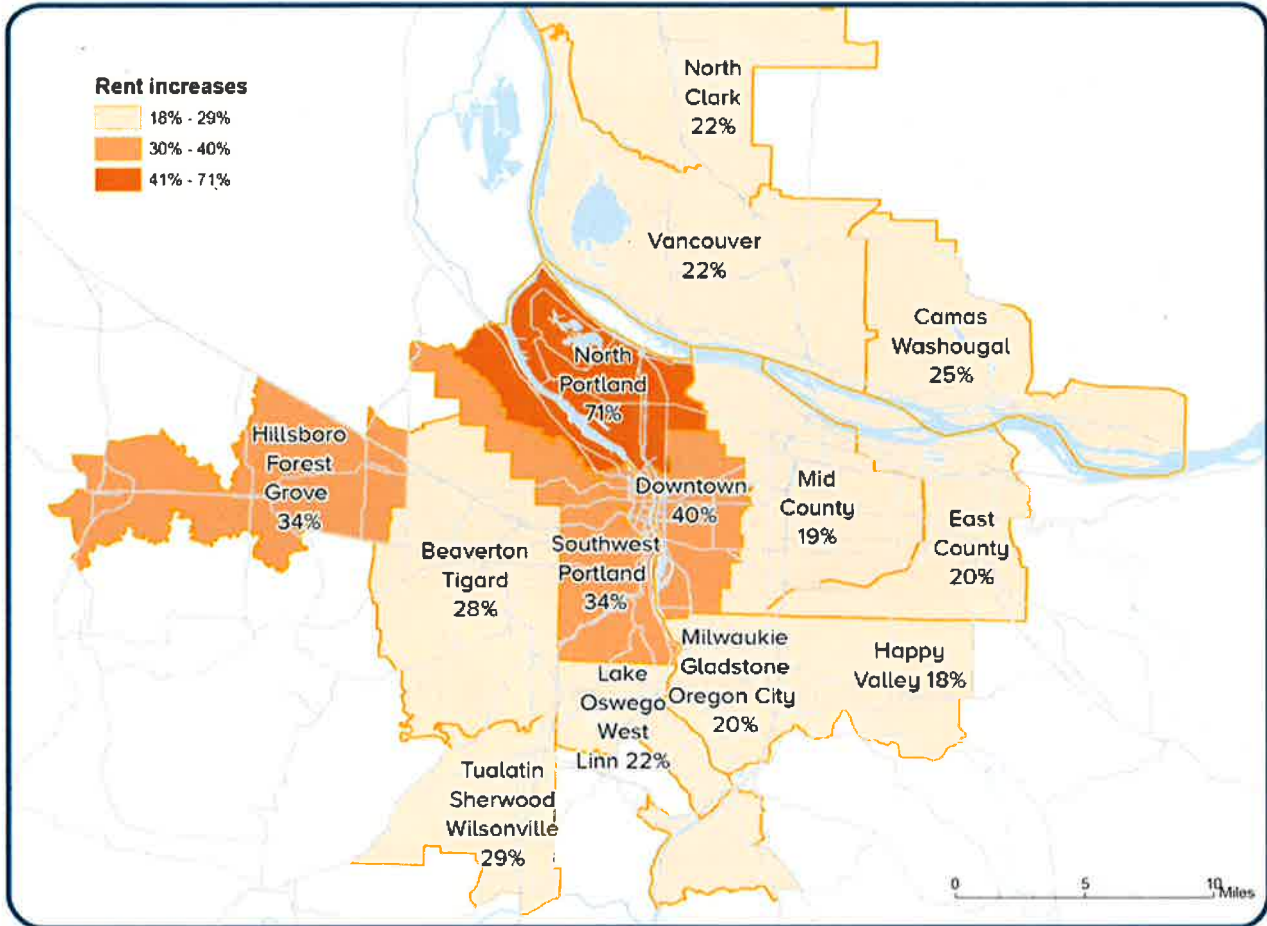


CoStar data for that same time period show the metro area's rental prices increasing by an average of 34 percent. Some areas, however, were affected much harder than others.

Renters in some parts of our region have faced increases of over 70% in just half a decade

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Percent change in cost of rental housing, 2011 to 2015



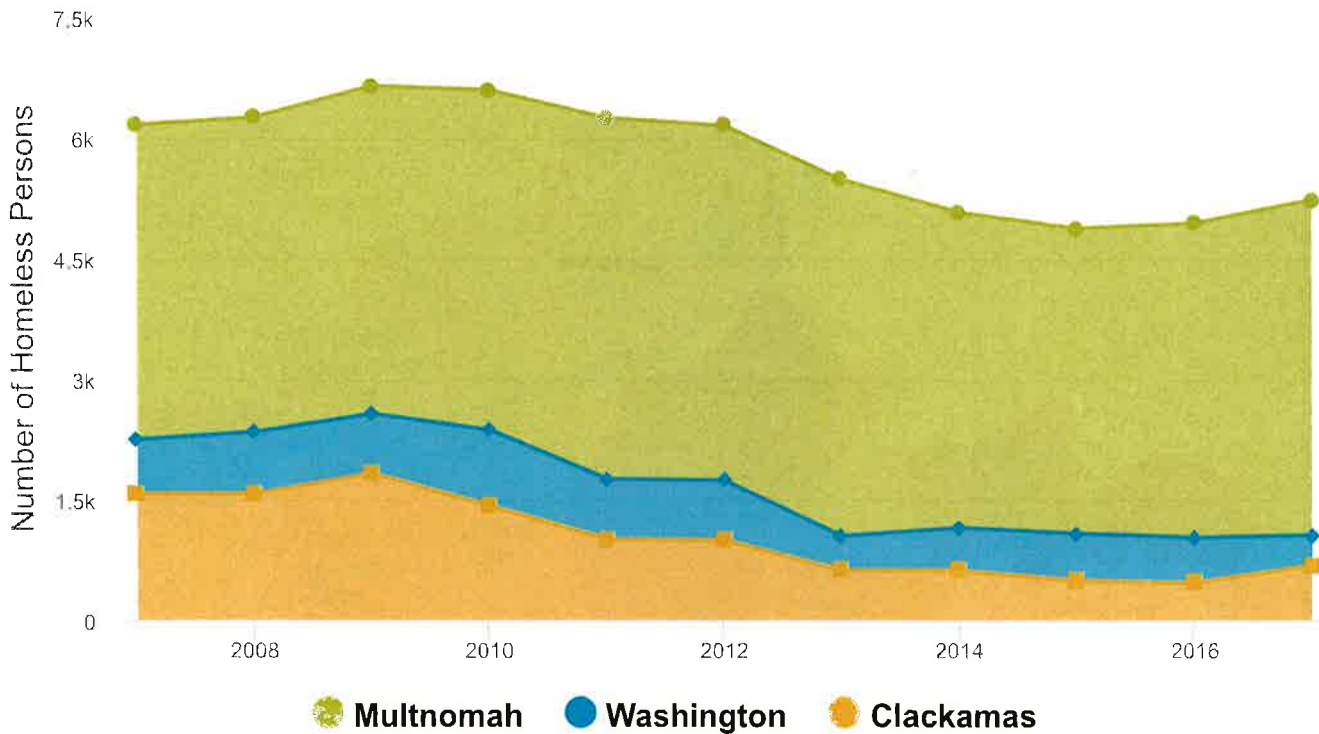
Source: Multifamily NW, Axiometrics, Johnson Economics

Some people may scrimp and save, or find more affordable housing farther out. But the hard truth is that others are not faring well. Multnomah, Clackamas, and Washington Counties' 2016 [Point-In-Time counts](#) recorded the first increase in the number of homeless people in six years.

This year's count shows an even sharper increase. [HUD data](#) indicate that nearly 300 people found themselves newly homeless this past year.

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After declining during the first years of the economic recovery, homelessness is on the rise again.



Data from HUD Exchange and Multnomah, Washington, and Clackamas County Annual Point In Time counts. Counts do not include people living in doubled up situations, which would increase totals significantly but are harder to verify.

Homelessness affects children, too. School districts in the tri-county area recorded more than 7,600 children who were either unsheltered or living in shelters, staying in a motel or in doubled-up situations during the 2015-2016 school year. That number of children would fill the Arlene Schnitzer Concert Hall over two and half times.

6. There isn't enough affordable housing for everyone who needs it.

Local governments and nonprofits provide some regulated affordable housing for people who make below the area median income. Often this is made possible through subsidies – for example, a household that makes 60 percent of the area median income might pay 60 percent of the total rent for an apartment and the county would cover the remaining 40 percent.

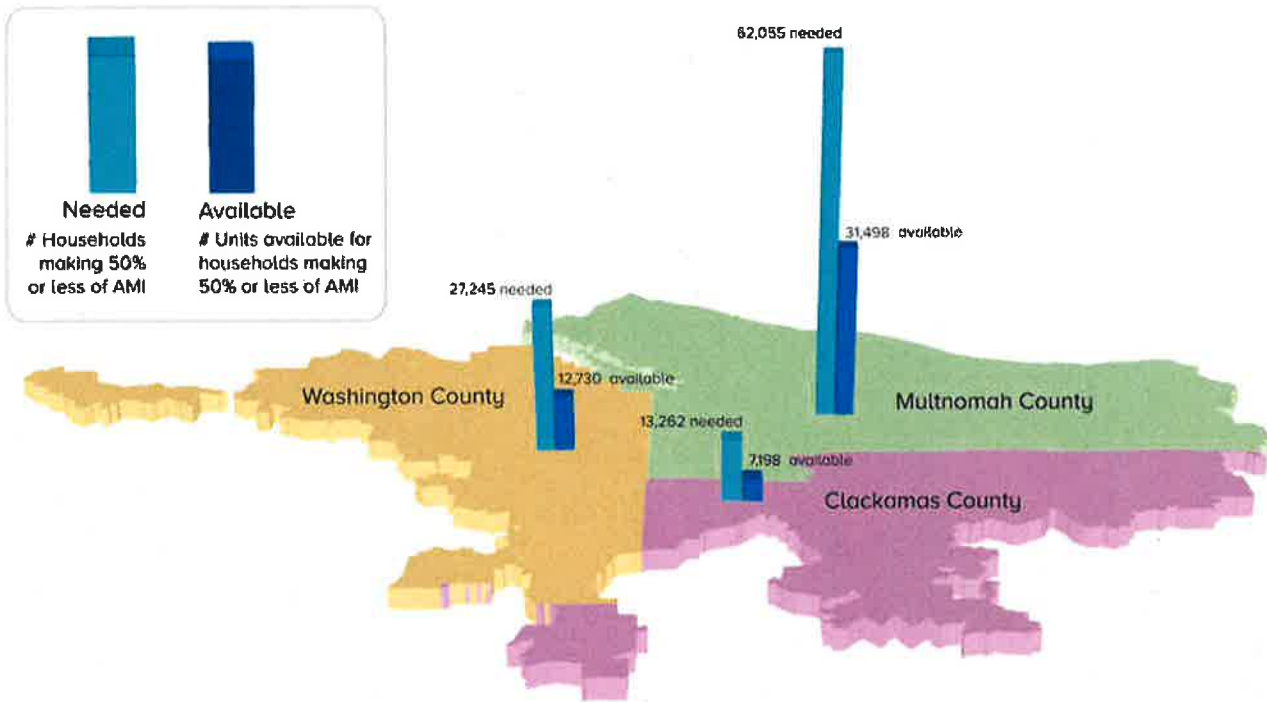
The less income a household brings to the table, the bigger the subsidy needs to be to cover the gap. For this reason, it's especially hard to provide enough regulated housing for people and families with the lowest incomes.

As the Urban Land Institute's [interactive map](#) illustrates, most counties in the nation have a shortage of housing units available to people with extremely low incomes.

There is a shortage of affordable housing relative to need in all three counties of the Portland metro area

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Demand vs. supply of units affordable to households making 50% or less of area median income (AMI).



Map of shortage of affordable housing

The Portland metro area has a shortage of affordable housing across all three counties.

1.6 MB Adobe Acrobat PDF | Published Nov 01, 2017

Housing authorities are looking for ways to preserve below-market rate housing that exists in some parts of the region and prevent the displacement of people who have homes there. These areas tend to be farther out from town and regional centers in less amenity-rich, walkable areas.

Still, they provide a sanctuary of affordability for thousands of lower-income households.

7. We're taking action.

The good news is that our region isn't sitting on the sidelines. Through grants from Metro's new Equitable Housing Initiative, cities and counties are developing strategies to address what they see as the most viable solutions for their communities. In addition to city and county initiatives, the regional government is considering the part it should play in making sure that low-income households have access to quality places to live.

Solutions aren't one-size-fits-all.

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With grant support from Metro's **Equitable Housing Initiative**, cities and counties are working on housing affordability strategies customized to their community.



Beaverton

Retain market-rate affordable housing in its urban core and seek at-risk properties to convert to regulated affordable housing



Oregon City

Create educational materials to help developers and homeowners construct missing middle housing and ADUs



Milwaukie

Integrate cottage cluster-style housing for senior and workforce housing



Washington County

Modify community plans and codes to eliminate barriers to affordable housing



Tigard/Portland

Mitigate displacement & expand access to opportunity for low income residents as part of the SW Corridor light rail project



Wilsonville

Policy/funding strategies to promote equitable housing based on identified market gaps

Source: Metro Equitable Housing Grants, awarded 2016. ADU = Accessory Dwelling Unit

Greater Portland is on a road that other regions, such as San Francisco and Seattle, have already walked. We face many of the same challenges that these places faced years ago as their economies began upward trajectories that brought rents and home prices with them. But what happens in our future depends on how we respond to these challenges.

Our response is our choice and this is still our story to write.

Cartography by Matthew Hampton, a transportation planner at Metro.

Take the next step

Learn. Learn more about Metro's [Equitable Housing Initiative](#) and its role in housing.

Read our housing overview:

 [Metro's role in housing](#)

1.73 MB Adobe Acrobat PDF | Published Oct 31, 2017

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Stay informed and speak up. Sign up for [emails from Metro](#) to learn how to share your experiences with leaders to help inform the choices they make about housing.

Continue the conversation. Talk about housing challenges and solutions among friends and family, at a neighborhood association or place of worship, or write a letter or email to an elected official or local media.

Share. Share the Snapshot on [Facebook](#), [Twitter](#), Nextdoor and other social media to help others get involved.

NEXT: PART 2

The rundown: local responses



Greater Portland continues to experience challenges as the region welcomes more residents and transitions from a small to a large metropolitan area. We highlight government-led and grassroots-led responses to a range of housing challenges, from affordability to displacement to homelessness.

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- Oregon Zoo
- Oregon Convention Center
- Portland Expo Center
- Portland's 5 Centers for the Arts
- Data Resource Center
- Garbage and recycling facilities
- Metro cemeteries

OPPORTUNITIES

- Jobs

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- Contracts
- Volunteering
- Grants
- Franchising and licensing

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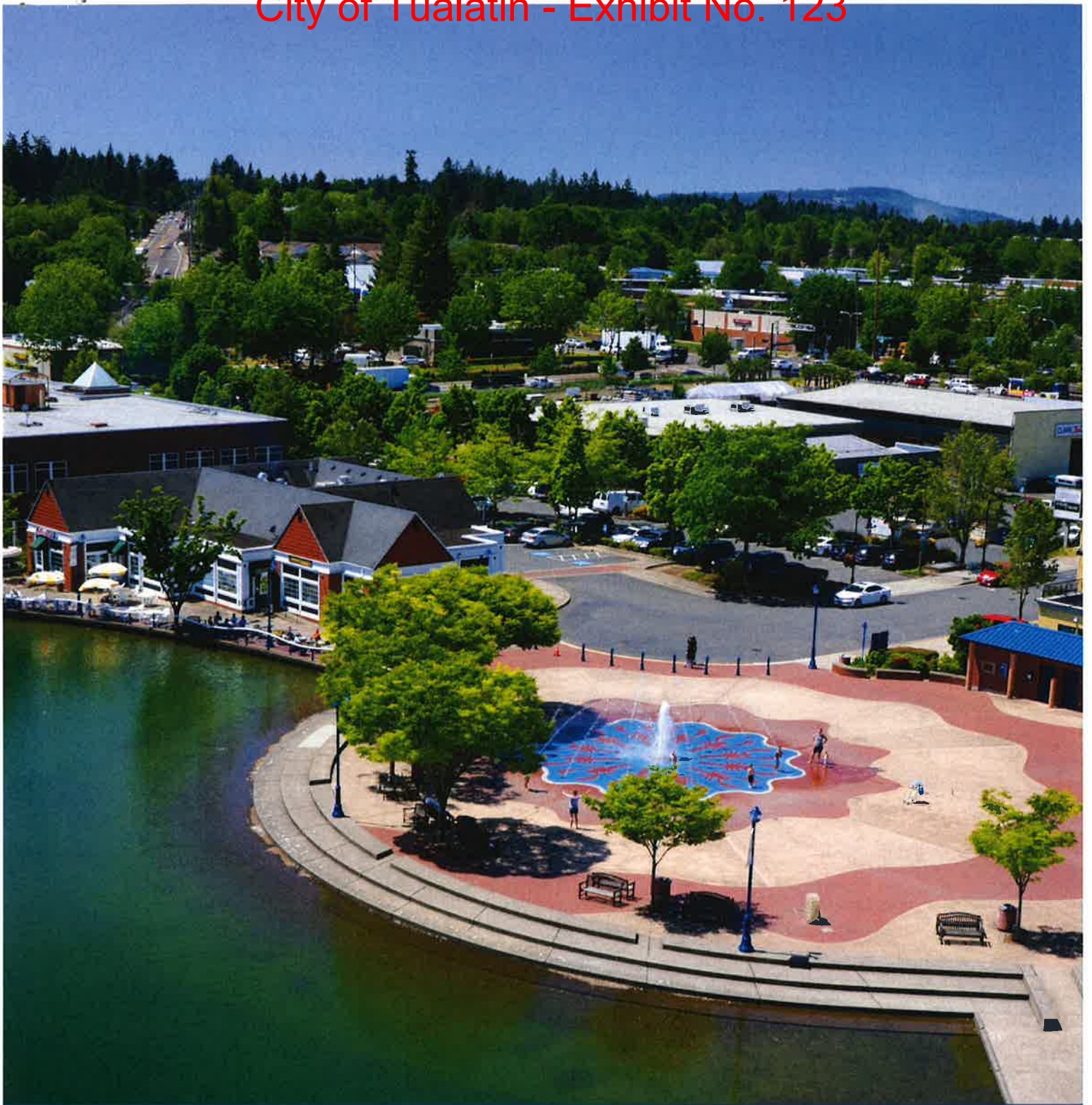
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City of Tualatin

Exhibit No. 122



CITY PROFILE

CITY OF TUALATIN, OREGON
"Dedicated to quality service for our citizens."

Tel: 503.692.2000 | Web: www.tualatinoregon.gov | 18880 SW Martinazzi Avenue, Tualatin, OR 97062

City of Tualatin - Exhibit No. 123

WELCOME TO TUALATIN!

The City of Tualatin takes pride in being known as a warm and welcoming community for new businesses, retail shoppers, and residents alike. The community values a high QUALITY OF LIFE and promotes LOCAL PRIDE and a sense of OWNERSHIP, INVOLVEMENT, and BELONGING.

LOCATION

Tualatin is a southern suburb of Portland, Oregon. It is located along Interstate-5 between Interstate-205, Highway 99W, and Highway 217. In addition, the Westside Express Service (WES) commuter rail provides Tualatin residents and visitors access to the greater Portland Metropolitan region. Collectively, these major transportation facilities provide accessible, affordable, and easy movement of goods and people to, from, and within the region.



DISTANCE FROM TUALATIN

Destination	Miles
Cities	
Portland, OR	13
Salem, OR	35
Eugene, OR	100
Seattle, WA	185
Boise, ID	440
San Francisco, CA	625
Airports, Rail Stations, Shipyards	
Portland International Airport	24
Aurora State Airport	10
Hillsboro Airport	21
Portland Union Station	14
Portland Shipyards	17
Recreational Areas	
Oregon Coast	85
Mt. Hood Ski Areas	65
Public Universities	
Oregon Institute of Technology (Metro)	8
Portland State	12
Oregon State University	75
University of Oregon	100

DEMOGRAPHICS

Throughout the last 10 years, the City of Tualatin has been one of the fastest growing cities in Oregon. Unlike many other sprawling regions, Tualatin continues to maintain a high standard of living, yet remains an affordable place to locate a family. Tualatin is also part of a large educated and skilled regional workshed.

LOCAL ATTRIBUTES

- Median Age: **35.1**
- Hispanic or Latino: **19.4%**
- Median Household Income: **\$61,250**
- High School Graduate or Higher: **91.4%**
- Bachelor's Degree or Higher: **41%**

REGIONAL WORKFORCE ATTRIBUTES

- Bachelor degree and higher: **34.1%**
- K-12 graduation rate: **90.5%**
- Regional workforce: **1.02 Million**
- Regional average wages: **\$49,131**
- Regional average manufacturing wages: **\$55,825**

POPULATION GROWTH

	2000 Population	2010 Population	% Growth
City of Tualatin	22,791	26,160	15%
Portland Region	1,927,881	2,226,009	15%
State of Oregon	3,421,399	3,831,074	12%

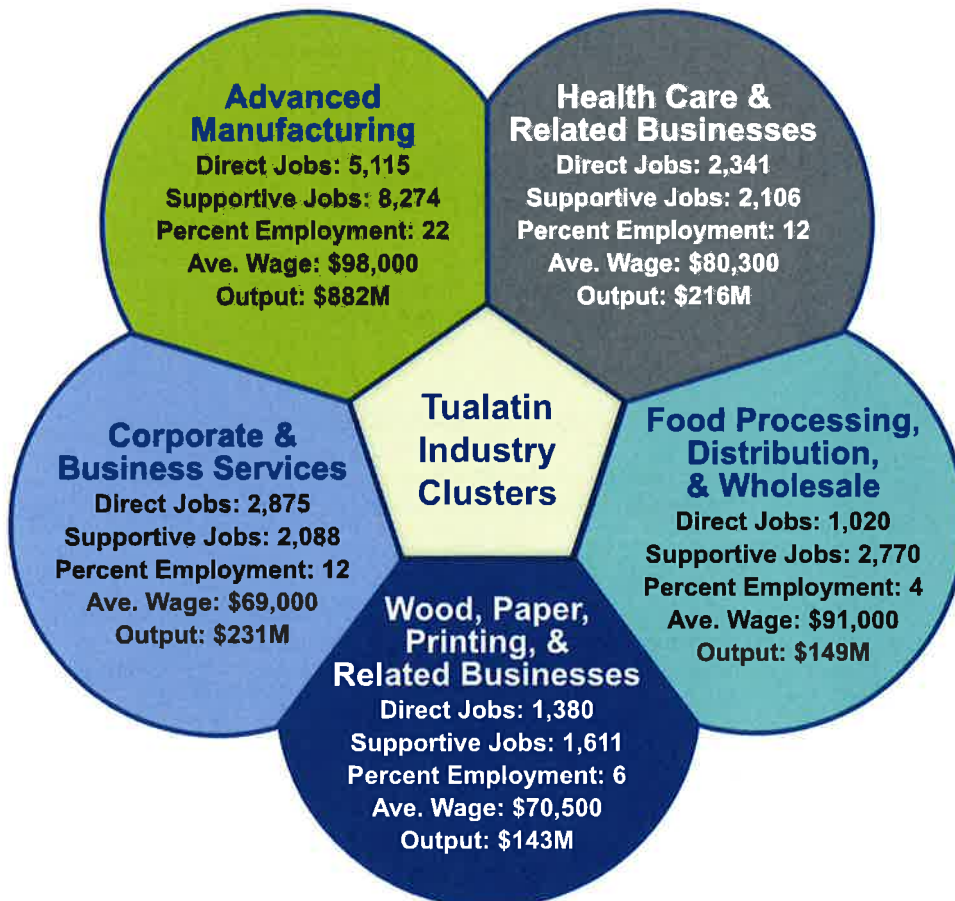


TUALATIN'S ECONOMY

The City of Tualatin recognizes that a fundamental element to the overall quality of life is the health of the local economy. Businesses provide jobs, a strong tax base to support high quality services, and inject wealth into the community. Furthermore, businesses contribute significantly to local charities and sponsor community events. As a result of long-range planning and thoughtful policy-making, Tualatin is evenly split between residential land and commercial/industrial land. Tualatin is home to a vibrant destination retail lifestyle center and state of the art manufacturing and wholesale trade companies.

KEY INDUSTRY CLUSTERS

There are five key industry clusters in Tualatin that provide the majority of employment opportunities and contribute significantly to the local economy. Combined, these clusters represent 57% of local employment and a direct impact of over \$1.6 billion in annual output. These industries also stimulate an additional 16,600 jobs and \$1.5 billion in annual output in supportive companies. Taken together, the average income among jobs in these clusters is \$85,000 compared to a total average of \$50,000.



BY THE NUMBERS

BUSINESS & EMPLOYEES

1,480

Number of Business Licenses

25,879

Number of Employees in Tualatin

\$1.26 BILLION

Total Payroll in Tualatin

5%

Local Unemployment Rate

AVAILABLE LAND

787 ACRES

Available Industrial Land

51 ACRES

Available Commercial Land

INDUSTRY CLUSTERS

57%

Of local jobs in key industry clusters

\$1.6 BILLION

Annual value output from industry clusters

\$85,000

Average wage among industry clusters

\$50,000

Average wage in Tualatin among all industries



**84% OF TUALATIN
RESIDENTS RATED
THE QUALITY OF
LIFE IN TUALATIN AS
“EXCELLENT” OR “GOOD.”**



QUALITY OF LIFE

DOWNTOWN TUALATIN

Downtown Tualatin is not only the center for local commerce and businesses, it also functions as the central meeting place and the community living room. Thus, it is known locally as the Tualatin Commons. The central aspect of the Tualatin Commons is a lake and public plaza. Surrounding the public gathering space is a mix of high-quality residential dwellings, retail, and professional service employment opportunities.

SHOPPING

Tualatin is home to one of the premier destination shopping centers in Oregon. Bridgeport Village is an upscale life-style shopping center that includes over 90 retail stores and restaurants.

SCHOOLS

The public school system in Tualatin is part of the Tigard-Tualatin School District. District wide, student achievement in math, science, and reading consistently outpaces the rest of the State of Oregon. In 2011, the Center for American Progress concluded that the Tigard-Tualatin School District had one of the highest returns on educational investment statewide.

PARKS

There are over 200 acres of well-maintained community parks, trails, and natural areas within the City of Tualatin. Park amenities include sports complexes, shelters, boat docks along the Tualatin River, and vast areas of open space.

RECREATION

The City of Tualatin and other community groups organize regular recreational opportunities that range from canoe rentals and trips to world class festivals. In 2009, the Giant Pumpkin Regatta on the Lake at the Commons was named the best festival in Oregon. Tualatin is also the home of the nation's oldest Crawfish Festival west of the Mississippi River. In addition to these signature festivals, numerous other events are held each year including weekly summer concerts and a local farmers market.

City of Tualatin - Exhibit No. 124

Herb Koss
22400 Salamo Road, Suite 106
West Linn, OR 97068

November 28, 2016

City of Tualatin
18880 SW Martinazzi Avenue
Tualatin, OR 97062

Subject: Zoning for 41 acres (Southern Border – Basalt Creek Parkway / Northern Border Victoria Gardens, West Border Grahams Ferry Road)

Dear Mayor Ogden, City Councilors, and Planning Staff:

I am the managing member of the LLC that owns the southernmost 10 acre parcel within the 41 acres described above. During my career I have been a banker, builder, real estate broker, and developer. Having been involved in many land purchases and developments, I never moved forward to either purchase or develop a parcel without obtaining other professional opinions before acquiring or developing a parcel of land.

As you are aware, I have retained the services of Don Hanson a senior planner with Otak, a well known planning and engineering firm. With Don's assistance we planned and developed a project in the city of West Linn named Cascade Summit. As a part of this project a shopping center and small office park was incorporated into the design. This was my first experience of grading costs and what it took to meet the American with Disabilities Act (ADA) standards. The good news was there was no rock on the site and the site was graded by cuts and fills from dirt within the 100-acre development. The result of the mass grading was successful, but costly since a lot of dirt had to be moved in order to level the site. Fortunately, we did not have to deal with basalt rock on the site. The development known as Cascade Summit is the location of the West Linn City Hall.

In response to the Washington County Road Department we have granted access to our land in order for them to survey and determine the future road grades for the extension of Basalt Creek Parkway. To our surprise I was informed that it will be necessary to lower the grade of the road along a good portion of our southern boundary 18 to 20 feet.

As the Basalt Creek study process has moved forward I have been working with Otak in order to determine the best plan for not only our 10 acres, but the remaining 41 acres, keeping in mind the that our land owners to east will need access to service any development potential of their land. In speaking with Don we decided it would be a good idea to get the opinion of other developers and contractors who have developed business centers.

City of Tualatin - Exhibit No. 124

City of Tualatin
Zoning for 41 Acres

Page 2

I then contacted Peter Bechen the CEO of PacTrust, Brian Clopton of Clopton Excavation, and Mike Diamond a commercial broker in the Portland area with extensive experience. Mr. Bechen assigned one a PacTrust vice president to visit the 41 acres and determine if they may be interested in developing the site. PacTrust as well the other letters pertaining to the 41 acres have been submitted to you and I understand are in your council packets.

Sherman Lietgeb, the property owner on the north end of the 41 acre site, and I have been in contact with all nine of the other owners of land within the 41 acres as well as many of the property owners to the east of the 41 acres. Every one of the land owners do not want an employment zone designation. The site is not in the right location for a professional office business park like Kruse Way or Center Point. Flex warehouse development requires expansive truck turning radius and fairly level topography. The 41 acre site does not meet these requirements. Staff points to the South Center development in Tualatin as an example. Don Hanson designed this site and the topography had far less slope, no basalt rock to deal with, and was built before the current ADA rules were in effect. Don has said that this project would not meet the ADA standards if a development application was applied for today.

In summary a residential zone, which will supply needed housing supply for the surrounding employment land is the highest and best use of this land. A residential zone will also allow for good access for the land owners to the east who need good access to their land. The current concept plan that Otak has prepared more closely meets Metro's job and housing goals and the trip count is neutral.

With all of the property owners desiring a residential zone, the site not conducive to employment zoning due to too many constraints and too much basalt rock a residential zone with a mix of low and high density is the best use of the land.

I would like your support to zone the 41 acres to a residential zone for the reasons that I have listed below:

- Topography- Slopes too steep for employment land
- Basalt rock, which will affect any mass grading- cost and feasibility
- Limited or no market for employment land on this site
- ADA requirements difficult to adhere too
- Provides good access through a residential neighborhood for land owners to the east
- **Metro Ordinance 04 -1040B --- states land north of the bypass should be residential**
"Council states that , so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)"
- 18 to 20 foot cut on the south end will greatly restrict any land for employment use
- Professionals in the business have stated the 41 acres are not suited for employment
- Transition between residential and existing neighborhoods to the north are far more compatible
- The land owners are 100% in favor of a residential zone versus employment zone
- Metro goals for housing and jobs are in balance more with a residential zone
- Tualatin is , as is the region, very short of land for housing

City of Tualatin - Exhibit No. 124

City of Tualatin
Zoning for 41 Acres

Page 3

- 329 acres (within one mile) of employment land is already available for development without the land proposed within the Basalt Creek Study area. Supportive land for housing is needed for this employment base.
- The request for a residential zone versus the staff recommendation is only a 3 to 5% change in the overall land use mix

Your designation of a residential zone for the 41 acres, which will provide good access for the land owners to the east, is requested for the reasons as outlined above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Herb Koss', written in a cursive style.

On behalf of Herb Koss

MEMORANDUM

Basalt Creek: Guiding Principles and Evaluation Criteria

TO: Basalt Creek Project Management Team (Cities of Tualatin and Wilsonville)

FROM: Leila Aman, Project Lead, Fregonese Associates

DATE: December 29, 2014

RE: Guiding Principles and Evaluation Criteria for the Basalt Creek Concept Plan

Purpose of Guiding Principles

Guiding Principles are intended to represent the collective interests and goals for the Basalt Creek planning area. The guiding principles provide a framework for gathering input and developing transparent and meaningful measures that can help inform the decision making process.

Purpose of Scenario Indicators

Indicators are the outputs of evaluation criteria which are created near the beginning of the scenario planning process. They generally reflect the guiding principles as well as previously adopted community goals. Indicators may also be related to new or emerging community goals or issues: such as transit access, housing costs, or air quality.

The indicators will be used during the development and evaluation of the scenarios within Envision Tomorrow to communicate the benefits, impacts and tradeoffs of different policy choices and investments. Using Envision Tomorrow, alternative scenarios are tested and refined, and then compared and evaluated based on their indicator performance. Indicators enable Envision Tomorrow users to tie the scenario results to the community values and guiding principles.

In practice, this approach not only allows the public to visualize their region's future, final plans created using our scenario planning process will come with a dashboard of indicators so policymakers can monitor their progress and make adjustments along the way, in concert with established guiding principles and long-term vision.

Guiding Principles

Qualitative Guiding Principles

1. Maintain and complement the Cities' unique identities

The cities of Wilsonville and Tualatin each have unique qualities that draw people to live and work there. Those qualities should be maintained and enhanced by development in the Basalt Creek planning area.

2. Capitalize on the area's unique assets and natural location

Development in the planning area should preserve and leverage the natural beauty of Basalt Creek by protecting key natural resources and sensitive areas while minimizing the negative impacts of new development. Recreation opportunities should be made accessible in the area through the creation of new open spaces and trails and integrating them with existing regional networks.

3. Explore creative approaches to integrate jobs and housing

Long distances between centers of employment and residential neighborhoods can cause long travel times, congestion and pollution. Planning for the Basalt Creek area should consider a range of methods (and the feasibility of those methods) for integrating residential and employment land uses to create more high quality living and working environments.

4. Create a uniquely attractive business community unmatched in the metropolitan region

Planning for the Basalt Creek area should capitalize on its unique assets - the location of the planning area near the center of one of the region's largest clusters of employment land, projections for rapid employment growth in the local market, and superior access to major transportation routes (I-5, I-205 and Highway 217) – to facilitate development of high quality employment facilities and opportunities that will benefit both the local and regional economies.

5. Ensure appropriate transitions between land uses

While integration of housing and employment can enrich a community, there remains a need for physical separation between uses that might negatively impact one another. Land uses should be arranged within the study area to minimize these impacts, such as excessive noise, traffic, nighttime light, or air pollution. Use of buffers to mitigate auditory, aesthetic, and safety impacts may include swaths of vegetated land, sound walls, or commercial development (among others).

Quantitative Guiding Principles

Associated measures from Envision Tomorrow and other quantitative analysis that will be conducted as part of the concept planning process are described.

6. Meet regional responsibility for jobs and housing

Population and employment forecast performance

Using output from the Envision Tomorrow scenario modeling tool added jobs and housing units will be compared back to the regional forecast estimate (from Metro's Gamma model) for jobs and households within the planning area.

7. Design cohesive and efficient transportation and utility systems

Evaluation of Wet Infrastructure

Aggregate water and sewer requirements will be developed for each of the three (3) alternatives. A comparison will be provided indicating required capacity and potential infrastructure elements based on each alternative land use plan and the existing systems inventory.

Performance of transportation systems

Motor vehicle transportation system for each of three alternatives will be evaluated including the development of future year 2035 PM peak hour volumes using a focus-area travel demand model. Intersection operation analysis (level of service and v/c ratios) based on the forecasted 2035 PM volumes will be conducted using Synchro.

Internal water consumption and Landscaping water consumption

Water consumption has a major impact both financially and environmentally. Water bills can make up a large proportion of household or business utility costs, and excessive water consumption can put a strain on water supplies and infrastructure, especially in regions with water scarcity. Anticipated domestic and irrigation water consumption by residential households and commercial or industrial businesses will be estimated based on existing usage patterns within Tualatin and Wilsonville."

8. Maximize assessed property value

Building value and local revenue

Adding new housing and employment space to a community brings additional tax revenue that can be used for new infrastructure and services to support new and existing residents and businesses. Different scenarios can produce different amounts of tax

- revenue (property tax, sales tax and transportation impact fee (TIF)) due to the differing values of particular building types and locations. .

9. Incorporate natural resource areas and provide recreational opportunities as community amenities and assets

Percent of Natural Area Protected within the planning area

Types of natural areas to be considered for protection from development include:

- Wetlands and Floodplains
- Metro Title 3 Lands
- Metro Title 13 Lands

Some development may occur in these areas. However, the proportion of total development planned for non-environmentally sensitive areas should be maximized in order to preserve habitat, ecosystem services, open space, and recreation opportunities in the planning area.

Environmentally sensitive lands are identified and described in the Basalt Creek Existing Conditions Report.

Total jobs allocated to prime flat industrial lands within the planning area

The largest proportion possible of new jobs forecasted for the planning area should be allocated to lands identified as suitable for industrial and/or office development, one factor of which is the absence of sensitive environmental features and constraints.

Land suitable for industrial and/or office development is identified and described in the Basalt Creek Existing Conditions Report.

Acres of impervious surface

Impervious surface can have a negative impact on the health of a region's waterways. Instead of soaking in and filtering through the soil, rainwater runs off impervious surfaces, washing many polluting substances such as pesticides and oils into streams and other aqueous habitats. Increasing impervious surface runoff also increases the volume of runoff, and the speed which the water is delivered to streams, resulting in higher peak flows.

City of Tualatin

Exhibit No. 126

Peter Watts

From: Peter Watts
Sent: Sunday, February 12, 2017 12:42 PM
To: 'council@ci.tualatin.or.us'; 'council@tualatin.gov'
Cc: 'slombos@ci.tualatin.or.us'
Subject: Testimony for Monday's Work Session
Attachments: POW-20170211-183942.pdf; POW-20170211-184052.pdf

Dear Mayor Ogden, Members of the Tualatin City Council, and City Staff,

I, along with others, own land North of the planned Basalt Creek Parkway, and East of Grahams Ferry Drive. I am writing this letter solely on my own behalf, specifically to provide background information, address the report provided to Washington County by McKenzie, and also provide information from local experts who have walked the site, so that you can make the best possible determination regarding the most appropriate designation of the land.

Executive Summary

Don Hanson of OTAK, and Tony Weller of CES NW, have both provided letters stating significant reservations with the feasibility of developing this site as employment land, and provided detailed analysis of topographic and access limitations associated with the site, for your review. The letter from Tony Weller succinctly describes the issues with the McKenzie Report and the site in two pages.

Ken Leahy of Ken Leahy Construction, and Brian Clopton of Brian Clopton Excavating, both who have significant experience providing site preparation in the region, have walked the property, and believe that site preparation for the large building footprints required by employment designations, will be cost prohibitive due to the site slope and basalt rock soil.

Eric Sporre of PacTrust believes that there is an inability to develop industrial or flex buildings based on the site topography and soil conditions. Mike Diamond of the Real Estate Investment Group opined that the site was unlikely to develop as industrial or flex space because of the inability to provide large drive access for truck loading and turning radius. He also determined that office park use was not feasible, because the steep topography would have a negative impact on the proximity of parking and could pose an issue with American's Disabilities Act requirements. In short, all of the experts, were in agreement that there were significant issues with ever developing the property as employment land.

Although, McKenzie provided a report to Washington County, that the land could be feasibly developed as employment land, that report was based on a series of assumptions regarding site access, road construction, and zoning on the northern portion of the property, that will not occur under the current plan. Washington County staff has confirmed that the access off Basalt Creek Parkway, and the north south Kinsman road, will not be built. Both, Don Hanson and Tony Weller, have provided letters based on the most recent Washington County data, that contradict the conclusions reached in the McKenzie report.

Despite that the Basalt Creek planning area was brought into the UGB for the primary purpose of providing employment land, Metro has confirmed that there is no prohibition in the findings for non-employment designations. John Fregonese has confirmed that even if the subject property was zoned residential, the employment capacity for the planning area, will still far exceed Metro's estimates by 1,000, or more.

Background Information And Why We Are Here Today

City of Tualatin

Exhibit No. 126

Although, I have significant experience representing both jurisdictions and developers in land use matters, I have never previously experienced the process from the perspective of a land owner, so this has been an eye opening experience. At the time that I decided to invest as a part owner in one of the subject properties, I did due diligence by looking at satellite images, reviewing the plans prepared by the cities and John Fregonese, and driving to the site. I didn't, however, walk the site, because of extremely bad weather.

I believed based on my review of the planning materials that the site would develop as employment land, and am very familiar with the regional needs analysis. In short, I did what everyone else did which was look at it from a bird's eye view, instead of on the ground.

At the time of my ownership, the most pressing issue was the boundary between the two cities. There seemed to be a logical boundary between Tualatin and Wilsonville, at Basalt Creek Parkway. I met with staff from Wilsonville to discuss the boundary, as well as Wilsonville's vision for mirror image zoning, which I believed, at the time, was feasible, and would work.

It was only when winter turned to summer, that I actually walked the property. What was not obvious from satellite imagery, or from the road, was immediately apparent, when I was on the ground. There are significant slope issues with the property and the adjacent properties, and there was very little topsoil, and a lot of rock. I am familiar with the impact of topography and soil conditions through my past representation of the former city of Damascus, and this property did not seem well suited for the large footprints necessary for an employment designation.

After discussions with Herb Koss, we contacted adjacent property owners, and received their permission to have experts look at the parcels of property as a whole, to help determine feasibility. At that time, concerned whether there was a prohibition on non-employment land zoning, I had preliminary discussions with Metro staff regarding whether there had been a requirement that the land be zoned employment, when it was brought into the UGB.

Metro's land use attorney, Roger Alfred, and I, both reviewed the findings and determined that although there was a strong desire for employment land, an orderly transition from residential to employment was contemplated at all times during the process. There is nothing in the findings that prevents a residential designation. This is particularly true if the factors on the ground do not support an employment designation. With that information and the consent of adjacent land owners we moved forward with the process of bringing in experts for site suitability analysis.

Preliminary Analysis From Experts And Washington County's Letter Opinion From McKenzie

Herb Koss arranged for Don Hanson from OTAK to analyze the site for slope issues and potential zoning, and he has previously submitted materials regarding his findings. (*See attachment 1*) Brian Clopton, of Brian Clopton Excavating submitted a letter on November 18, 2016 regarding the soil conditions and topography. (*See attachment 2*) Eric Sporre of PacTrust submitted a letter on November 14, 2016 regarding the inability to develop industrial or flex buildings based on the topography. (*See attachment 3*)

Mike Diamond of the Real Estate Investment Group submitted a letter on November 21, 2016 opining that the site was unlikely to develop as industrial or flex space because of the inability to provide large drive access for truck loading and turning radius. (*See attachment 4*) He also determined that office park use was not feasible because the steep topography would have a negative impact on the proximity of parking and could pose an issue with American's Disabilities Act requirements. In short, all of the experts, were in agreement that there were significant issues with ever developing the property as employment land.

Don Hanson shared Mike Diamond's concerns regarding compliance with ADA standards. He noted that the site that Washington County used as a comp, South Center, which was designed by OTAK had half the slope of the subject site, and could not be built under current ADA standards. (See page 1 of attachment 1)

City of Tualatin

Exhibit No. 126

At the same time, Mayor Ogden, and staff, asked John Fregonese for his opinion. He expressed reservations regarding the employment designation, and believed that it would be better suited as residential land. This, and other data, prompted Washington County to hire McKenzie to provide a letter opinion.

Upon receiving a copy of the McKenzie Letter, I had significant concerns that their report regarding feasibility was predicated on four inaccurate assumptions. Specifically:

1. The McKenzie letter contemplated access off of Basalt Creek Parkway, and did not take into account the 18-20 foot curb cut off of Basalt Creek Parkway (Washington County Project Manager, Renus Kelfkens, confirmed via email on 2/1/17 that the only access onto Basalt Creek Rd., will be from Grahams Ferry Rd., and Boones Ferry Rd., and that there will likely be an 18-20 foot curb cut); (*See Attachment 5*)
2. The McKenzie letter contemplated Kingsman Rd., as a North South connector, allowing truck access to the southern portion of the site (Washington County Planner Erin Wardell confirmed via a phone call to Herb Koss on 2/9/17 that this road had been deleted over a year ago);
3. The McKenzie letter contemplated an Employment designation in the northern quadrant of the property, despite the fact that it has been designated by the city as residential transition;
4. The McKenzie letter did not rely on site specific geotechnical conditions or topography, relying on regional mapping instead (Todd Johnson confirmed that they had not used site specific data via email on 2/10/17) (*See Attachment 6*)

I have had discussions with Gabriela Frask, who prepared the McKenzie report, and learned that she was not provided with the site transportation access information, nor was she aware that the northern portion of the property, which is relatively flat, was planned as residential transition. She was also unaware that Kinsman Rd., was deleted from the area planning approximately a year ago. Additionally, Washington County did not authorize a site visit, within her scope of work, which I believe negatively impacted her ability consider other factors impacting feasibility. Regardless of the skill of an individual planner or agency, their work can only be as accurate as the information that they rely upon, and in this case I believe that Gabriela and McKenzie did not receive sufficiently detailed information to assess the property as accurately as possible.

Expert Opinions and Assessment of the McKenzie Letter

We asked Tony Weller of CES NW, to consider the Tualatin staff reports, McKenzie Study, email from Washington Co., regarding access, the DKS preliminary profile of the extension of Basalt Creek Parkway, and the OTAK Basalt Creek Concept Plan. In a comprehensive letter dated February 10, 2017, he opined that while the northerly third of the site is very developable as employment land, almost half of that property is reserved for residential use. And, that the deletion of the planned Kinsman Road, eliminates the only at grade potential access coming from the southerly portion of the site. The plateau portion of the property is surrounded by steep slopes of over 10% and over 20%. He further opined that neither access point can provide a secondary access to the plateau area which is a negative for both traffic flows and emergency access. (*See Attachment 7*)

Ken Leahy of Ken Leahy Construction Inc., was asked to provide a more comprehensive look at site preparation costs. He provided his opinion, in a letter dated February 10, 2017 that the cost of site preparation will exceed \$5.00 per foot. (*See Attachment 8*)

Don Hanson, of OTAK has provided a letter, and marked-up the McKenzie map based on the actual location of Basalt Creek Parkway, the lack of access off of Basalt Creek, the elimination of Kinsman road, and the residential designation at the top of the property. The result of those additional facts, eliminates a significant portion of the property that McKenzie deemed developable. (*See Attachment 9*)

Additionally, I have included a map that combines the McKenzie Plan with the residential zone and topographic map. (*See Attachment 10*)

City of Tualatin

Exhibit No. 126

Their letters are attached for your review.

A Summary of Relevant Data

With so many different letters from various experts, and communications from owners, neighbors, and other jurisdictions, over the last six months, it can be hard to keep track of the relevant information. So, I would offer the following:

1. Metro's own benchmark for employment land contemplates a slope of less than 10%, with less than 5% preferred. This site has slope in excess of 20% throughout;
2. PacTrust has provided a written opinion that the topography and basalt soil of the site mean it can't be feasibly developed for employment purposes;
3. OTAK has indicated in writing that the comparable property that Washington County used in their analysis, had half as much slope as this site, and could not be built under current American's with Disabilities Act rules/regulations;
4. Site preparation specialists in the area confirm the high cost of site preparation, due to soil conditions. The amount of blasting that can occur on this site is compromised by the high capacity power lines that bisect the site;
5. There is no access off of Basalt Creek road, and the deletion of Kinsman Road directly, and negatively impacts truck circulation on the southern portion of the site;
6. The northern portion of the site, adjacent to the existing neighborhood is currently planned to be zoned residential, contrary to what McKenzie's renderings show, and that designation has a major impact on the large footprint, employment, buildings that can/cannot be constructed. OTAK believes that only 11% of the site can be feasibly constructed as employment;
7. A residential designation and orderly transition to employment/industrial was always contemplated adjacent to the existing residential neighborhood, and is allowed under the findings that brought the Basalt Creek area into the UGB.
8. The county believes that an 18-20 foot curb cut, will be necessary on Basalt Creek Parkway. That curb cut means that the mirror image view that Wilsonville contemplated cannot occur. The view will either be of a graded slope or a 20 foot retaining wall.

Conclusion

Although, the primary purpose of the Basalt Creek UGB expansion was to bring in employment land, the on ground conditions on this property don't support that designation. During the thirteen year period since this land was brought into the UGB, there has been a trend of locating workforce housing close to employment lands to lessen commute time to work, and there are other lands in the Basalt Creek Planning Area that are zoned residential.

John Fregonese was asked if this property was needed for employment capacity. His response was that if the subject property was zoned residential, the employment capacity for the planning area, will still far exceed Metro's estimates by 1,000, or more. In short, this land does not need to be zoned employment in order for the planning area as a whole to exceed Metro's employment capacity estimates.

Thank you for your time and consideration.

Peter

Peter O. Watts |
Jordan Ramis PC | Attorneys at Law
Direct: 503-598-5547 Main: 503-598-7070

CITY OF WILSONVILLE ARBITRATION BRIEF

TO: Arbitrator Martha Bennett, Metro Chief Operating Officer

FROM: Barbara Jacobson, City Attorney for the City of Wilsonville

DATE: March 7, 2018

RE: City of Wilsonville Arbitration Brief
Central Subarea, Basalt Creek Planning Area

Wilsonville appreciates Metro's willingness to resolve the dispute between the City of Wilsonville and the City of Tualatin regarding the appropriate land use designation for an approximately 52 acres of land known as the Central Subarea, located within the Basalt Creek Planning Area.

Issue Before Metro for Arbitration:

As noted by Metro staff member Brian Harper, in his February 21, 2018 Staff Report Regarding Basalt Creek Planning Area ("Metro Staff Report"), the sole issue to be determined by Metro is whether the Central Subarea should be designated as residential land, as it was recently unilaterally re-designated by Tualatin; or should remain designated as Manufacturing Park, as originally designated and agreed upon by Wilsonville, Tualatin, and Washington County. Metro staff recommends staying with the Manufacturing Park land designation. Wilsonville agrees with Metro staff. The map attached hereto as **Exhibit A** illustrates the previously agreed upon land use designations for all of Basalt Creek, including the Central Subarea, which is shown within the Manufacturing Park designation. The map attached hereto as **Exhibit B** illustrates the previously agreed upon land use designation for all of the Basalt Creek Area, except for the Central Subarea, which is marked to show Tualatin's new proposed residential designation.

Arbitration Process:

The arbitration process is set forth in the Metro Staff Report and is agreed to by Wilsonville.

Background Facts:

The Metro Staff Report does an excellent job of summarizing the Basalt Creek Planning process and the work of both cities, the County, and Metro staff to reach agreement on a "Preferred Alternative" for the Basalt Creek Concept Plan, including all of the land use designations and the jurisdictional boundary between the cities. As additional background, a white paper prepared by the City's Community Development Director and City Engineer, entitled Update – Basalt Creek Planning Area, 2000-2017 (August 17, 2017) ("White Paper"), outlines the lengthy planning process that staff from both cities, Metro, and the County went through, looking at five different land use options before unanimously agreeing to Option 5. See **Exhibit C**, attached hereto, for the full report.

After several Joint Council meetings, public open houses, extensive research, and negotiations, agreement was reached in December 2015 at a Joint Tualatin/Wilsonville City Council meeting, based upon an agreed set of Guiding Principles, to move forward with Option 5 as the Preferred Alternative for the Concept Plan, which sets forth the agreed upon land use designations for the Basalt Creek Planning Area, as well as the jurisdictional boundary dividing the land between Wilsonville and Tualatin. While the selected Option 5 reduced the amount of acreage that would have otherwise gone to Wilsonville, it was agreed to by Wilsonville based solely upon Tualatin's appeal for more industrial land because Tualatin had already set aside a substantial amount of the land within its proposed boundary for residential development. A high priority for Wilsonville's City Council was to preserve the complementary clustering of employment lands on both sides of Grahams Ferry Road and the Basalt Creek Parkway, keeping a good distance from residential areas. Had there been any indication from Tualatin that it might try to convert the Central Subarea to residential use, destined to create conflict with the adjoining Wilsonville designated industrial/employment land and the future limited access freight arterial Basalt Creek Parkway, Wilsonville would never have agreed to the Option 5 boundary.

What happened to cause the two cities to go from agreement on the Preferred Alternative to total disagreement over the land use designation for the Central Subarea, requiring Metro to step in to arbitrate the dispute? The answer: a proposal from a single land use developer. In November 2016, a landscape architect consultant from OTAK presented a proposal on behalf of its client, who owned a parcel within the Central Subarea. The proposal suggested that Tualatin should replace the Manufacturing Park designation for the Central Subarea with a more profitable and easy to market residential land use designation, understanding that a residential designation would offer a higher and faster personal return on investment for the landowners. Their arguments for re-designation as residential land, however, were not supported by any form of land use suitability study but rather developer and paid consultant assertions.

As a result of this new, last minute developer-led effort to thwart the agreed upon Option 5 plan and Guiding Principles, Washington County commissioned an independent consultant, MacKenzie, to perform a land use suitability analysis for the Central Subarea in order to further analyze slope and environmental constraints, and to determine whether the land was suitable for industrial/employment uses. This independent professional engineering and geological study concluded that the Central Subarea was, in fact, suitable for industrial/employment uses, including, but not limited to, flex business-park, office, campus, manufacturing, and commercial support services consistent with the City of Tualatin Manufacturing Park zoning classification. The private developer and landowners, however, were not deterred by this report and successfully convinced the Tualatin City Council, at its February 13, 2017 meeting, to direct staff to unilaterally change the Concept Planning partners' unanimously agreed upon Manufacturing Park designation of the Central Subarea to a residential land use designation, without notice to or discussion with Washington County or Wilsonville.

Shortly thereafter, some of the Central Subarea landowners, developers, and consultants attended a Wilsonville City Council meeting in an effort to convince Wilsonville to concede to Tualatin's change to a residential designation. Wilsonville City Councilors listened to property owner concerns about whether industrial development was possible within the Central Subarea, how long it would take, and the fact that industrial land prices are less than residential land prices in the current real estate market. What was lacking from the testimony offered, however, was any reliable, professionally gathered data or analyses. What was presented was landowner assertions that their properties, which have never been zoned anything but agricultural, would be devalued if a residential designation was not applied.

Despite the lack of any credible independent evidence being presented to support their assertions, Wilsonville did hear the citizen concerns and therefore wanted to make sure that the Central Subarea land is suitable for industrial/employment development and, if so, the types of industrial developments it could accommodate. Wilsonville City Council thus directed staff to hire an independent professional engineering and geotechnical firm to study the area in more detail and prepare a full report, including actual renderings and layouts of the types of industrial developments that could be achieved within the Central Subarea, if any.

KPFF Consulting Engineers was retained by Wilsonville to perform a thorough analysis of industrial development viability within the Central Subarea. The KPFF study, entitled *Basalt Creek Concept Plan – Feasibility Study*, attached hereto as **Exhibit D**, determined the land was well suited to a variety of industrial/employment uses and suggested, as examples, three different industrial development scenarios, all three of which, it opined, would be viable for the Central Subarea.

Argument:

As noted above, the City of Wilsonville agrees with the analysis prepared by Metro staff, on page 4 of its memo, outlining four broad reasons why the change to a residential designation for the Central Subarea, as proposed by Tualatin, is problematic. Wilsonville, however, will go a step further and state that the residential designation proposed by Tualatin is more than problematic; rather, the proposed designation threatens the entire outlook for any meaningful industrial development in Basalt Creek and is inconsistent with Metro's Title 4 map goal. Even though Wilsonville is fully committed to designating 100% of the Basalt Creek land within its boundary to industrial/employment development, a residential development in the Central Subarea, that would almost certainly precede industrial development, could cripple or even prevent industrial development potential for the bulk of Basalt Creek, including the lands on the Wilsonville side.

In addition to the above, the following are Wilsonville's primary arguments as to why the Central Subarea must remain classified as industrial/employment land in order to meet Metro's industrial lands and employment goals for the region.

1. Benefit of the Region.

Metro's original intent in bringing the Basalt Creek Planning Area into the Urban Growth Boundary and allowing Washington County, Wilsonville, and Tualatin to bring in the land area for development was to provide for additional industrial/employment land. As indicated in the Metro staff report, all of the Basalt Creek land is designated as an employment area on Metro's Title 4 map and this designation was adopted without legal challenge.

On the other hand, during the above land designation process, there were no goals articulated to provide for additional residential land in the Basalt Creek area. During the concept planning process, however, Tualatin was able to convert arguably the most valuable parcel of flat, highly visible land to residential use, rather than retaining the industrial designation identified by Metro's 2004 Industrial Land Alternative Analysis Study and Urban Growth Boundary (UGB) decision. Because this part of the planning area is separated from the Wilsonville industrial lands, and Tualatin made a commitment to leave the balance of the land bordering Wilsonville designated as manufacturing/employment, Wilsonville, Washington County, and Metro staff did not object to this residential designation by Tualatin. See **Exhibit A**, note the land fronting I-5 marked as Medium-Low Density Residential.

As it now stands, without removing the Manufacturing Park designation from the Central Subarea, Tualatin is already allocating 91 of its 194 Basalt Creek developable acres to residential use, which equates to **47%** of its share of land that was originally intended as industrial/employment land. Not only that, but that acreage designated as residential is the flattest, and most visible to I-5, acreage of the entire Basalt Creek Area and, therefore, the most suitable land for industrial uses. Thus, it is ironic that Tualatin is now arguing the Central Subarea should be converted to residential because it is not well suited to industrial development. If that were the case, why did Tualatin not propose the flat land fronting I-5 for their industrial use, rather than designating it as residential? Trying to now make the Central Subarea a residential designation by claiming it is less suitable for industrial use than the highly suitable employment land they have already designated as residential is inconsistent and disingenuous.

If Tualatin is allowed to also convert the Central Subarea to a residential designation, and the current residential designations are also maintained, Tualatin's percentage of land used for residential purposes in the Basalt Creek Planning Area will be **65%** of all its total allocation of the Basalt Creek land, including a portion of land Wilsonville would have otherwise been entitled to claim for employment uses but for Tualatin's appeal for more industrial land. Again, this is inconsistent with the Title 4 map, the agreed upon Guiding Principles for the Concept Plan, and Wilsonville's only reason for agreeing to give Tualatin more land through Option 5 (the Preferred Alternative).

Wilsonville, on the other hand, has stayed true to Metro's regional goals and has allocated **100%** of its lesser share of Basalt Creek Planning Area acreage to industrial/employment development. Unfortunately, even though Wilsonville has done so, if its share of the land is allowed to be bordered by or in close proximity to residential land, the likelihood of it ever being developed for industrial/employment uses is severely diminished due to incompatibility issues that arise when industrial land and traffic is located in close proximity to residential neighborhoods.

Planners study adjacency to ensure compatible uses and prevent negative consequences. Development patterns that place residential neighborhoods in close proximity to industrial land more often than not result in significant complaints from residents concerning noise, pollution, and safety. What happens across the street, whether it is in the same city or a different city, will have either positive or negative impacts on industrial development. Wilsonville does not support residential uses along the Basalt Creek Parkway and across from its land designated for industrial uses and manufacturing parks.

Adjacency and land use compatibility is of particular issue with a residential designation for the Basalt Creek Central Subarea, as it is adjacent to and one corner of the prime intersection (Grahams Ferry Road and Basalt Creek Parkway) for this Basalt Creek business district. As our region has learned in the past, noise, pollution, and equity concerns should raise serious questions as to why a residential neighborhood would be planned adjacent to a major arterial and freight route.

Wilsonville and Tualatin set out to plan the Basalt Creek Planning Area in a cohesive way and in the regional context as a Regionally Significant Industrial Area (RSIA). The regional, long-term planning associated with new areas added to the Urban Growth Boundary is critical, as it creates predictability for the local jurisdictions, landowners, and others. It is important to acknowledge all of the regional, long-term planning that has preceded this point in the planning process, as outlined in Metro's staff report, and changing directions at this point in the process sets a precedent for the

unpredictable and the ability for parties to argue Metro's land use designations anywhere in Urban Growth Boundary areas.

2. Infrastructure Planning and Investment.

As noted by Metro staff, the Central Subarea is located immediately south of the previously proposed "south alignment," identified by Metro Council findings as serving as the buffer between residential development to the north and industrial development to the south. Wilsonville agrees that land south of the buffer, which would include the Central Subarea, should maintain an industrial/employment land use designation.

Metro staff also discussed the completed Basalt Creek Transportation Plan, which developed a transportation infrastructure plan for the Basalt Creek Planning Area based on the RSIA designation. As noted by Metro staff, extremely expensive infrastructure is planned to create an arterial and freight route through Basalt Creek, along the Basalt Creek Parkway, which directly borders the south end of the Central Subarea. As noted in the Metro staff report, Metro and Washington County estimate that more than 65 million dollars has already been spent on the planning and construction of this regionally important roadway as a limited access arterial, intended to provide a faster more fluid connection for truck traffic to I-5 and relieve the burden currently placed on Tualatin Sherwood Road and Tualatin Town Center. The road was not built for, and was never intended to be compatible with, residential use by families and school buses that would necessarily have to compete with the truck traffic when picking up and dropping off children from the Central Subarea in order to get them to school in Sherwood, which is the only designated school district for the Central Subarea.

3. The Central Subarea Is Not Suited for Residential Development.

Metro, cities, and counties are tasked at looking long-term in order to plan and approve development in a way that ensures a livability for all residents, now and into the future. It is government's responsibility to look out for the welfare of all citizens, not a select few. This remains true as cities contemplate and plan for needed and affordable housing. Allowing a housing development to take place in a planned industrial area, along an arterial built at great expense to the region and specifically designed for truck traffic and in close proximity to a prison, is not a sound decision. Additionally, and importantly, the Central Subarea's designated school district, if residential, is Sherwood, which is a considerable distance from the Central Subarea, involving daily long bus rides or car trips. Such planning is inconsistent with fair housing and environmental justice principles. Locating residential uses in this area raises significant concerns related to potential noise, traffic, vibration, pollution, exposure to emissions, long distance from schools, and other environmental impacts that run counter to recent efforts to restore environmental justice and social equity.

While there are a handful of developers and landowners who could profit from the Central Subarea being designated as residential, in the long run it is the residents who unwittingly buy into a developing industrial area, as well as the region that depends on the creation of jobs and generation of revenue from industry, who will suffer for the short term profit of a few. The landowners in question have no legal right to demand a residential designation, and Metro has an obligation to look at what is best for the region, not a handful of private developers.

Allowing residential development in this area will not only have a detrimental effect on the homeowners who unwittingly invest in a home located in close proximity to a freight route and an area

planned for industrial development, but it will also have a dramatic detrimental impact on the industrial development this Basalt Creek Planning Area was aimed at achieving. As outlined by Metro staff, the insertion of a residential community in the heart of the planned, but yet to be developed, industrial area is almost certain to stall the very industrial development for which this area was planned. While industrial developers are not afraid of working with a slope or some Basalt rock, what they do fear, and try to avoid at all costs, are the outcries of residents who loudly object to the truck traffic and perceived noise, air pollution, and dangers to their children when industrial development attempts to locate in close proximity to residential neighborhoods. Allowing the Central Subarea to be designated as residential will certainly detract from the industrial viability of the entire Basalt Creek area for the region, not to mention the direct loss of industrial/employment acreage within the Central Subarea itself.

4. The Central Subarea Is Well Suited for Industrial/Employment Development.

While nobody disputes the fact that most of the remaining regional industrial land is not the pristine flat land that was once available (excepting the northeast piece Tualatin has already proposed as residential and to which the partners have not objected), industrial developers are well adapted to dealing with the challenges that come from land that is not perfectly flat or rock free. Were industrial developers not able to work on less than perfect sites, many highly successful industrial and employment developments within the region would have never taken place.

The number of successful industrial/employment developments located on challenging sites are too numerous to mention, but here are a few noteworthy examples: Fed Ex, Amazon, and others elected to locate on a Troutdale superfund site with significant water pollution issues, including lack of potable water, as well as frequent weather challenges for truck traffic; the highly successful Bridgeport Village is built over a former rock quarry that obviously needed significant controlled fill, grading, and rock removal; the Nyberg Woods development is located on land that was sloped, of uneven terrain, and replete with giant boulders; there were numerous physical, slope, and environmental challenges to develop the Tigard Triangle, which is now almost fully and successfully developed; the entire OHSU campus is located on a slope so steep it now includes access via a Tram; the new Beaverton High School is located on a site that contained a severe slope and required extraordinary regrading. These successful recent developments are examples that demonstrate the Central Subarea's moderate slopes and geologic conditions do not render it unsuitable for any development, except residential development.

To the contrary, numerous studies have been done by experts, all concluding that the Central Subarea is well suited to industrial development. Those studies include the KPFF study, discussed above and marked as **Exhibit D**; the Land Suitability Analysis completed by Frego, marked as **Exhibit E**; the Basalt Creek Concept Plan Market Analysis prepared by Leland Consulting Group, marked as **Exhibit F**; and the MacKenzie study, discussed above, entitled *Washington County Basalt Creek Employment Site Evaluation (January 2017)*, commissioned by Washington County when efforts to change the Central Subarea to a residential designation were first initiated, which is attached as **Exhibit G**.

On the other side of the argument for residential development and against industrial development is a report by OTAK, the paid consultant of the developer seeking to have the Central Subarea re-designated as residential, which is attached as **Exhibit H**. This report includes letters from a handful of developers, real estate agents, and contractors, prepared at the request of OTAK, effectively stating

a portion of the Central Subarea land has some challenges and that there are several sites in the area more appropriate for industrial development, without naming any of them. In response to that submittal, the City will acknowledge, as noted above, one large format warehouse may not be the ideal industrial development for this location, but large warehouses are not a primary focus for the Basalt Creek area, in that there are already numerous warehouses in the area and they do not tend to create the greater employment numbers and higher paying wages planned for in this area and called for in the adopted Guiding Principles of the Plan. By contrast, please see the industrial campus development options outlined in the KPFF report (**Exhibit D**).

Following receipt of the OTAK submittal and a PacTrust letter (included in OTAK material), Wilsonville staff invited a senior development manager from Trammel Crow, one of the oldest, largest, and most respected developers of and investors in commercial and industrial developments, to tour the Central Subarea with Wilsonville staff. His analysis was that a parcel the size of the Central Subarea in the prime location of the Central Subarea, adjacent to the Basalt Creek Parkway, with the amount of relatively flat land at the upper end of the site is a rare industrial find that more than compensates for the fact that there is slope, as well as rock, at the lower portion of the site that would require more substantial grade and fill work. He asked to be notified when the property becomes available.

5. Lost Sight of Guiding Principles.

All of the parties, including Washington County, have agreed that Tualatin and Wilsonville are at a stalemate on the land use designation that should be applied to the Central Subarea. What Washington County, Tualatin, and Wilsonville did formally agree to, however, early on in this process, were Guiding Principles that were intended to represent the collective interests and goals for the Basalt Creek Planning Area and serve as the foundation for the Basalt Creek Concept Plan. The intent of the Guiding Principles was to provide a framework for gathering the information and input needed to make planning decisions that benefit not only each individual city and the County, but also the region.

While all of the Guiding Principles are important for the optimal development of the Basalt Creek Planning Area as a whole, there is one particularly applicable to the issue before Metro that was ignored by Tualatin when it determined to reverse the previously agreed-upon industrial/employment land designation for the Central Subarea and unilaterally voted to re-designate it as residential. That lost Guiding Principle reads, in pertinent part, as follows: “5. *Ensure appropriate transitions between land uses. While integration of housing and employment can enrich a community, there remains a need for physical separation between uses that might negatively impact one another. Land uses should be arranged within the study area to minimize these impacts, such as excessive noise, traffic, nighttime light, or air pollution....*”

Although Guiding Principle 5 is the one most glaringly at odds with the Tualatin proposal, many others are not supportive of it either. A full list of the Guiding Principles is attached as **Exhibit I**.

Request for Decision:

All of the parties have agreed that, given the inability of the two cities to agree upon a designation for the Central Subarea, Metro is the most appropriate party to make the decision and that both cities and the County agree to abide by Metro’s decision. This is not a case where the cities or the arbitrator can “split the difference” and make it half industrial and half residential. The industrial/employment

designation requires the full acreage to be successfully developed, and a residential designation requires more buffer, not less, from adjoining industrial development.

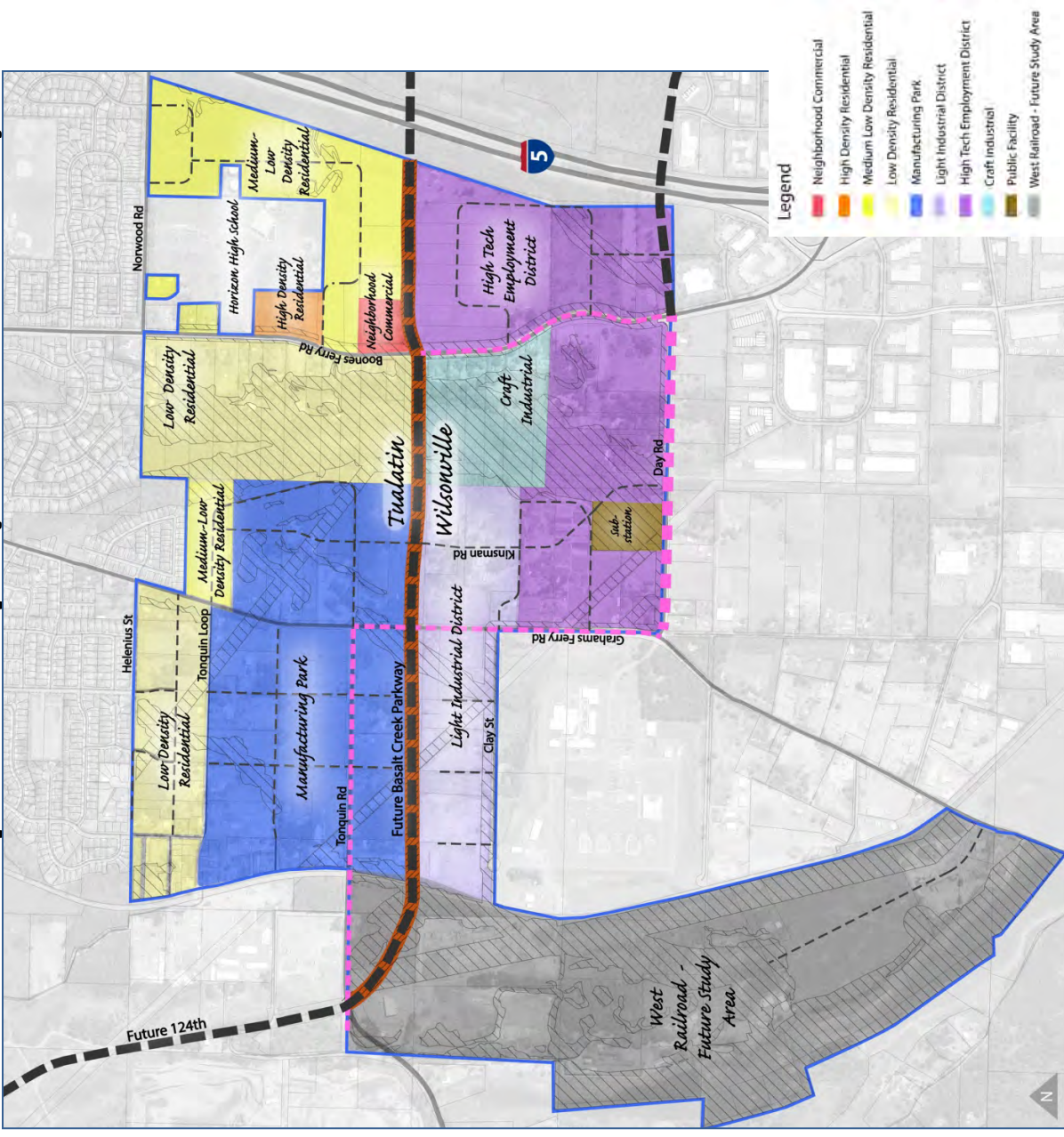
As was made clear by the Court of Appeals decision in *City of Sandy v. Metro*, 200 OR App 481 (2005), a city's authority to determine location of industrial zones and to enact enabling legislation must yield to Metro's authority to enact ordinances that require a city to conform to Metro's direction. *Id.* at 482. Metro enacted such an ordinance when bringing the Basalt Creek Planning Area into the Urban Growth Boundary as part of addressing an industrial land shortage identified through the 2004 Urban Growth Report and designating the land as a "RSIA"- Regionally Significant Industrial Area. In the dispute at hand, Washington County, Wilsonville, and Tualatin have all acknowledged Metro's authority as the final decision maker for the land use designation of the Central Subarea and have, in fact, asked Metro to step in to resolve the dispute. Furthermore, the County and both cities have agreed to stand by, defend, and implement Metro's decision with respect to the Central Subarea. *See Intergovernmental Agreement Between Metro, Washington County, And The Cities of Tualatin and Wilsonville Seeking A Binding Non-Appealable Decision From Metro Council Concerning One Area, The Central Subarea, Of The Basalt Creek Planning Area.*

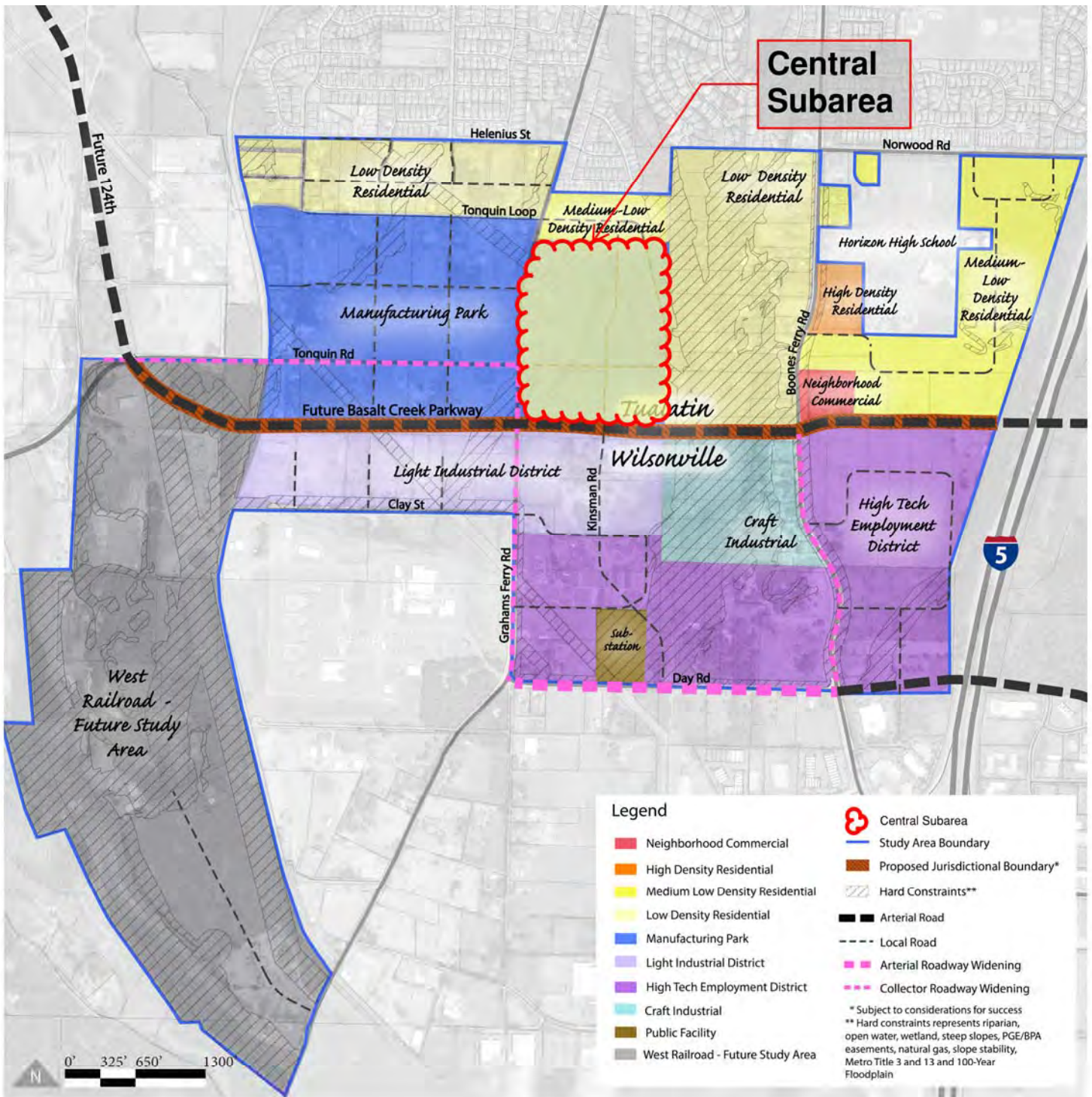
Therefore, based upon all of the foregoing reasons, and as aptly and succinctly recommended by Metro staff in the Metro Staff Report, Metro should determine that "the Central Subarea move forward with the previously agreed upon Manufacturing Park designation." *Metro Staff Report*, p. 4.

Attachments:

- Exhibit A: Map showing Central Subarea as industrial
- Exhibit B: Map showing Central Subarea as residential
- Exhibit C: White Paper: Update – Basalt Creek Planning Area, 2000-2017
- Exhibit D: KPFF's Basalt Creek Concept Plan – Feasibility Study
- Exhibit E: Existing Conditions Report, Section 5: Commercial, Industrial & Residential Real Estate Markets, by Fregonese Associates
- Exhibit F: Leland's Basalt Creek Market Assessment
- Exhibit G: MacKenzie's Basalt Creek Employment Site Evaluation
- Exhibit H: OTAK's Report Requesting Amendment to the Concept Plan
- Exhibit I: Guiding Principles

Preferred Basalt Creek Land Use Concept Map (Oct. 2016)





Tualatin's Proposed Redesignation

UPDATE – BASALT CREEK PLANNING AREA, 2000 – 2017

August 17, 2017

Nancy Kraushaar, PE, Community Development Director and Miranda Bateschell, Planning Manager



I. INTRODUCTION

Approximately 2,000 acres has been aggregately planned for this South County Industrial Area since 2000. In 2002 and 2004, the Tonquin, Southwest Tualatin, Coffee Creek and Basalt Creek areas were brought into the Urban Growth Boundary (UGB) to address a regional need for employment land and as such, the Basalt Creek Planning Area was designated a Title 4 Industrial Area on Metro’s 2040 Growth Concept Map. A new limited-access major freight arterial was then planned to link these areas and connect to the regional freight network.

Metro Ordinance (No. 04-1040B) that authorized UGB expansion for the Basalt Creek Planning Area further clarified that while this area was primarily added to the UGB to meet regional need for job growth, a portion of the Tualatin Area could meet residential demand as follows:

‘If the selected right-of-way for the connector follows the approximate course of the “South Alignment,” as shown on the Region 2040 Growth Concept Map, as amended by Ordinance No. 03-1014, October 15, 2003, the portion of the Tualatin Area that lies north of the right-of-way shall be designated “Outer Neighborhood” on the Growth Concept Map; the portion that lies south shall be designated “Industrial”.’ (See Figure 2)

Figure 2 below is the portion of the Region 2040 Growth Concept Map that was attached to the Metro Ordinance. It depicts the “South Alignment” – the area to the north which shall be “Outer Neighborhood” and the area to the south shall be “Industrial.”

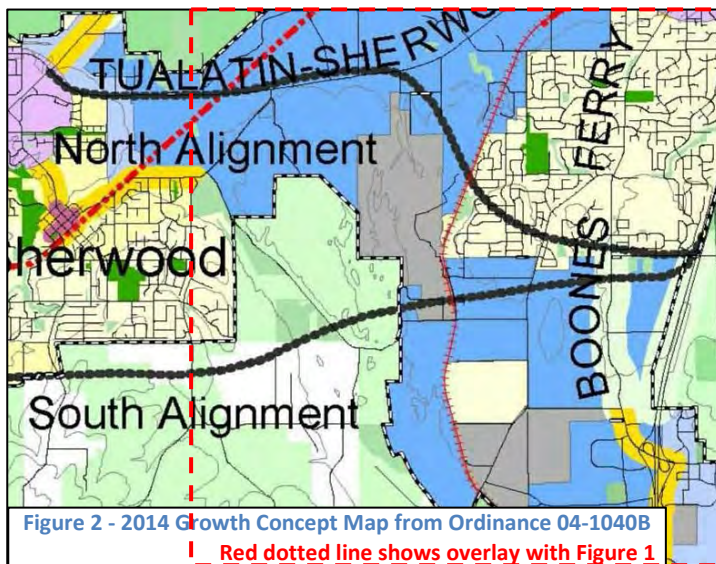
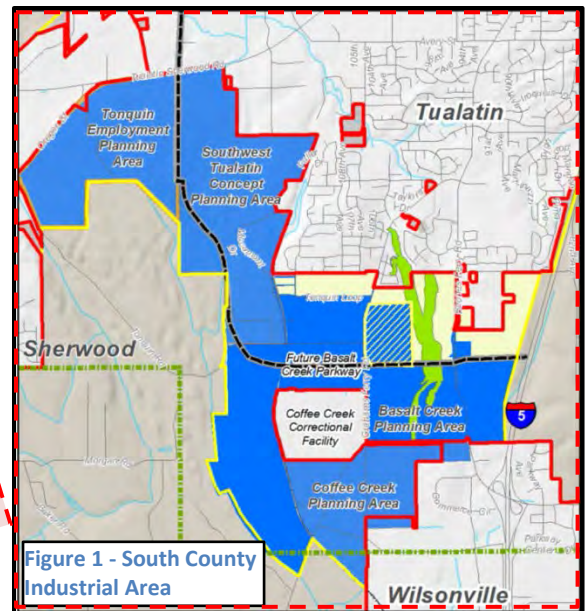


Figure 2 - 2014 Growth Concept Map from Ordinance 04-1040B

Red dotted line shows overlay with Figure 1

Over a three-year period (2010-2013), the cities of Tualatin and Wilsonville worked together with Washington County and Metro to develop the Basalt Creek Transportation Refinement Plan (TRP) for the area. The TRP was based on growth

forecasts and the expected development in Basalt Creek. This included trip targets that if exceeded, the system could fail.

Then in 2013, the concept planning began - starting with a “base case” scenario and evolving into five more options to satisfy the expectations of the planning area and aspirations of the two cities.

Finally in December 2015, at a joint Tualatin-Wilsonville council meeting, agreement was reached on a land use map with a boundary that was based on “10 Considerations of Success” to preserve what both councils had agreed to at that meeting – including the notion that the employment land uses were a priority and would not be altered (Consideration #3). An open house was held with the public in April 2016 after which final clarifying edits were made to develop the preferred land use alternative for the Basalt Creek Concept Plan.

In October 2016, the Tualatin City Council proposed to replace approximately 52 gross acres of the employment acreage with residential uses. This area (see yellow hatched area in Figure 1), located at the northeast corner of Grahams Ferry Road and Basalt Creek Parkway was coined the “central subarea.”



The preferred land use alternative already included residential uses that were located on the periphery of existing Tualatin residential neighborhoods and somewhat isolated from the bulk of the larger industrial area. This 52-acre central subarea is located in the middle of the planning area and industrial land uses, and is an integral part of the four major employment planning areas. Introducing residential uses there changes the dynamic of the South County Industrial area, is not cohesive with the surrounding area, and is contrary to the intent of the Metro Title 4 Industrial designation and regional planning.

In May 2017, the City of Wilsonville retained KPFF to study the feasibility of employment land use in the central subarea.

II. THE CONCEPT PLANNING

An intergovernmental agreement (IGA) among the Cities of Tualatin and Wilsonville, Washington County and Metro is guiding the concept planning for the Basalt Creek area. A \$365,277 Metro CET grant is funding much of the planning effort. From October 2013 through 2016, the Wilsonville and Tualatin City Councils held five joint Council work sessions and two Public Open Houses considering several boundary and land use alternatives for the Basalt Creek Planning Area.

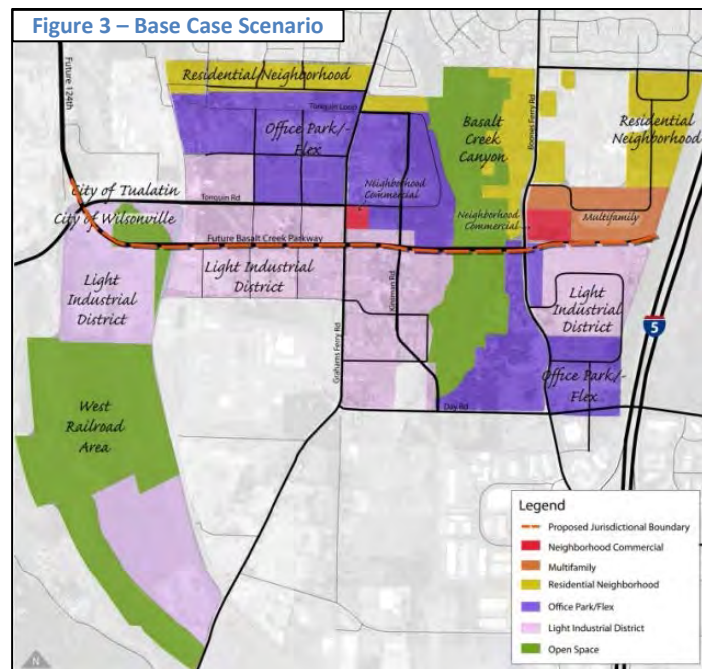
The Base Case

A Base Case Scenario (Figure 3) was established for the area in December 2014.

In the initial scenario a significant portion of the acreage designated for employment uses with residential uses in Tualatin on the east side between Norwood and Greenhill Roads as well buffering existing neighborhoods on the west side of the Basalt Creek Canyon.

At the December 2014 Tualatin-Wilsonville Joint City Council meeting, the project team presented this base-case infrastructure and land use scenario with an initial jurisdictional boundary option along the future east-west connector, Basalt Creek Parkway. The Councils jointly directed both sets of city staffs to:

- Re-evaluate the sanitary sewer system due to concerns regarding the initial design and potential costs for sanitary sewer construction in the planning area.
- Examine additional boundary options that do not necessarily follow the future Basalt Creek Parkway alignment due to a desire for a cohesive set of uses and design along both sides of the future arterial.
- Aim for jurisdictional equity when considering the various key performance indicators altogether.
- Provide more residential capacity in the northern portion of the planning area for the City of Tualatin.
- Propose creative solutions for transitions from employment to housing.



The project team then studied a series of alternatives to the base case scenario. Throughout the process, data was being crunched for each alternative regarding number of households, number of jobs, number of trips, revenues, costs, and how best to serve the area with sewer and water. Table 1 provides a summary of these key performance indicators for the Base Case scenario.

Table 1 – Base Case Scenario Key Performance Indicators

INDICATORS	Tualatin Base Case	Wilsonville Base Case	Total Base Case
Developable Acres	194 ac	137 ac	331 ac
WRR & BCC Acres*	10 ac	6 ac	16 ac
Unconstrained Dev. Acres	184 ac	131 ac	315 ac
Households	640	6	646
Jobs	2,281	2,064	4,345
Trips (TRP trip cap = 1,989)	1,274	781	2,055
Assessed Value	not available	not available	not available

Options 1 and 2

Using the Fregonese & Associates Envision model, Options 1 and 2 were next explored to respond to the Joint Council input on the Base Case Scenario. Option 1, used the Basalt Creek Parkway as a boundary and provided Tualatin jurisdiction over most of the Basalt Creek Canyon. Option 2 moved the boundary to the north, adding industrial land and the canyon area south of Basalt Creek Parkway to Wilsonville.

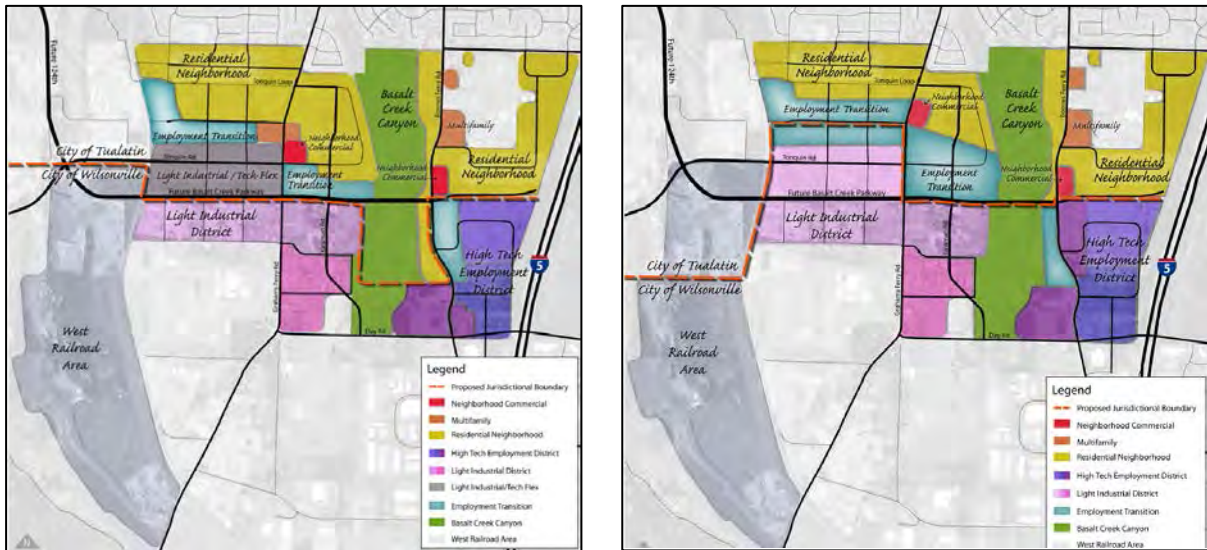


Figure 4 – Option 1 and Option 2 Basalt Creek Concept Plan

Neither Option 1 nor Option 2 quite struck the right balance between the two jurisdictions. On June 17, 2015, there was a Joint Wilsonville-Tualatin City Council meeting to discuss the two alternative land use concept plans. At that meeting, the two Councils discussed the land use types, key indicators (see Table 2) and potential benefits of the two draft boundary options. The Tualatin City Council favored Option 1 while the Wilsonville City Council favored Option 2.

Table 2 – Option 1 and Option 2 Key Performance Indicators

INDICATORS	Tualatin Option 1	Wilsonville Option 1	Total Option 1	Tualatin Option 2	Wilsonville Option 2	Total Option 2
Developable Acres	201 ac	190 ac	391 ac	155 ac	236 ac	391 ac
WRR & BCC Acres*	10 ac	63 ac	73 ac	12 ac	61 ac	73 ac
Unconstrained Dev. Acres	191 ac	127 ac	318 ac	143 ac	175 ac	318 ac
Households	906	36	942	755	75	830
Jobs	1,600	2,000	3,600	1,000	2,800	3,800
Trips (TRP trip cap = 1,989)	1,137	777	1,914	832	1,132	1,964
Assessed Value	\$483 M	\$305 M	\$788 M	\$371 M	\$423 M	\$794 M

In particular, Tualatin Councilors expressed significant interest in designating the land south of the future Basalt Creek Parkway, along Boones Ferry Road and the Basalt Creek Canyon (“the tooth”), as future City of Tualatin residential land in recognition of the existing residential community. City of Wilsonville Councilors expressed concern over Option 1 regarding the disparity in benefits realized by each city (less for the City of Wilsonville across the indicators), a lack of industrial massing near Grahams Ferry Road and Basalt Creek Parkway, and future transportation impacts from the high number of trips from the residential uses. The Councils also discussed the proposed sanitary sewer system, as it differs from the proposed boundary options; how to best serve the area; and how potential financial savings might be shared if Wilsonville handled sanitary sewer from the City of Tualatin resulting in fewer Clean Water Services pump stations.

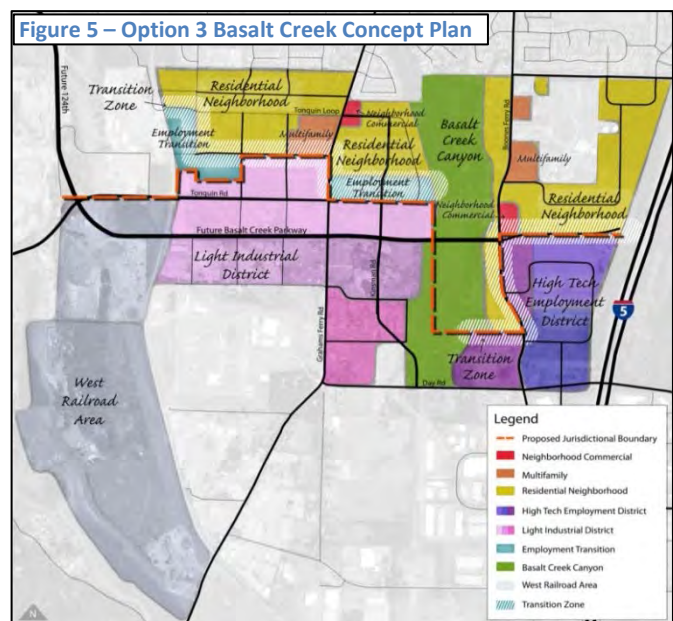
The Wilsonville City Council recognized the “tooth” area was a must-have for the City of Tualatin and compromised despite a desire for “the tooth” to provide a natural resource amenity to adjacent employment uses and trail opportunities for nearby employees, in addition to the fact all stormwater runoff from this area would flow to the City of Wilsonville. The Councils also agreed to work out the boundary on the west end, to the north of the Basalt Creek Parkway, acknowledging Wilsonville’s concerns regarding trips, sewer service for Tualatin users, and additional employment capacity. The councils jointly concluded that it was important for the plan to make sense for both communities, while being fiscally responsible in the end, and that the land for both communities be profitable. As a result of the discussion, the Councils jointly recommended project staff prepare an alternative option.

Option 3

Option 3 attempted to (1) assemble the employment use on both sides of Tonquin Road and at the major intersection of Basalt Creek Parkway / Grahams Ferry Road under one jurisdiction to unify the development code and other standards that would be applied to these areas, and (2) balance out the acreage distribution between the two cities.

Table 3 – Option 3 Key Performance Indicators

INDICATORS	Tualatin Option 3	Wilsonville Option 3	Total Option 3
Developable Acres	144 ac	188 ac	332 ac
WRR & BCC Acres*	13 ac	3 ac	16 ac
Unconstrained Dev. Acres	131 ac	185 ac	316 ac
Households	800	80	880
Jobs	400	2,900	3,300
Trips (TRP trip cap = 1,989)	664	1,178	1,842
Assessed Value	\$338 M	\$420 M	\$758 M

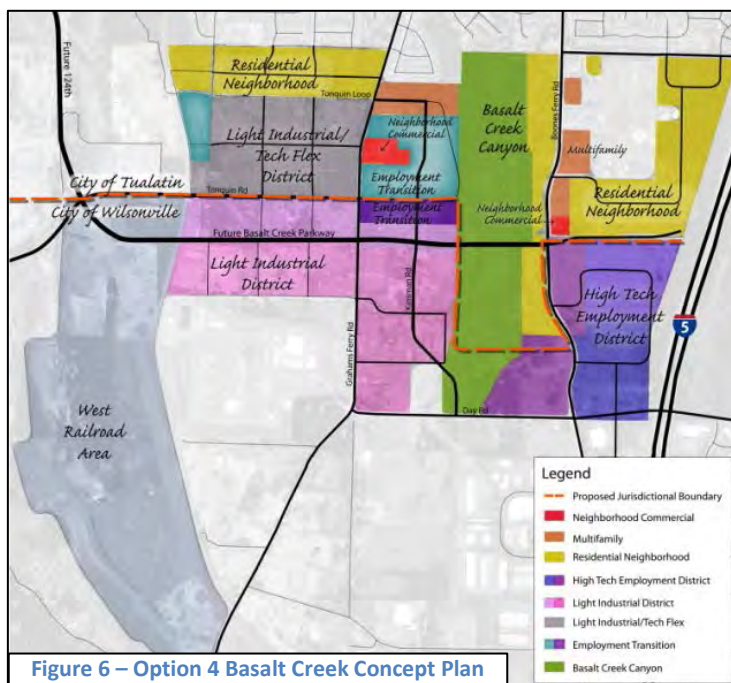


Boundary Option 3 also considered jurisdictional equity through the lens of developable acres, phasing and infrastructure costs, and more balanced property tax returns.

In Option 3, The City of Tualatin will likely see a higher overall return on investment and ability to meet near-term residential demand and development desires. The City of Wilsonville is provided a little more land to offset higher overall infrastructure costs and service to Tualatin development, a delay in return on investment, and the city’s ability to fulfill the employment capacity expectations for the planning area.

Option 4

In preparation for the September 2015 Joint Council meeting, there was a Tualatin City Council Work Session where the Tualatin City Council expressed concerns about the limited employment land opportunities for the City of Tualatin and directed Tualatin city staff to prepare information for a Basalt Creek Concept Plan Option 4, which would follow Tonquin Road west of the Basalt Creek Canyon area (Figure 6).



Option 4 provided the additional industrial land Tualatin requested and kept the canyon under Tualatin’s jurisdiction.

However, what it missed was a uniform land use development code that would lead to consistent and easy to follow regulations for development along Tonquin Road.

Table 4 below provides a summary of key performance indicators for the boundary Option 4.

Table 4 – Option 4 Key Performance Indicators

INDICATORS	Tualatin Option 4	Wilsonville Option 4	Total Option 4
Developable Acres	168 ac	163 ac	331 ac
WRR & BCC Acres*	13 ac	3 ac	16 ac
Unconstrained Dev. Acres	155 ac	160 ac	315 ac
Households	647	37	683
Jobs	1,576	2,475	4,051
Trips (TRP trip cap = 1,989)	1,008	967	1,975
Assessed Value	not available	not available	not available

Option 5 – December 2015 Joint Council Agreement on Basalt Creek Land Use Map

In December 2015, agreement was reached at a Joint Council meeting on a map with a boundary tied to Ten Considerations of Success and land uses consistent with Option 4. This agreement resulted in boundary Option 5 that was conditioned on the ten considerations.

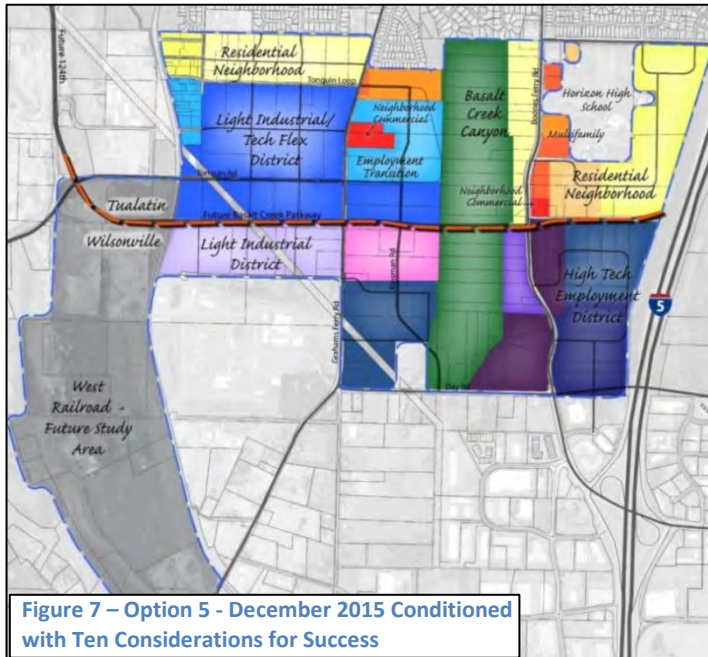


Figure 7 – Option 5 - December 2015 Conditioned with Ten Considerations for Success

A very high priority for the Wilsonville Council was to preserve the complementary clustering of employment lands on both sides of Grahams Ferry Road and the Basalt Creek Parkway.

Meanwhile Tualatin Council expressed a priority for additional acreage on the west side of the planning area for more employment acreage.

Members of both Councils expressed the importance of making sure the systems work so the area functions well, including enough contiguous land to appeal to business, getting the value needed related

to transportation and industrial massing, and meeting regional industrial land needs.

Table 5 – Option 5 Key Performance Indicators

INDICATORS	Tualatin Option 5	Wilsonville Option 5	Total Option 5
Developable Acres	194 ac	137 ac	331 ac
WRR & BCC Acres*	10 ac	6 ac	16 ac
Unconstrained Dev. Acres	184 ac	131 ac	315 ac
Households	640	6	646
Jobs	2,085	2,064	4,149
Trips (TRP trip cap = 1,989)	1,199	781	1,980
Assessed Value	\$347 M	\$232 M	\$579 M

While Option 5 reduced acreage for Wilsonville, with the Ten Considerations for Success, remaining issues were resolved for both Councils. The ten considerations related to the functional elements of the Concept Plan: sanitary sewer service, stormwater system design standards, industrial zoning certainty, trip caps, transportation projects and funding, transit service, trails and natural resource protections in the Basalt Creek Canyon area. It was intended those considerations would guide development of a preferred alternative for the Basalt Creek Concept Plan as well as outline

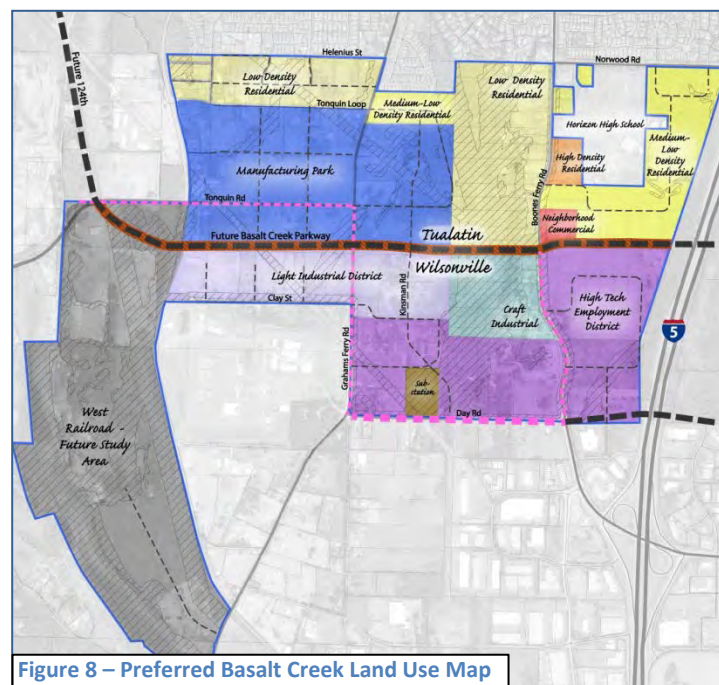
implementation measures for success. Careful consideration was also given to a thoughtful transition from existing residential in Tualatin to the employment areas and clustering the employment land uses around these roads.

The project team advanced work on the ten considerations and developed the preferred Basalt Creek Land Use Concept Map (Option 5) for a public open house on April 28, 2016 (Figure 7). Land uses were consistent with what was presented in the Tualatin-proposed Option 4, but with a proposed boundary along the Basalt Creek Parkway.

September 2016 – Preferred Basalt Creek Land Use Map

With positive feedback from the public open house, staff from both cities further refined the preferred Basalt Creek Land Use Concept Map to fix errors and align map designations with existing city comprehensive plan designations and zoning classifications. The Preferred Basalt Creek Land Use Map reflects these refinements based on feedback from the public open house, both Councils, and the IGA partners.

The draft, dated September 16, 2016, was prepared for presentation at individual Council work sessions in October in order to move toward finalization of the Basalt Creek Concept Plan and a final Joint Council work session approving the Concept Plan. In addition, staff continued work to refine implementation measures into the Concept Plan to address the ten considerations.



III. CENTRAL SUBAREA – PROPERTY OWNER PROPOSAL FOR MORE RESIDENTIAL

When the plan went to the Tualatin City Council in October, the civil engineering consultant, OTAK, presented a proposal (Figure 9) on behalf of an owner of property located between Grahams Ferry Road and the canyon and north of the future Basalt Creek Parkway. The proposal was to replace the Manufacturing Park land use with Residential uses in the area they referred to as the central subarea. A variety of residential types were proposed to replace Manufacturing Park. The primary argument for the change is that employment land uses are not feasible as the land is too steep and rocky to grade for employment use (large buildings and parking lots) and development other than residential would be far too expensive.

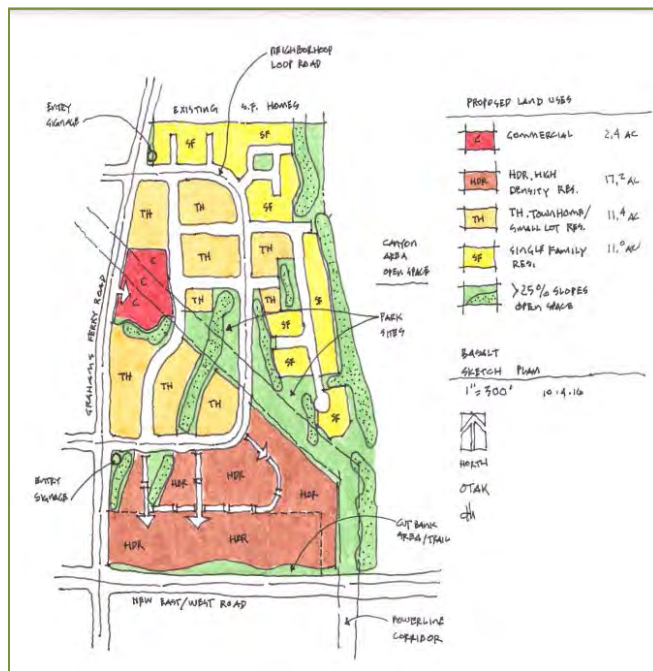


Figure 9 – OTAK Property Owner Proposal

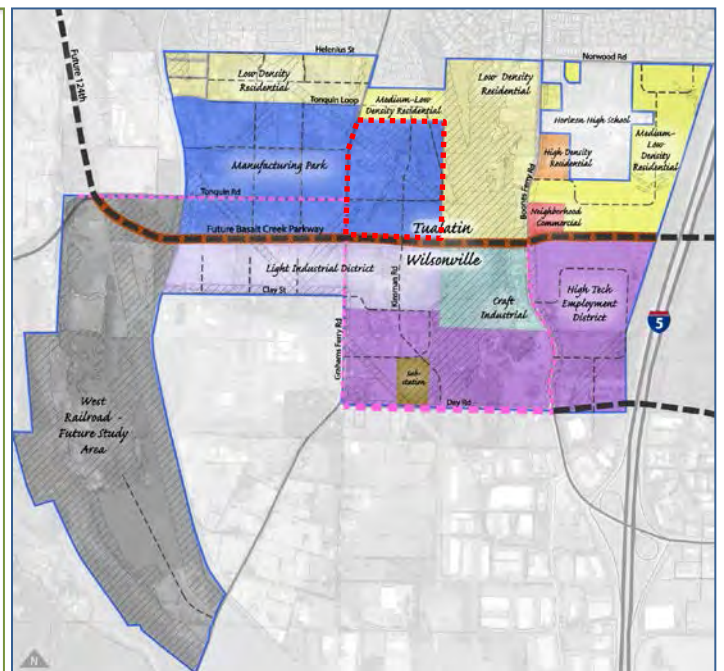


Figure 10 – Preferred Basalt Creek Land Use Plan with Central Subarea Shown

Based on this public input from property owners and residents at the October City of Tualatin Work Session meeting, Washington County commissioned a land suitability analysis from the firm Mackenzie for the central subarea to analyze slope and determine whether the land was in fact suitable for employment uses.

The study concluded the central subarea is feasible for employment including flex business park, office campus, manufacturing, and commercial support services consistent with the City of Tualatin Manufacturing Park zoning classification. This information was shared with the cities in January 2017.

On February 13, 2017, the Tualatin City Council, at a council work session, provided Tualatin city staff with direction to modify the previously agreed upon preferred Basalt Creek Land Use Concept

Plan to show the Basalt Creek central subarea as residential on the Tualatin side of the proposed conditional jurisdictional boundary.

The property owner and OTAK have since presented additional information from contractors, real estate managers and brokers, and a civil engineering firm that designs residential development that reiterates the claim that the land will be better developed as residential land due to the costs of grading for industrial development.

However, the Concept Plan aspired to creative building sizes and layouts as expressed by two of the Guiding Principles for the plan:

- “Capitalize on the area’s unique assets and natural location” and
- “Create a uniquely attractive business community unmatched in the metropolitan region.”

IV. EMPLOYMENT USE FEASIBILITY STUDY

Wilsonville staff reviewed the Tualatin City Council proposal against the prior planning efforts (Metro Ordinance, TRP), freight network investments, the project’s guiding principles, and previous concerns and priorities of the councils, and found the new proposal to be inconsistent with these. Wilsonville City Council voiced a number of reservations related to these items as well as others at a March 2017 Council Work Session. Committed to providing a cohesive business district that accommodates successful industrial employment growth to meet regional needs, the Wilsonville City Council directed staff to further assess the central subarea.

The City of Wilsonville contracted with the civil engineering consultant, KPFF to evaluate the feasibility of development for employment uses in the central subarea ([July 10, 2017 Basalt Creek Concept Plan – Feasibility Report](#)). The intent of this feasibility study was to take a further look at these 52 gross acres within the Basalt Creek planning area and assess their potential to support increased employment opportunities in the region. The central subarea’s potential development is important because of its central location in the planning area and on the main intersection of the Basalt Creek Parkway in the future business district. Uses beyond employment opportunities are not part of this feasibility study.

Given the long history of planning and regional infrastructure investments for the Basalt Creek Planning Area as a regional employment area, this study was commissioned to ascertain whether the policy objective of employment uses is achievable in this subarea.

The study:

- Reviewed the existing conditions, market analysis, land suitability analysis and geotechnical work completed through the concept planning process;
- Considered various building prototypes ranging from office buildings to industrial and warehouse facilities;

- Used local building footprints and parking counts;
- Accounted for slopes and natural area constraints;

KPFF’s analysis determined what employment uses, if any, could be developed in that area. The study describes feasible options not development proposals.



Figure 11 – One Business Park Development Scenario and a Building Prototype from the KPFF Feasibility Analysis

The study was not intended to:

- Look at feasibility for residential uses.
- To re-start planning or analysis for Basalt Creek; this area has been planned and invested in for employment and a freight network.
- Look at what is easier, cheaper or highest and best use.

The City recognized that employment would rarely ever win in that situation. Employment land needs to be available when the right user comes along, and sometimes that timing is quick and sometimes it takes patience. This issue and the development of employment areas into other commercial and non-commercial uses is one of the instigating factors for Title 4 of the Regional Function Plan. As a Title 4 employment area, it is important to fulfill that policy objective and maintain employment land for future business development needs.

City of Wilsonville Conclusions

At the May 1, 2017 Wilsonville City Council work session, the results of the KPFF study were presented, and the council discussed their concerns about the proposal to replace the manufacturing land use with residential.

Specifically, the council concluded that the proposal does not support:

- What the two cities, Washington County, and Metro have been planning for the past 16 years.
- A cohesive Parkway or business district.

- Industrial massing near Grahams Ferry Road and the Basalt Creek Parkway, the main intersection of the Basalt Creek Concept Plan area.
- The Joint Council's vision for an economically viable employment district.
- Creative solutions for transitions from employment to residential.
- Positive compatibility between land use and transportation; homes are incompatible with the Basalt Creek Parkway freight route due to noise, traffic, air quality, and overall livability.

The Wilsonville City Council also concluded that the lack of compatibility can impact the success of the plan for both cities; the residential adjacency is likely to curtail high quality industrial or residential development making it difficult to create the successful employment district the two cities, the county, and the region were envisioning this place to be.

The Wilsonville Council has continually expressed great concern about carving away more 2040 Title 4 employment land for housing than was intended when the Basalt Creek planning area was brought into the UGB. This final proposal for additional residential land use would be contrary to the December 2015 Conditional Jurisdictional Boundary agreement and as expressly included in the Ten Considerations for Success.

The Preferred Basalt Creek Land Use Map provided the City of Tualatin 91 residential acres out of 194 developable acres or 47 percent. Converting the central subarea from manufacturing to residential changes that to 125.4 acres or 65 percent of the developable acreage in Tualatin. Looking at this from the jobs side, the employment acreage in the overall Basalt Creek planning area drops from 224 acres or 68% of the 331 developable acres to 190 acres or 57%.

The City of Wilsonville is confident employment development is possible in the central subarea and the City has the resources and where-with-all to deliver employment development in that area. As such, Wilsonville City Council proposed an alternative: adjust the boundary north of Tonquin Road along parcel lines between Tonquin Road and Tonquin Loop and north of the area of the central subarea and maintain employment land use designations.

Finally, the feasibility study was presented to the Tualatin City Council at their July 24, 2017 Work Session. Wilsonville staff and KPFF explained the entire study and its findings, answered questions, and participated in a discussion amongst the City Council. The Wilsonville presentation was followed by one from OTAK on behalf of the property owners desiring the central subarea to be concept planned for residential use.



CITY OF WILSONVILLE

Basalt Creek Concept Plan - Feasibility Study

JUNE 30, 2017

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Intent

The Basalt Creek Concept Plan Existing Conditions report was prepared in 2014 to look at future development of the 847 acres between the City of Wilsonville and City of Tualatin as part of the Urban Growth Boundary (UGB) inclusion process. In that report, potential land uses were identified for the region based on economic factors, land use compatibility, and projected growth (see Figure 1). The intent of this feasibility study is to take a further look at approximately 60 acres within the Basalt Creek Concept area to evaluate the potential to develop these properties to support increased employment opportunities in the region. This subarea's potential development is important because of its central location in the planning area and on the main intersection of the Basalt Creek Parkway in the future business district.

Uses beyond employment opportunities are not part of this feasibility study. Given the long history of planning and regional infrastructure investments for the Basalt Creek Planning Area as a regional employment area, this study was commissioned to ascertain whether the policy objective of employment uses is achievable in this subarea. Only if this investigation determines employment uses not to be feasible on this site will this analysis then consider feasibility of other land uses.

To evaluate employment opportunities for this site, three schemes have been developed in this feasibility study. The schemes have varying degrees of development to preserve open space and natural habitats on the site. The schemes are:

- Scheme A** – maintains all of the open area in the northern portion of the site and development is primarily on the southern portion of the site (below the PGE easement)
- Scheme B** – maintains some open space in the northeast corner of the site but develops more of the site than Scheme A
- Scheme C** – fully develops the site to the maximum extent feasible and has the least amount of open space

Various building prototypes are used in the schemes from general office buildings to industrial/warehouse facilities. These prototypes are based on local buildings and provide guidance on building footprint sizes and parking counts. Architectural renderings have been developed for 3 building prototypes to provide a graphical representation on how these buildings may fit the overall look and feel of the study area.

Site Overview

KPFF is studying in detail a portion of the Basalt Creek area that is approximately 60 acres in size and located east of Grahams Ferry Road, south of Helenius Road, west of Basalt Creek, and near the intersection of Grahams Ferry Road and Tonquin Road. The current use of the site is agriculture with single family homes and forested area near the creek. To the south is the Chick-A-Dee nursery and to the north of the site there is an open parcel of land and then residential housing. The site is comprised of 9 tax lots varying in size from 1.46 acres to 11.68 acres.

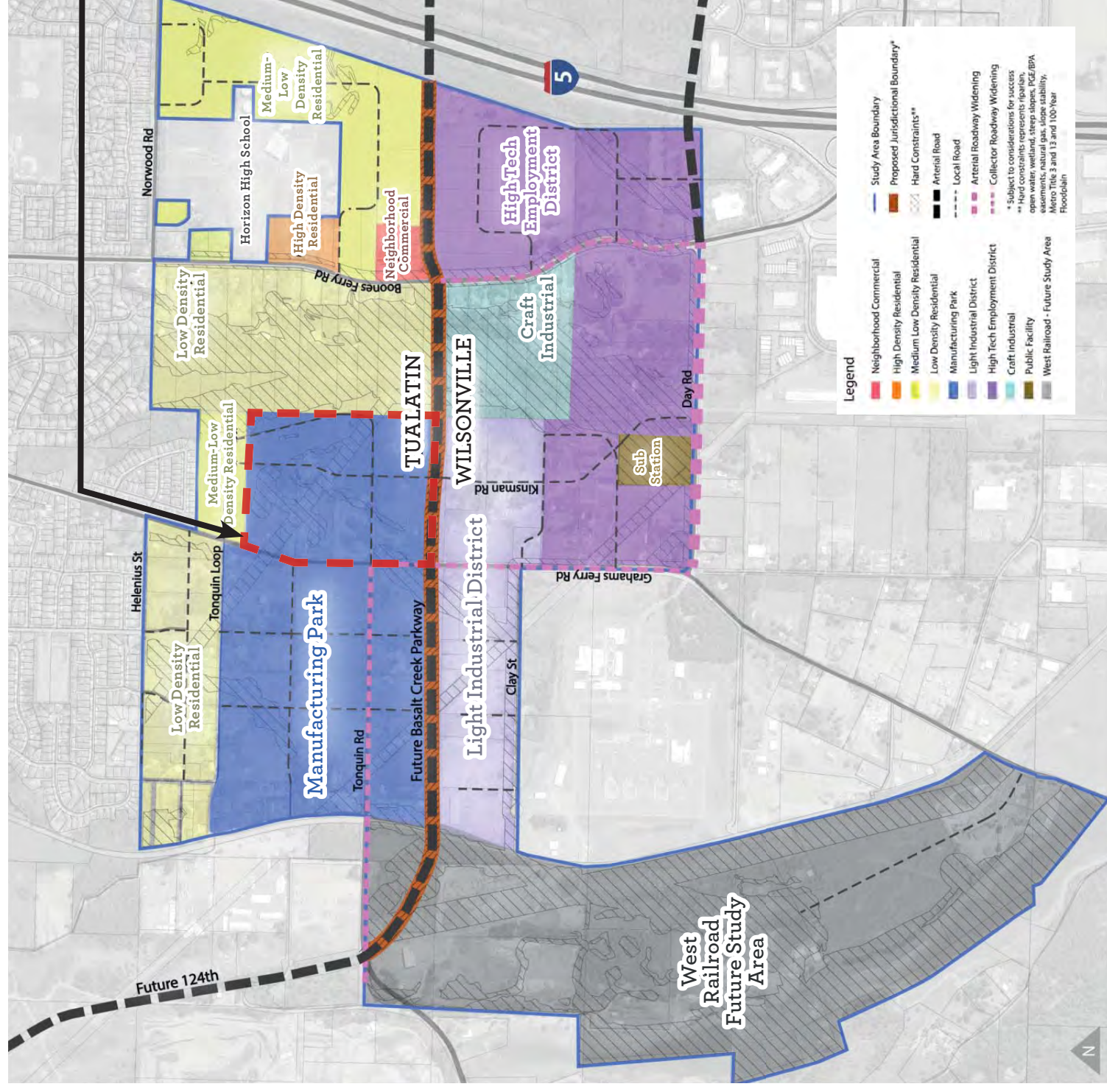
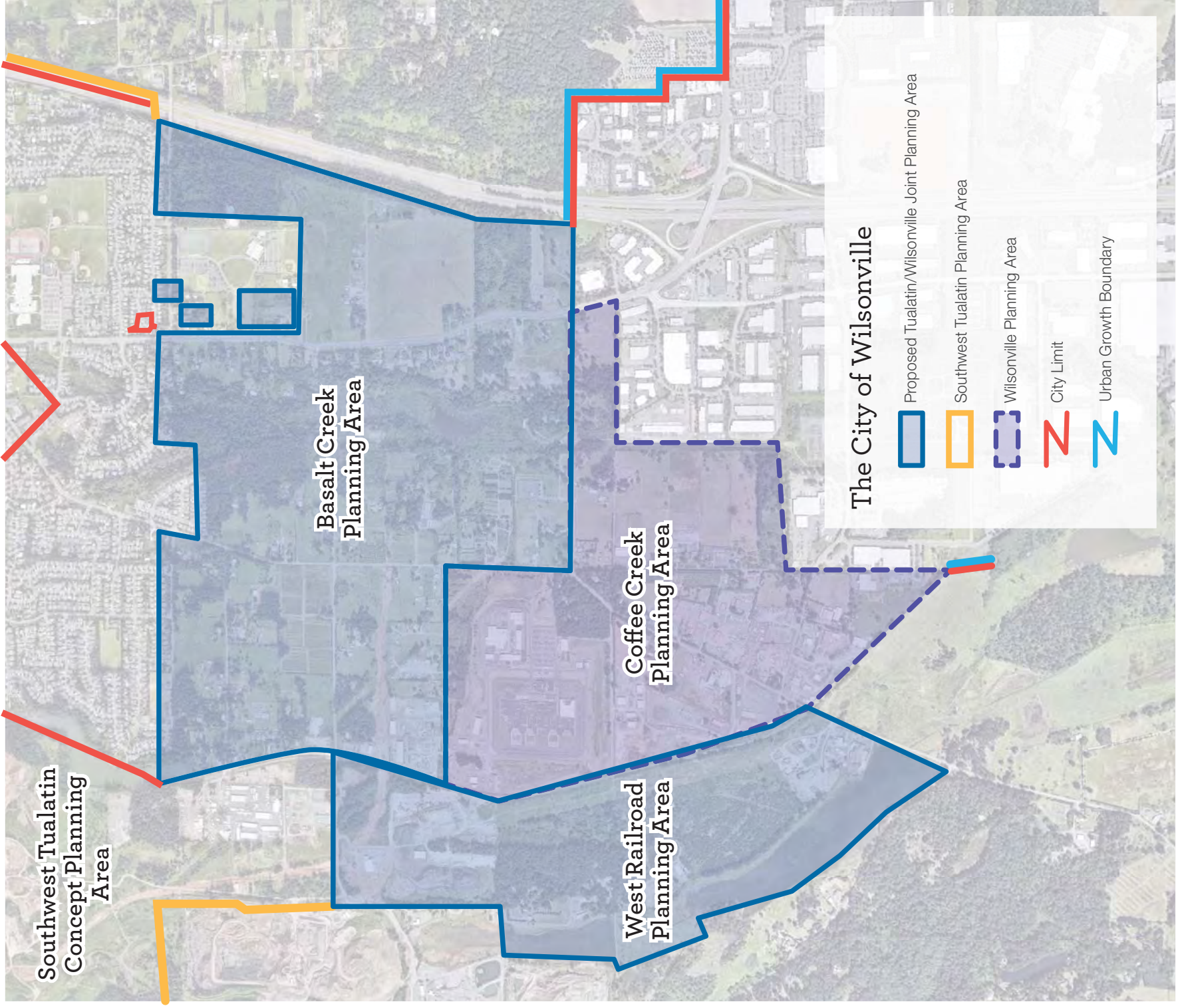


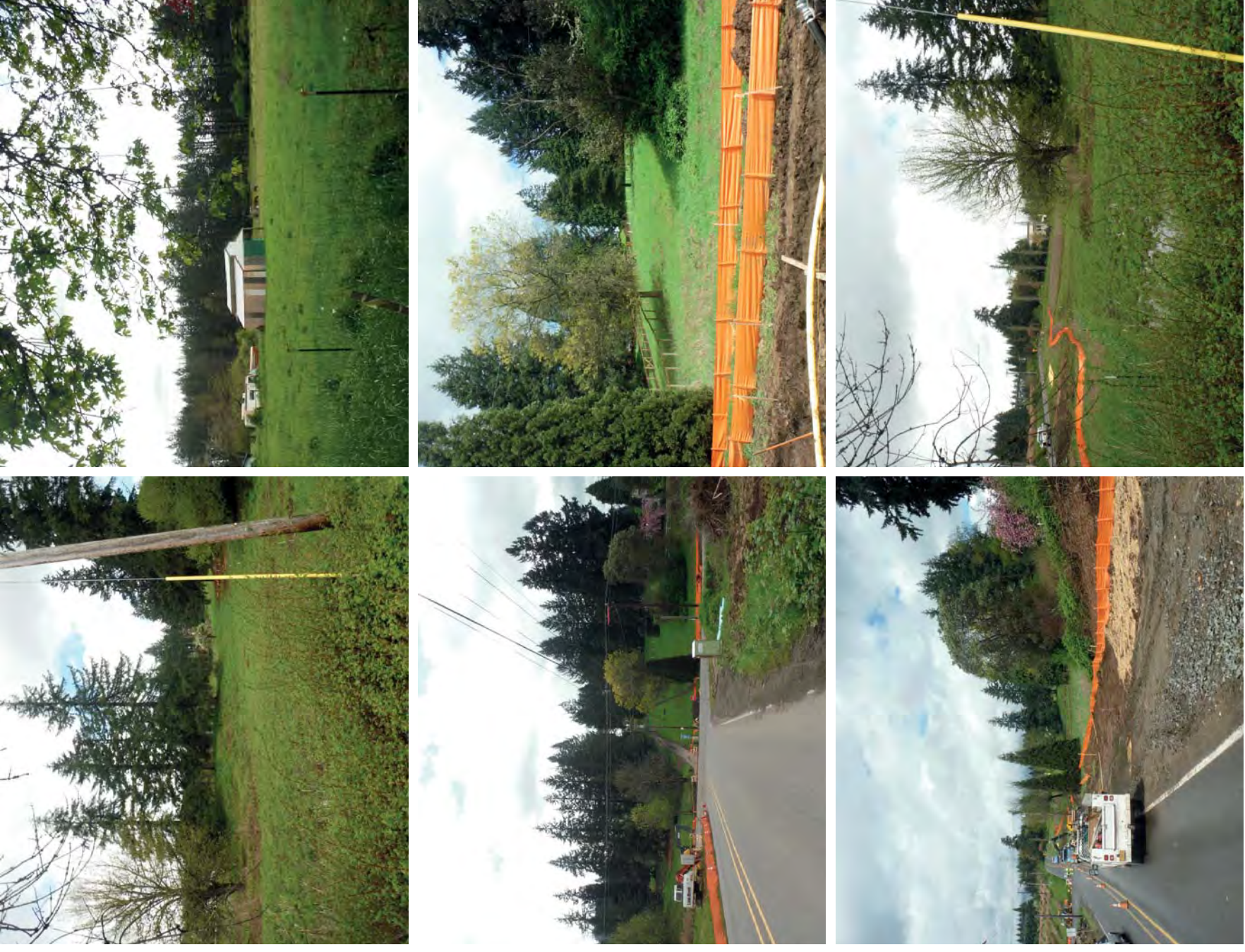
Figure 1 - Preferred Basalt Creek Land Use Concept Map (October 2016)



Figure 2 - Study Area



Aerial of the Planning Area



Site Photos

Design Standards

ZONING

The site is currently zoned FD-20 per Washington County. FD-20 covers land added to the Urban Growth Boundary after 1998. This feasibility study is based on the assumption that the building prototypes indicated in the schemes are allowed uses.

BUILDING SETBACK

Building setbacks used to locate the structures on-site are based on a comparison of Washington County, City of Wilsonville and City of Tualatin zoning standards. The building setbacks are 30 feet from lot lines or right-of-way lines. This setback is for the building location only and parking is indicated in the setback.

SITE ACCESS

On-site parking is a key component of an industrial and manufacturing area to promote employee access and commuting. The Basalt Creek area has freeway access to I-5, Hwy 99W, Hwy 217 and I-205. The primary mode of transportation to the site is assumed to be single occupancy vehicles. Construction is currently ongoing to improve SW 124th Ave to provide a freight route and east/west connection through the site from I-5 to Tualatin Sherwood Road. This work includes the expansion of Grahams Ferry Road south of Tonquin Road from a 2-lane rural road to a major collector. The current roadway width is approximately 24 feet with an existing right-of-way that varies from 74 feet south of Tonquin Road to 40 feet north of Tonquin Road. With the SW 124th Ave extension, the ROW is being increased to 74 feet to approximately 225 feet north of the intersection. This is where the 3-lane roadway section finishes its taper to match back into the 2-lane road. Parcels north of the taper will require additional ROW dedication when Grahams Ferry Road improvements continue to the north or when these properties go in for development. The additional ROW dedication that will be required is approximately 17.5 feet along the frontage. Figures 3 and 4 indicate the lots that will be impacted by the additional ROW dedication and the typical street section from Washington County for a collector roadway.

Per Washington County, the future Basalt Creek Parkway along the southern frontage of the study area will be an arterial and will have access restrictions for new driveways. To accommodate this, the schemes have all assumed that access from Basalt Creek Parkway to the site is not feasible and no driveway entrances are shown here.

Public roadways within the site are assumed to have a pavement width of 50 feet and a right-of-way dedication of 64 feet. The City of Wilsonville standard may vary from this but Washington County standards have been used to establish roadway widths in the concept plans as shown in Figure 5. Private access drives for parking lots and buildings are a minimum of 20 feet wide and truck circulation paths around the buildings are 50 feet wide. Loading docks and storage areas are shown to be 50-100 feet wide to allow semi-truck parking and access around the loading bays. At the terminus of the public roadways, either a hammer head or cul-de-sac are provided to allow for fire truck turn-around. These locations are indicated on the concept plans.

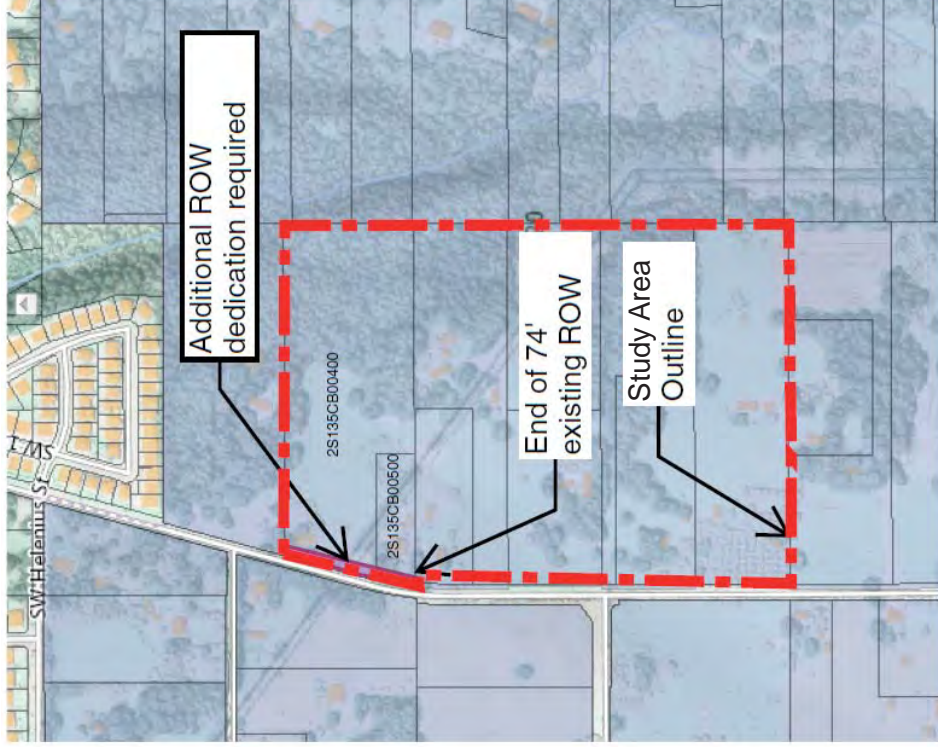


Figure 3 - Additional ROW Dedication Required

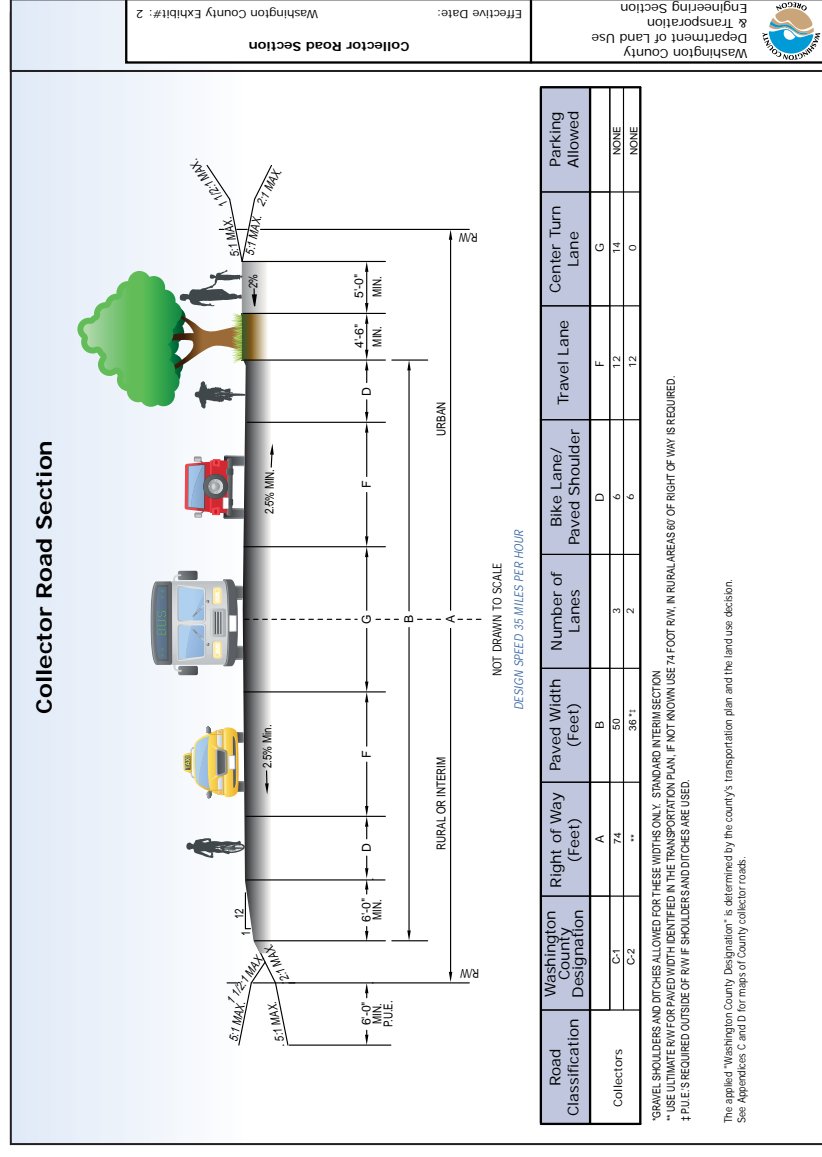


Figure 4 - Washington County Standard Street Section for Collector Roadway

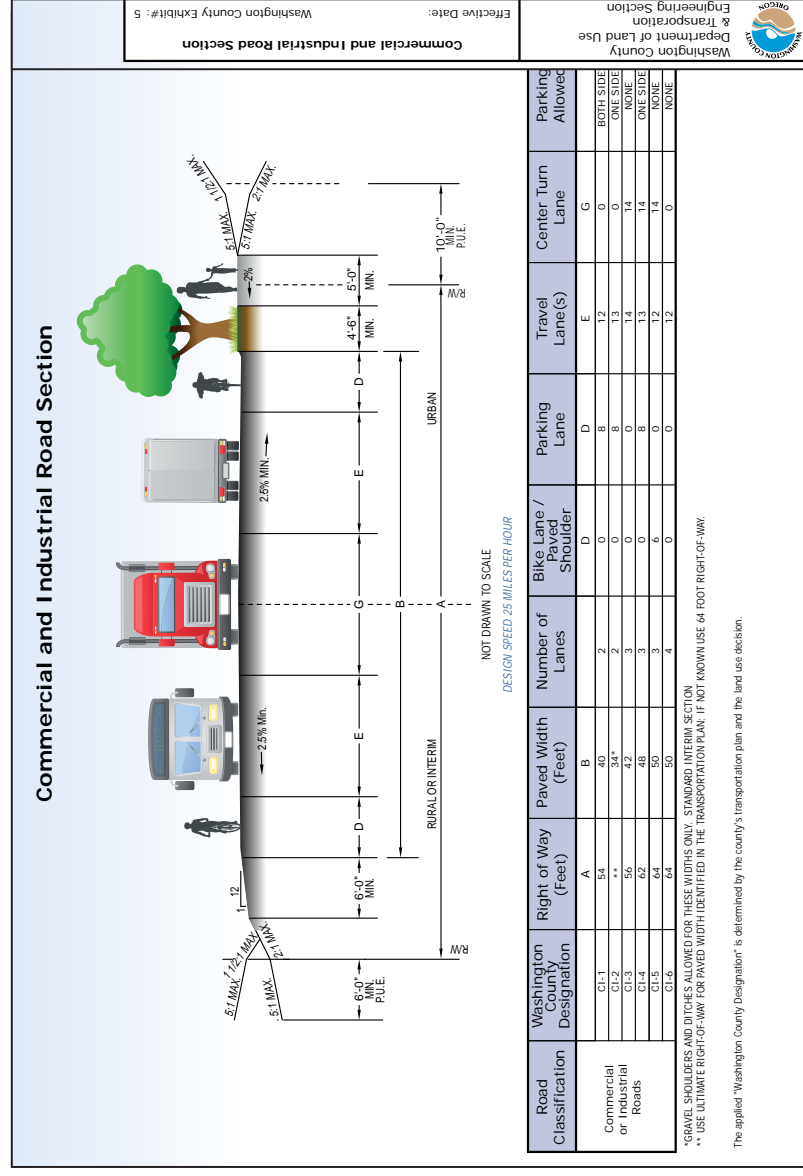


Figure 5 - Commercial and Industrial Road Section

Parking Requirements

To accommodate the vehicles accessing the site, on-site parking will be required. Based on the City of Wilsonville's zoning code section 4.155 Table 5 and City of Tualatin Community Development Code Section 73.370, the following parking standards are used for the concept plans. The assumption is that larger building footprints shown in the concept plans are manufacturing type facilities and will require less parking and more loading dock/storage space. The office building prototypes will be more general office and medical/dental type of facilities. For these 3 stalls per 1,000 gsf and 4 stalls per 1,000 gsf are used respectively. For the manufacturing type of facilities 1.6 stalls per 1,000 gsf has been used.

City of Wilsonville and City of Tualatin	Parking Requirement	Notes
	1.6 per 1000 sf	Per City of Wilsonville Zoning Code section 4.155, Table 5 for manufacturing establishment and City of Tualatin Development code section 73.370 for industrial manufacturing facility
	2.7 stallsper 1000 sf (min) and 4.1 stalls per 1000 sf (max) 3.9 stalls per 1000 sf (min) and 5.9 stalls per 1000 sf (max)	First requirement is based on other commercial use (not medical/dental) and the second parking requirements are based on medical and dental use, per City of Wilsonville section 4.155, Table 5 and City of Tualatin Development Code Section 73.370.

Table 1 - Parking Requirements

Utilities

STORMWATER

The Basalt Creek Concept Plan and follow-up studies by CH2M indicate that a regional stormwater management facility is not being evaluated for the site and drainage will need to be handled on an individual development basis. The concept plans represent these two options. One scheme indicates some regional stormwater management ponds that can be used to serve portions of the site while the other schemes assume that stormwater will be treated and detained on an individual development basis. The individual lot systems are not shown on the concept schemes but the systems could be combined with the open space indicated to enhance the natural area while meeting the standards. For smaller lots, subsurface systems may need to be considered due to the limited open area on these properties. Low impact development concepts should be considered in the design since they provide an aesthetic and functional benefit.

Based on the existing studies, drainage from a portion of the site can be conveyed north to the City of Tualatin public system and the remainder will flow to Wilsonville. The City of Tualatin has 12-inch storm drain lines that discharge to Basalt Creek. The City of Wilsonville has storm drain lines to the south that discharge to the Willamette River via the Coffee Creek Basin. New storm drain lines are being installed in Grahams Ferry Road as part of the 124th Ave Extension work per the Washington County construction drawings. These lines are 12-inch and 15-inch pipe which collects the roadway section between Basalt Creek Parkway and north of Tonquin Road. The drainage is collected using catch basins and conveyed to a water quality swale at the intersection of Tonquin Road and Grahams Ferry Road to treat the run-off as shown in Figure 6. A 24-inch and 15-inch culvert are being installed along the feasibility study area in tax lots 2S135CC00600 and 2S135CC00800 to collect roadway run-off in this area as the road is sloping towards the site. These culverts cross under Grahams Ferry Road and discharge to the new water quality facility. With the proposed development in this area, these culverts may need to be revised if the grades are modified at the culvert inlets.

The soil types in the area are silty loam and well drained at the surface. This would indicate that infiltration is a feasible option for disposing of storm drainage and would reduce the amount of run-off leaving the project site. The site is not located in a FEMA floodplain.



Wilsonville Creekside Woods Swales

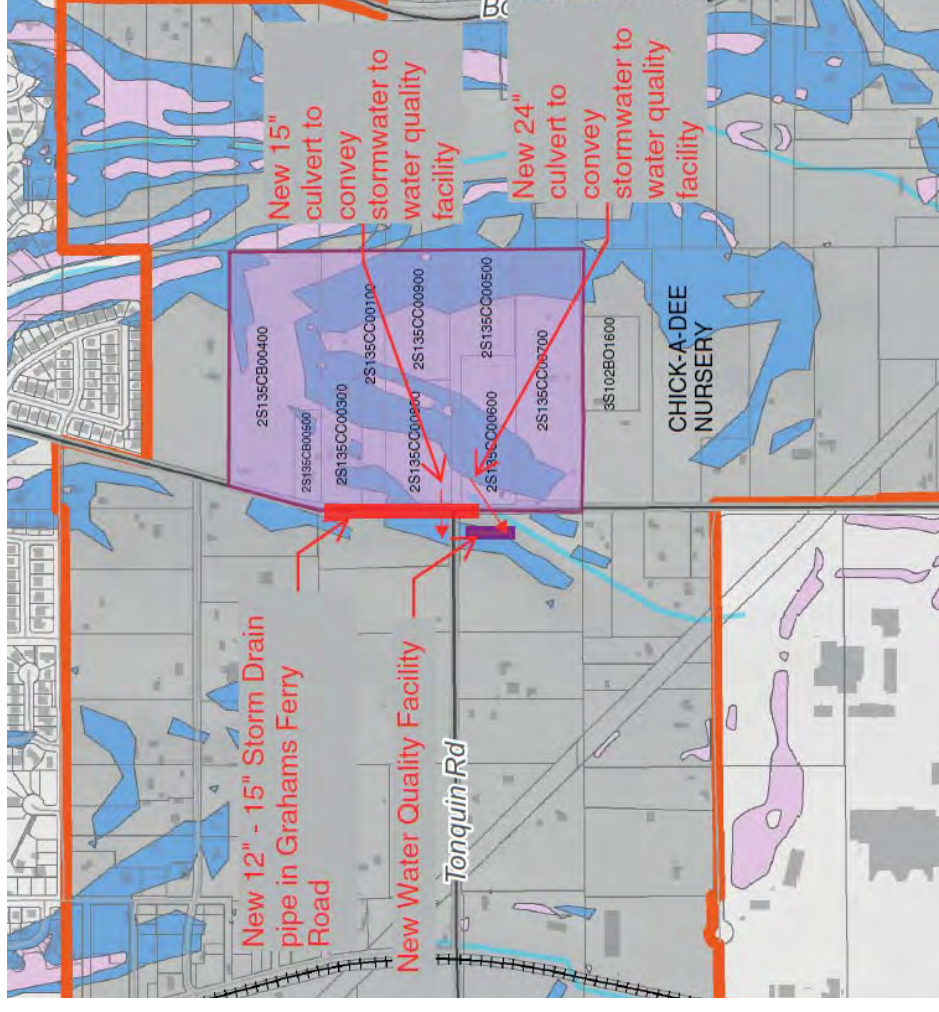


Figure 6 - Storm Drainage

Utilities

WATER

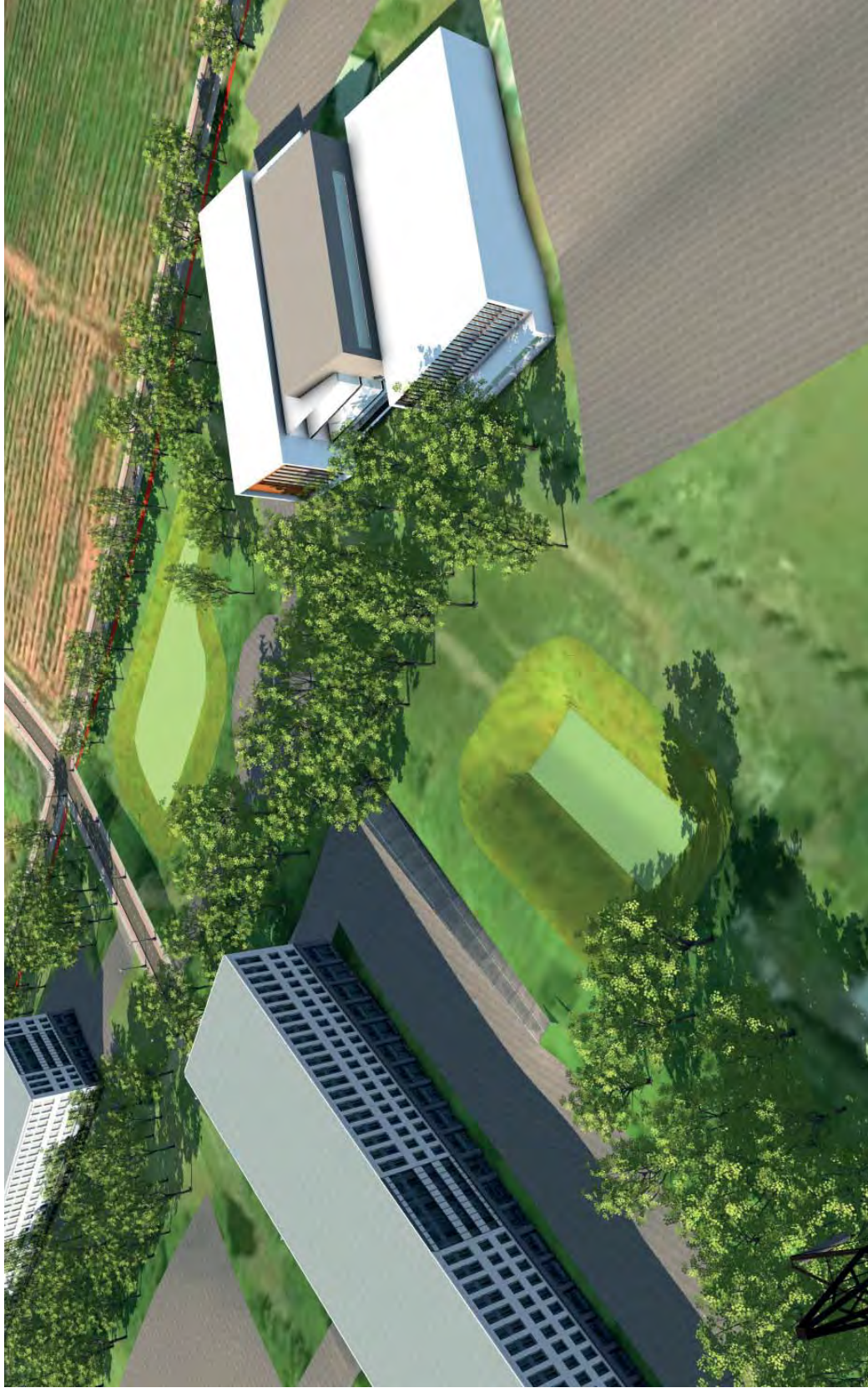
Currently there is no water service to the site, but the CH2M utility study in 2016 indicated that water can be provided to the site either from the City of Tualatin or the City of Wilsonville. The City of Wilsonville gets their water from City of Wilsonville (Willamette River Water Treatment Plant). The current capacity in the plant is 15 MGD but it can be increased to 70 MGD. The City of Wilsonville water study for the region accounted for 0.75 MGD of water being required for industrial use. The increased water demand for the proposed schemes can be served by the planned improvements in the area. The utility layout for each scheme assumes that water lines are installed in Grahams Ferry Road and these lines are sized for the capacity of the proposed development. The water line installed in the future Basalt Creek Parkway will provide a looped system in the area but the study area will not connect to this line. Water lines will be installed within the public roadway shown on the schemes.

SEWER

There is currently no sewer service to the site but sanitary sewer service connections are available to the north via the City of Tualatin or to the south via the City of Wilsonville. The City of Tualatin sewer lines are conveyed to the CWS Durham Treatment Plant for treatment and the lines are managed by CWS. The City of Wilsonville has a treatment plant south of the site and most flows from the study area can gravity flow to the Wilsonville treatment plant. To connect to the CWS and Tualatin system in the north, a lift station will be required near the intersection of Grahams Ferry Road and Day Road. This will pump the sewage to the existing main at Grahams Ferry Road and Helenius Street.

Assuming the Grahams Ferry Road pipes are sized to accommodate the proposed development, sewer service is available to the site. Public sewer lines will be installed within the public roadway sections shown on the schemes. Due to the uncertainty regarding utility lines being installed in the future Basalt Creek Parkway and ability to connect; the sewer connections for the study area are shown to Grahams Ferry Road only and no connections are shown to the future Basalt Creek Parkway.

Water reuse strategies should be considered for manufacturing and industrial facilities. These facilities often use a large quantity of water for functions such as cooling towers, air handling units, or process water. This water could be recirculated on-site for non-potable use or a closed loop system could be designed to both help reduce the amount of water required and the sewage flow from the property.



Scheme B Stormwater Pond

Site Factors

ENVIRONMENTAL

The Basalt Creek planning area primarily contains agriculture and undeveloped forest land. Basalt Creek runs along the eastern edge of the site and there are multiple wetlands and riparian corridors within the site based on the RLIS data provided by the City of Wilsonville and the Basalt Creek Concept Plan Existing Conditions Report. The Land Suitability Study completed in 2015 indicates that the tax lots within the project site are modestly constrained for development since these are medium sized lots that are mostly vacant or undeveloped (see Figure 7). The Environmental Constraints Exhibit (Figure 8) in this report indicates the site constraints that will impact the developable area. Per documentation from PGE, restrictions within their easement include the construction of any permanent feature such as a building, planting trees or heavy vegetation that may impact the clear height to the poles, constructing permanent obstructions that may impact their maintenance access, and extensive grading. Parking lots, roads and low height vegetation are allowable uses within the easement.

The Site Constraints table summarizes the setbacks associated with the environmental constraints and lists the implications to the developable area using Clean Water Services standards. The City of Wilsonville standards may vary from these, and some of the environmental constraints noted can be mitigated through the use of mitigation banks or mitigation at other locations. Washington County indicated for the 124th Ave extension work, mitigation for wetland impacts was done by purchasing credits for the Mud Slough Mitigation Bank.

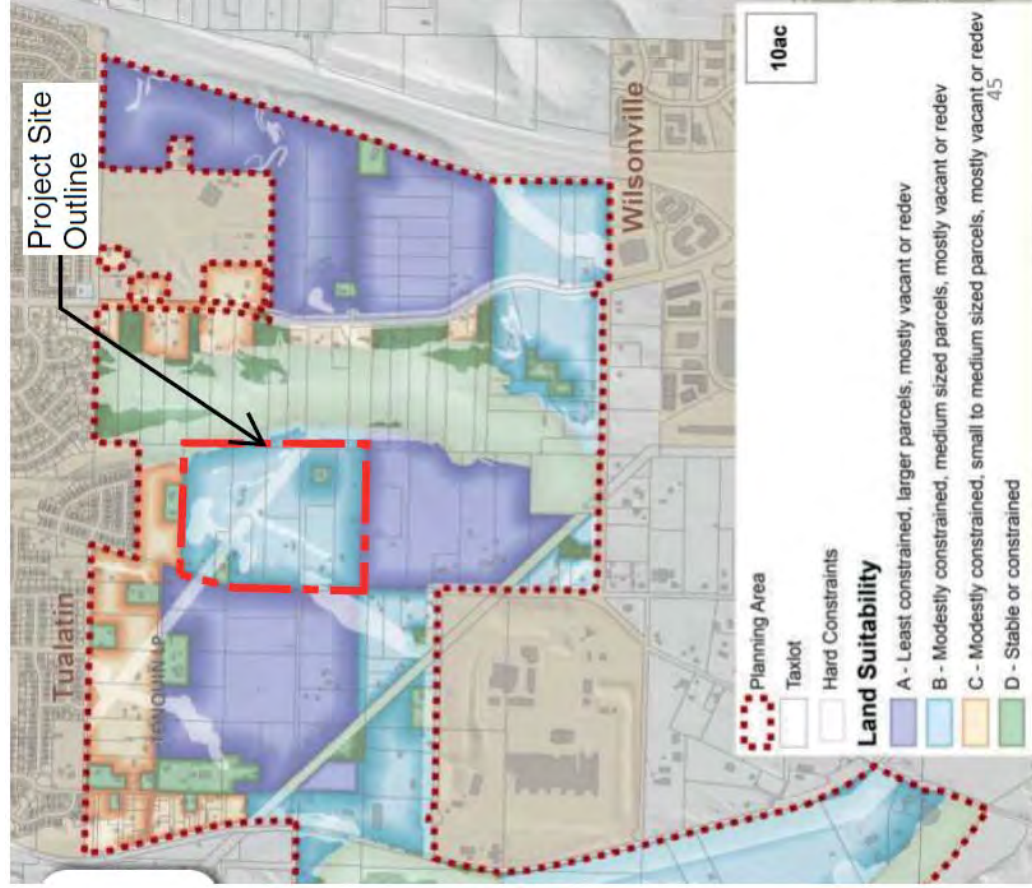


Figure 7

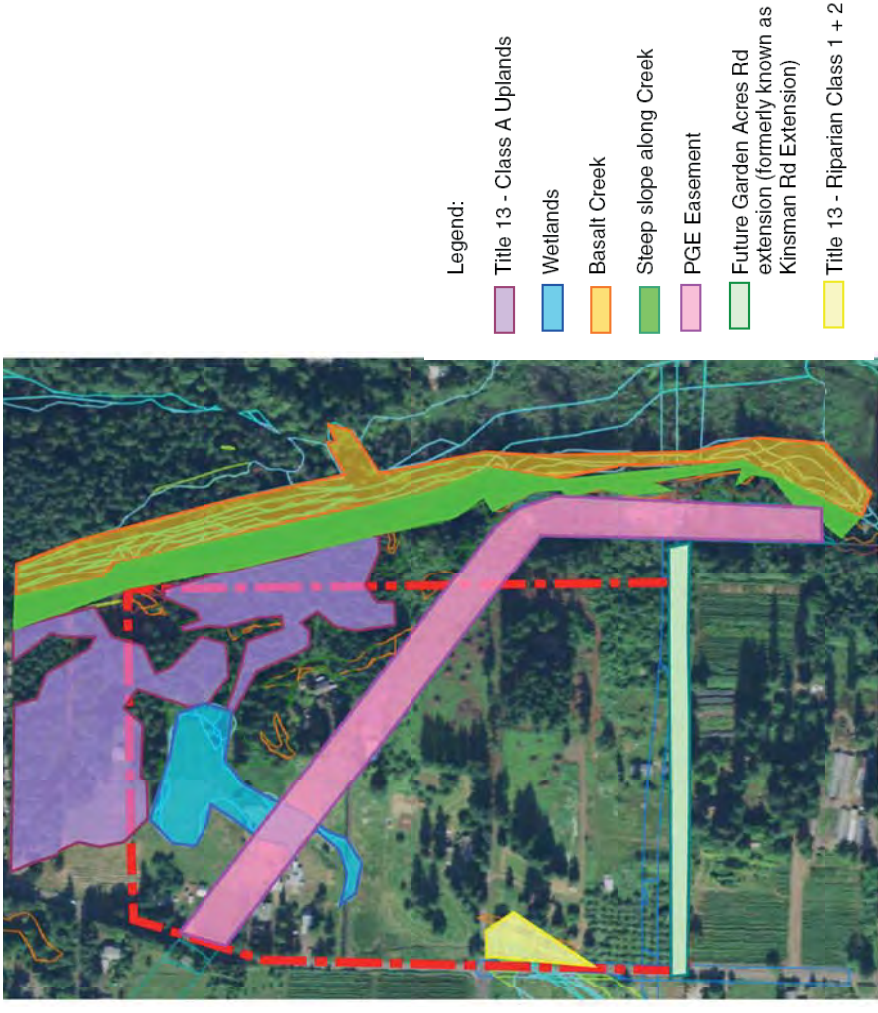


Figure 8

Constraint	Description	Setbacks*	Development Limitations
Title 13 – Class A Upland	Area defined as high value for wildlife habitat		Can do routine maintenance and repair of structures within this zone as long as the upland area is maintained. Design to incorporate minimum impact.
Title 13 – Riparian Class 1 and 2	Supports 1-3 riparian functions	100'	
Basalt Creek	Perennial Creek	50' (per CWS Table 3.1)	
Wetlands	Wetland	50' (per CWS table 3.1)	
Steep slope	Slopes greater than 25%	The vegetated corridor will extend 35' beyond the break in slope along the creek	Steep slopes are considered unstable and not desirable for development.
PGE Easement	Overhead transmission lines	125' easement	PGE has limitations for use within the ROW including tree locations and permanent structures to allow maintenance of the lines.
Future Roadway Extension	Future Basalt Creek Parkway	90' ROW	Per Washington County TSP Figure 3.10 this is a 4-5 lane arterial.

Table 2 - Site Constraints

* - Vegetated corridors within CWS are measured from edge of the sensitive area and are for each side of the corridor.

Site Constraints

ELEVATIONS AND ROCK EXCAVATION

The project site is currently relatively flat in the southern and northwestern region but has slopes towards the middle and east that are in the 15-25% range. Adjacent to Basalt Creek, the slopes are above 25%. The site slope map (Figure 10) indicates the approximate slopes on the site based on GIS data provided by the City. The steeper slopes can cause challenges for development due to additional cut and fill earthwork that is required to create a level building pad and site. Industrial facilities typically require large, flat areas for the building pad and adjacent storage and loading/unloading zone. As a result, in the schemes the industrial facilities have been set in the flatter portions of the site and alternative building types have been shown in the steeper sections such as office space. Office buildings are more conducive to split elevations and access at varying levels to accommodate grade. Parking lots can also be used in the sloped portions of the site with retaining walls to create level parking areas. Concept grading schemes have been developed for each of the three schemes to show potential finished floor elevations.

The geotechnical report by GRI dated March 19, 2015 and the CH2M study of this area indicate that rock excavation can be expected in the eastern portion of the site. Moving further west from Basalt Creek and towards Graham Ferry Road, the amount of rock expected to be encountered with construction decreases. The rock in the area is basalt per GRI's findings and it is decomposed rock that is soft to very soft. However, the boring equipment did experience drill chatter while excavating the 2 deep boring holes within the feasibility limits, suggesting the rock does provide resistance to excavation and may require heavier construction equipment to remove or blasting. Based on Figure 9 and the studies completed in 2015, the majority of the proposed development area is located in the lowest concentrations of rock excavation. Developers may encounter some rock with deeper excavations during construction but this could be addressed by raising finished grade here to reduce the amount of excavation required. Based on the previous studies completed, grading and site preparation will require some attention in the proposed development area but are not as large of a concern as in some other portions of the Basalt Creek planning area.

Per the SW 124th Ave Extension plans, the intersection of SW Grahams Ferry Road and Tonquin Road will be raised approximately 9 feet from existing grade. To match existing grade on the east side of the roadway (along the project site frontage) a cut/fill slope will extend approximately 20 feet into the site. Per Washington County, the slope easement is a permanent easement. However, if the project development raises grade to match the roadway grade in this area, then the easement can be removed and this land is available for development. The slope easement is shown on the concept site plans for reference.

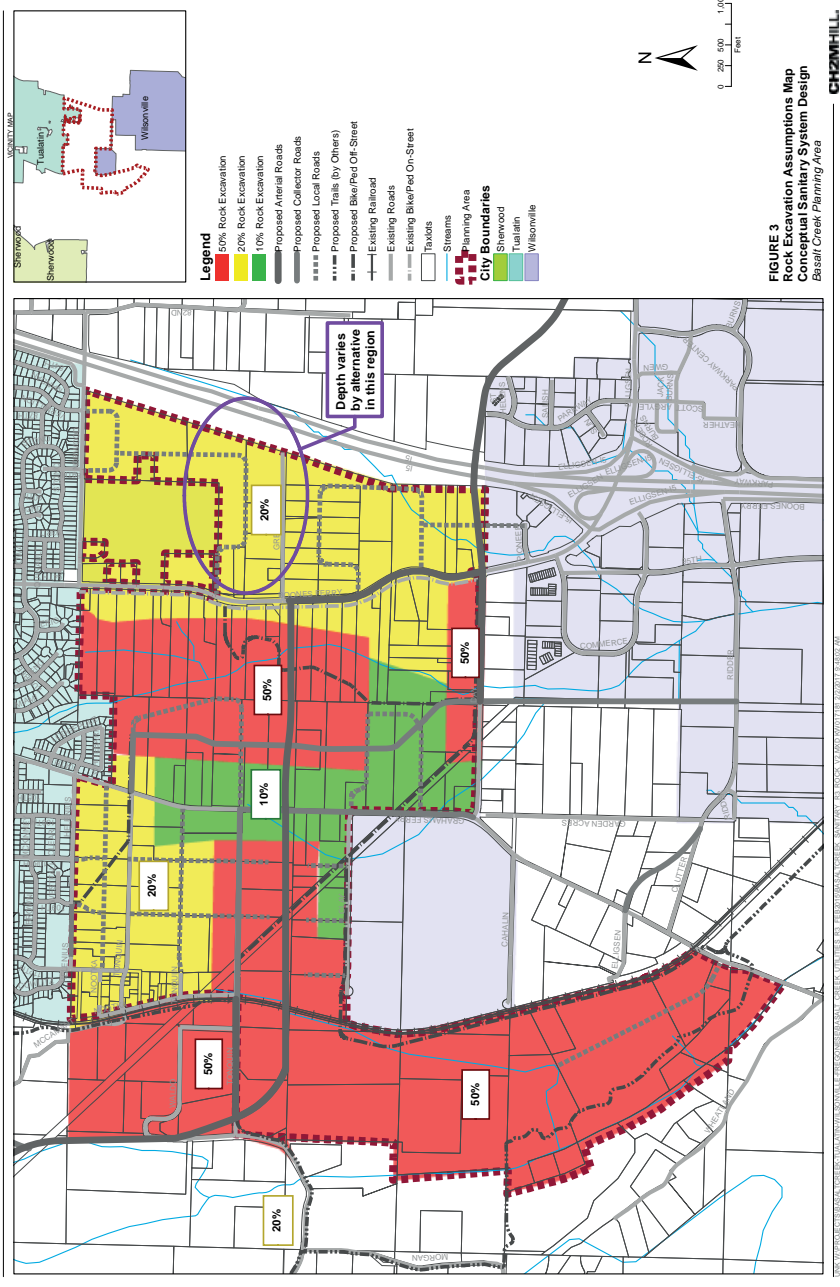


FIGURE 3
Rock Excavation Assumptions Map
Conceptual Secondary System Design
Basalt Creek Planning Area
CH2MHILL

Figure 9 - Rock Map by CH2M

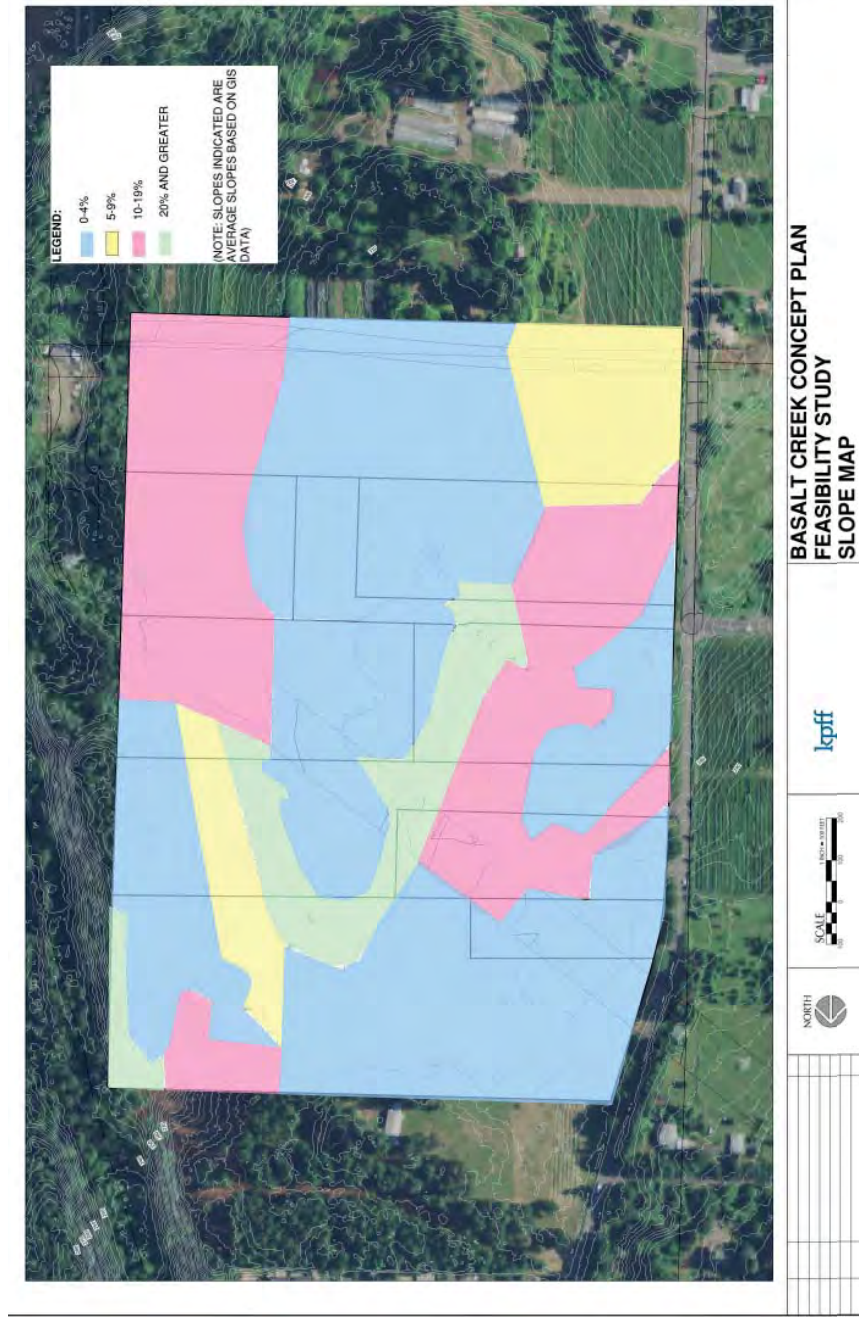


Figure 10 - Slope Map

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Schemes



Building Prototypes

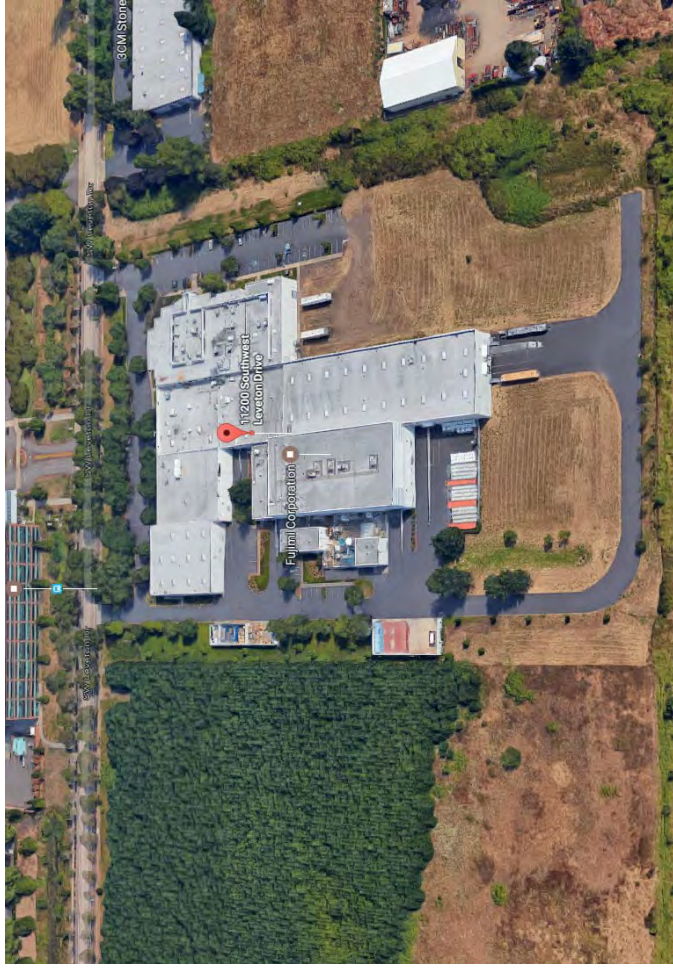
The building sizes and footprints shown in the concept plans are based on the following building prototypes. These prototypes were chosen based on their location in the local area (so they are representative of local facilities), variation in footprint size, and to provide a variety of building uses. The table to the right corresponds to the letters on the concept plans and in the renderings:

The craft industrial footprint (E1-E4) used in the concept schemes represents a block footprint that can fit within the space available. This footprint, however, can be modified to accommodate smaller buildings to serve more craft industrial type of services such as breweries, pottery or metal works, craft making, or others. Some images for these types of buildings are included to provide a reference for what other footprints may be used to develop the area.

Sample Building Designation

Building Designation	Building Type	General Description	Approx GSF	Similar facility type
A	Office and industrial mixed use	This is the largest of the building footprints and is a combination of office space in the front and manufacturing/industrial in the back.	215,800	Fujimi Corporation
B	Office	Office building (assumed to be 3 stories for the parking count)	120,000	Levetron Drive office building component shown in image for E1-E4 below
C	Office	Office building with a split bar so can accommodate grade changes (assumed to be 3 stories)	120,000	Providence Bridgeport
C1	Office	Office building with a split bar to accommodate grade changes. This is a slightly smaller footprint than C (200' x 100' vs 200' x 200') to fit the smaller lots (assumed to be 3 stories)	80,000	
D	Manufacturing/Industrial	This building is more of a manufacturing/industrial facility with limited office space and more loading bays and exterior storage.	90,000	Hesler Industries
E1-E4	Craft Industrial	Buildings E1-E4 are craft industrial type of facilities with limited office space and more workshop type of facilities over large manufacturing. These have vehicle access around the site and some storage area but do not require as much yard space as building D.	Varies 10,800 – 82,500	Industrial Park on Leveton Drive

BUILDING DESIGNATION A



Fujimi Corporation

BUILDING DESIGNATION B



Caption

BUILDING DESIGNATION C AND C1



Providence Bridgeport

Sample Building Designation

BUILDING DESIGNATION D



Helsler Industries

BUILDING DESIGNATION E1-E4



Industrial Park

Sample Craft Industrial Buildings



Schmeer Sheet Metal Works (NW Vaughn St, Portland)



Bull Run Distilling (2250 NW Quimby St, Portland, OR)



Redmond Art Works (6825 176th Ave NE, Redmond, WA)

LAYOUT

Scheme A is developed to preserve as much of the open space as feasible on the north side of the site including the upland habitat and wetlands. The development is primarily focused south of the PGE easement and includes building prototypes C, D, B, and E. Building C is located on the southeast corner of the site so it is the face of the development when someone is traveling west on future Basalt Creek Parkway. From here, the site begins to accommodate more of the industrial use by locating building D on the flatter portion of the site near the future Basalt Creek Parkway and buildings E1-E4 to the west near the environmental regions and PGE power lines. The lots for buildings E3 and E4 are large to include the open space areas. At the corner of Grahams Ferry Road and future Basalt Creek Parkway, Building B is located to anchor this corner and provide office space and a visual marker. Access to the facilities is via a single public road connection at Tonquin Road. This public road is assumed to be similar to the Washington County industrial/commercial roadway section described previously. The parking lot sizes indicated are based on the assumed parking counts previously indicated for the gross square footage of development. Parking lots and loading areas can be screened in this layout with trees planted along Basalt Creek Parkway, Grahams Ferry Road and along the public roadway within the site. A secondary access point will be required off of Grahams Ferry Road for the E2 building in the northwest corner of the site. Parking for Scheme A is located close to the buildings and there is some parking in the PGE easement, but of all the schemes this has the least amount of parking in the easement.

For Scheme A the total built area is 480,000 sf, the total parking count is 1,230 stalls, and the potential open space is 14 acres.

GRADING

The finished floors indicated represent potential finished floors for the buildings taking into account existing grade and the roadway grading being completed for Grahams Ferry Road at Tonquin Road. Building B in the southwest corner will be a split building to accommodate the slopes in this region. Retaining walls will be required on the west side of this building to meet the roadway grades and the building will be sitting higher than the adjacent roadway. Buildings E1-E4 are set close to existing grade to minimize the earthwork for these structures and to maintain the existing grade at the open space areas. E3 has a split elevation in the east/west direction to accommodate the grade change north of the PGE easement where the site currently slopes down to the upland habitat area. Building D is located near the plateau area on the south side of the site where the grades are relatively flat. This allows for level areas around the building for storage yard and loading bays. Building C in the southeast corner of the site is designed to accommodate the grade change here as the site begins to slope into Basalt Creek. The existing grade change in this area is 40 feet. The design concept shows a 15-foot grade change between the two building bays which would allow access at two different floors. Changes to grade in the parking lot will need to be accommodated by retaining walls in this option. A retaining wall will be required along the eastern property line near building C. Of the three options, Option A works the best with existing grade since improvements north of the PGE easement and east near the creek are limited.

Scheme A Grading



Scheme A



UTILITIES

Utilities for Option A will include sewer and water service to the buildings from Grahams Ferry Road and via the public roadway within the site. There is no regional storm drainage concept in this scheme and the intent is for storm drainage to be accommodated on each lot through the use of subsurface or low impact development options. Buildings E1-E4 are either adjacent to or include the open space in their lots which provides the opportunity to incorporate the drainage systems with these areas and to gravity drain down to the open space. The building grades within the site are raised from the roadway grades in Grahams Ferry Road in Scheme A, with the intent to gravity drain the sewer from the site to the public lines. Drainage for the other buildings (B, D, and C) will also be able to gravity drain to Grahams Ferry Road.

ENVIRONMENTAL IMPACTS

Scheme A of the three schemes preserves the most amount of open space and has the least impact on the existing natural resources. This option preserves both the wetland and upland habitat area on the north side. The Title 13 riparian corridor along Grahams Ferry Road is impacted under all 3 schemes and this can be mitigated similar to what the County did for work on 124th as described previously. Based on the condition of the wetland onsite, there is a potential to enhance this area to act as a transition from the development to the residential uses to the north.



Scheme A Utilities

Scheme B

Scheme B – maintains some open space in the northeast corner of the site but develops more of the site than Scheme A



DATE	DESCRIPTION	BY



BASALT CREEK CONCEPT PLAN FEASIBILITY STUDY SCHEME B - SITE PLAN

LAYOUT

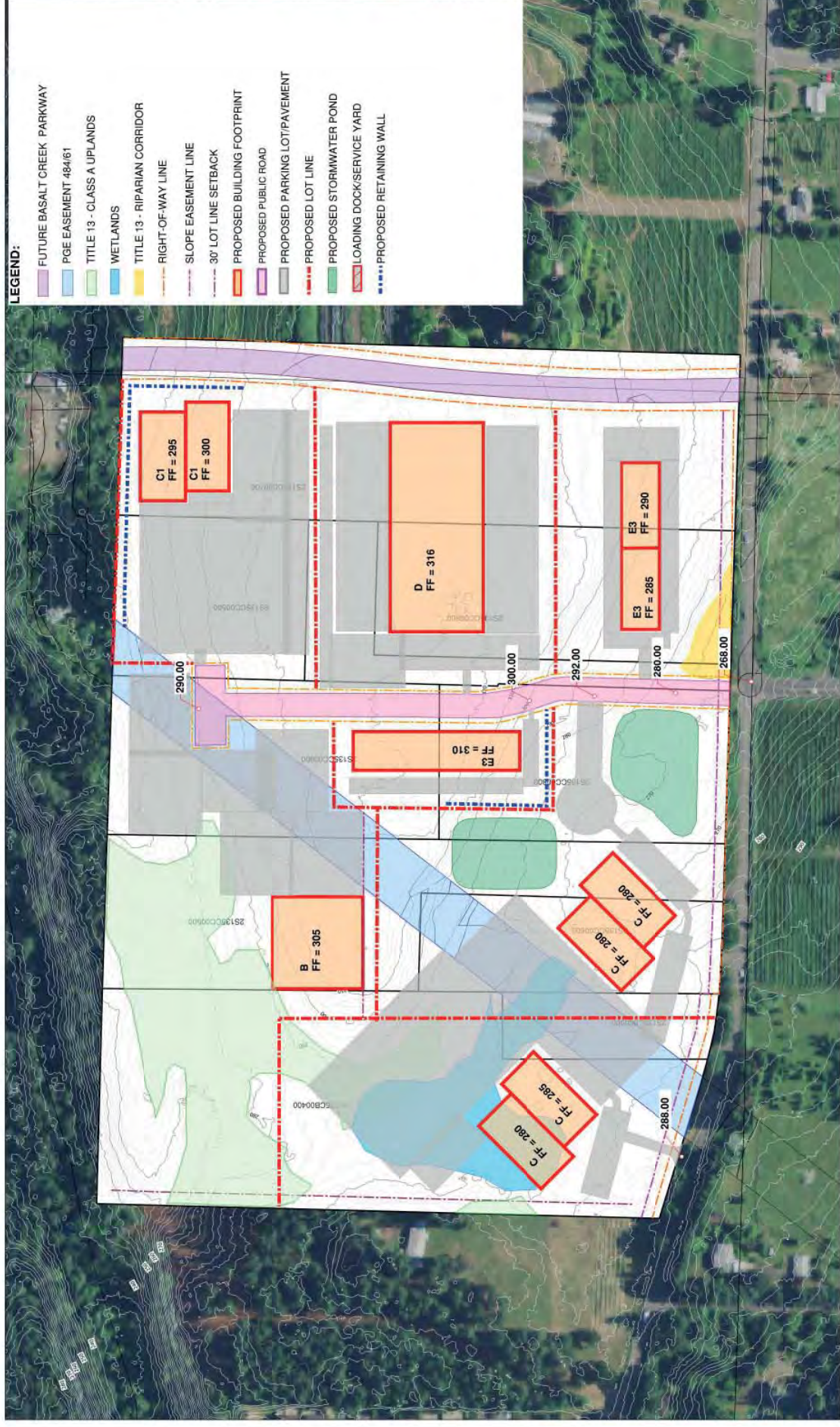
Scheme B is the moderate scheme between Schemes A and C. It utilizes more of the open space for development than Scheme A but it also maintains some open space unlike Scheme C. Scheme B has a combination of office and manufacturing/warehouse space and has the largest number of office-only buildings (prototypes B and C) of all three schemes. In Scheme B, buildings E and D are located along the future Basalt Creek Parkway in the southern portion of the site. Building D is located on the flatter portion of the site, similar to Scheme A. Building E3 is located in the southwest corner of the site and both parking and vehicle access are provided around all sides of this building. Building C1 is located in the southeast corner as in Scheme A to anchor this location and to provide a visual presence for the site as drivers travel west on the future Basalt Creek Parkway. The C1 footprint was used here to reduce the parking area and to allow Building D to be located on the flatter portion of the site. The public roadway heading east from Tonquin Road intersects the site internally both north and south. To the north of this road is a smaller craft industrial building (E3) and then closer to the open space are office Buildings B and C. Building B is adjacent to the upland habitat area and the open space can be incorporated into the building layout and design. The two type-C buildings located on the northwest portion of the site will have a shared parking lot. Access to these buildings is from Grahams Ferry Road and the internal public roadway. Scheme B utilizes the PGE easement for parking more than Scheme A. Scheme B is also the only scheme that looks to incorporate regional stormwater systems into the layout. These ponds are shown near the main entrance to the site.

For Scheme B the total built area is 594,800 sf, the total parking count is 1,753 stalls, and the potential open space is 6.3 acres.

GRADING

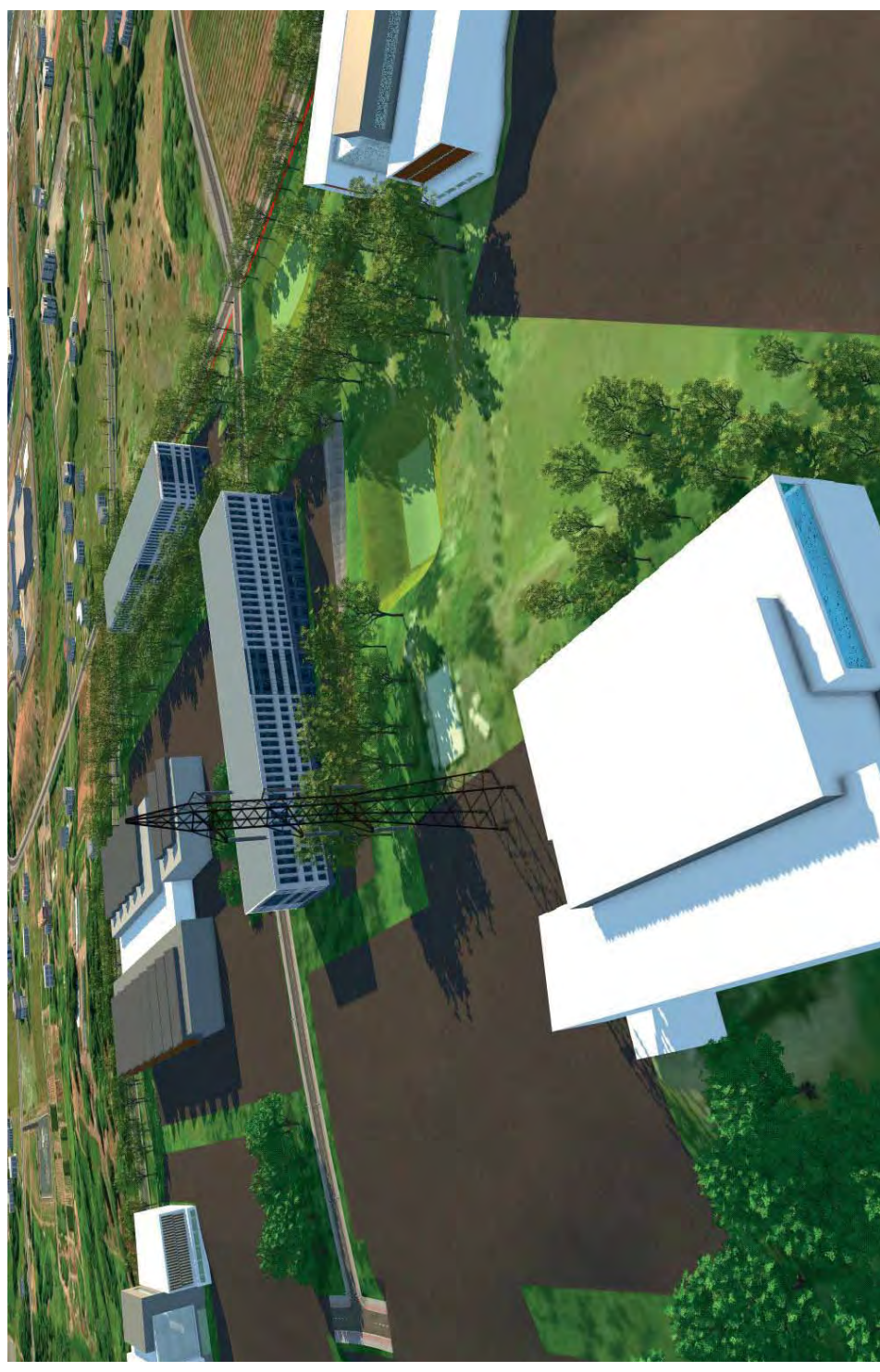
The finished floors indicated represent potential finished floors for the buildings, taking into account existing grade and the roadway grading being completed for Grahams Ferry Road at Tonquin Road. Building E3 in the SW corner of the site will be split in elevation to accommodate the existing grade here. Retaining walls will be required along the eastern and southern side of these lots to match the roadway grades. Since building E3 will be filling in the slope easement, this easement can be removed providing more developable area between the building and Grahams Ferry Road. Buildings D and C1 are located in similar locations in Scheme A and B. Building D is located near the plateau area on the south side of the site where the grades are relatively flat. This allows for level areas around the building for storage yard and loading bays. Building C1 in the southeast corner of the site is designed to accommodate the grade change here as the site begins to slope into Basalt Creek. The grade change in building C1 is shown as 5 feet and a retaining wall will be required along the eastern property line. Retaining walls will be required in the parking lot for C1 and the adjacent building B to accommodate the slope in this area. Building B is located at the top of the slope near the upland habitat and will require some cut in this area to create a level building pad. Buildings C near the western portion of the site steps down with grade with 5- to 10-foot grade variations between the levels. This is to accommodate the existing slope in this area. Access is also provided from Grahams Ferry Road to these building which impacts the finished floor elevations.

Scheme B Grading



**BASALT CREEK CONCEPT PLAN
FEASIBILITY STUDY
SCHEME B - GRADING PLAN**

Scheme B

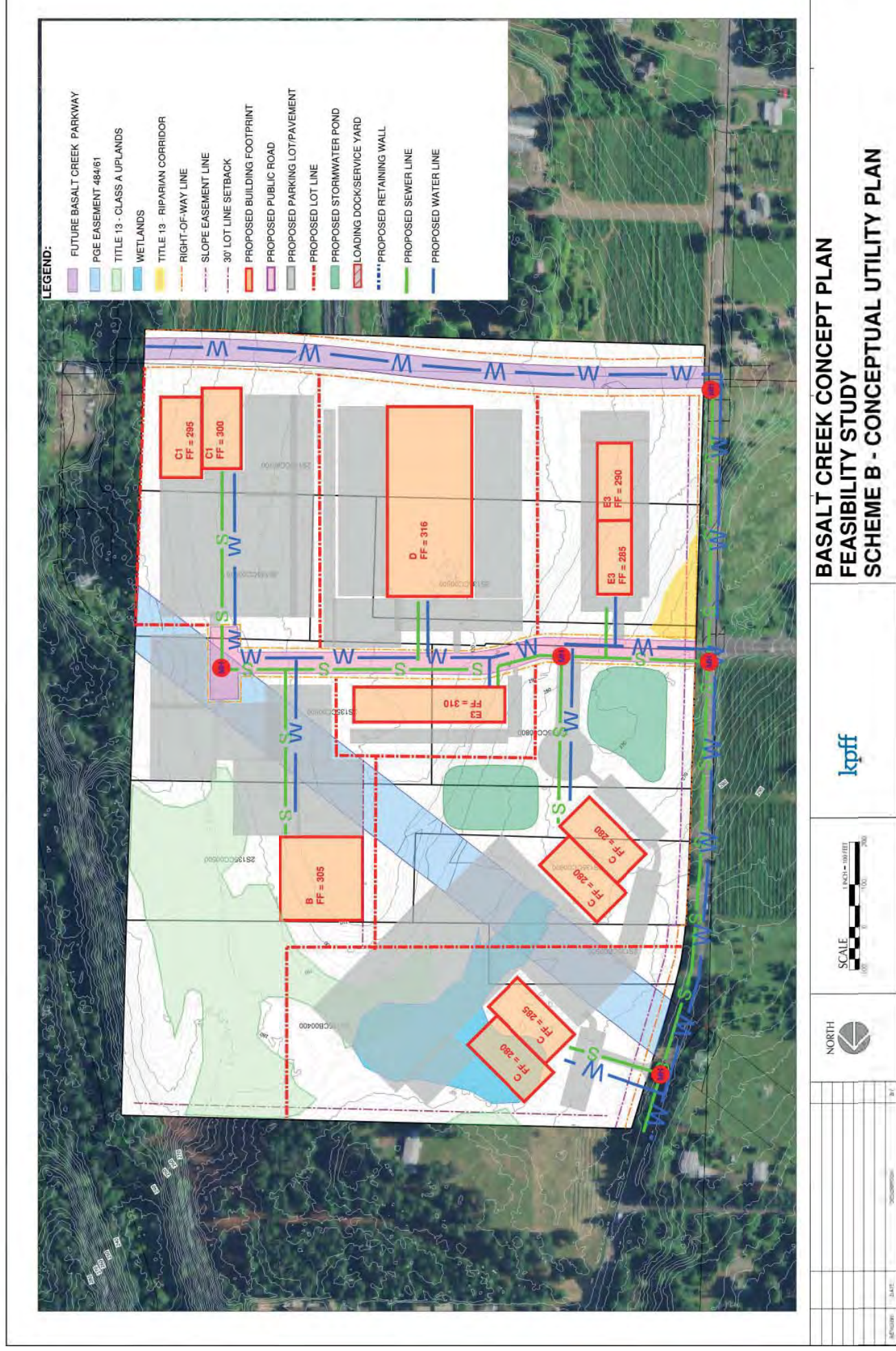


UTILITIES

Utilities for Scheme B will include sewer and water service to the buildings via the public roadway within the site and Grahams Ferry Road. There are two regional storm drainage ponds shown in this concept that provide approximately 1.6 acres for water quality treatment and detention. To accommodate the full build out of development, this will not provide enough volume and storm drainage will also need to be accommodated on each lot through the use of subsurface or low impact development options. Buildings B and C are either adjacent to or include the open space in their lots which provides the opportunity to incorporate the drainage systems with these areas. The building grades within the site are raised from the roadway grades in Grahams Ferry Road, with the intent to gravity drain the sewer and drainage from the site to the public lines.

ENVIRONMENTAL IMPACTS

Scheme B is the middle ground option for natural resource protection. The upland habitat area in the northeast corner of the site is maintained in this option but the wetland north of the PGE easement is utilized for development. The condition of this wetland will need to be evaluated as the region is developed but visual observations during the site walk of the area indicated this wetland may not be in "good" condition and could be mitigated elsewhere. By utilizing the wetland area it allows the northwest portion of the site to be developed more than in Scheme A providing more building square footage and employment opportunities.



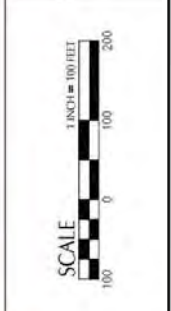
Scheme B Utilities

Scheme C

Scheme C – fully develops the site to the maximum extent feasible and has the least amount of open space



NO.	DATE	DESCRIPTION	BY



BASALT CREEK CONCEPT PLAN FEASIBILITY STUDY SCHEME C - SITE PLAN

LAYOUT

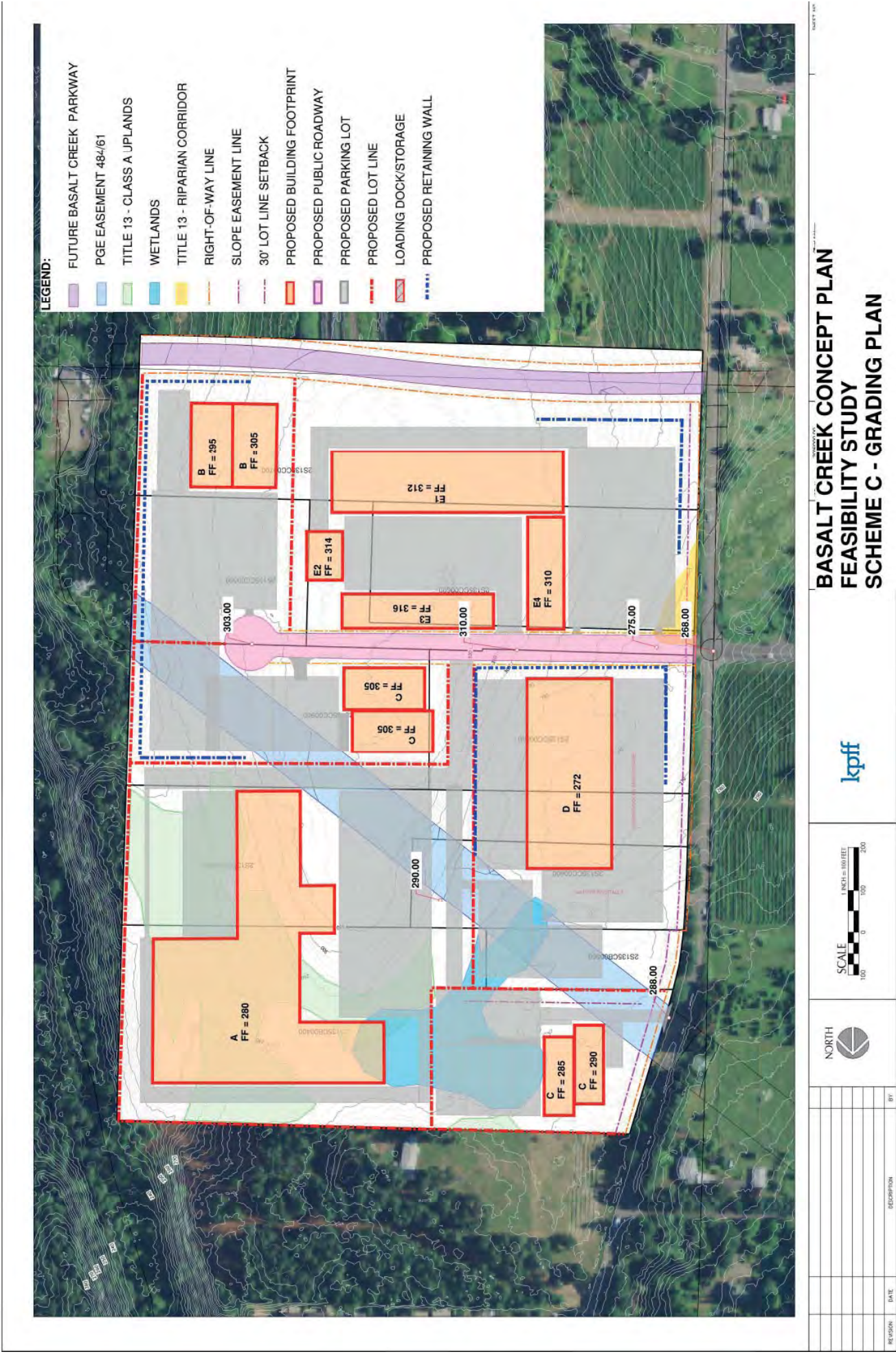
Scheme C utilizes the most amount of area on the site for development and preserves the least amount of open space of the three schemes. In Scheme C, buildings E1 – E4 are located along the southern portion of the site and have a combined courtyard area to allow for storage, utility yards and other uses that can be screened from the public. Parking for these buildings is combined and located in a lot at the southwest corner of the site. In the southeast corner of the site is Building B. Building B is located further away from the Basalt Creek steep slope in this scheme so it can be closer to the flatter portion of the site. This building still requires a step in the finished floor elevations but there is more room to grade out from the building to the east, which helps to reduce the retaining wall height here. A public roadway is located east of Tonquin Road and provides the north/south split within the site that is common between all three schemes. On the north side is Building C which is accessible from the site public roadway. Building C shares a combined parking lot with Building B. North of the new public roadway is Building D. A second building C is located in the northwest corner of the site, similar to Scheme B. Scheme C is the only one to utilize the Building A footprint since this is the largest of all the building prototypes and requires infilling the natural resource area to accommodate the building. Parking and roadways are located within the PGE easement in Scheme C and this scheme utilizes the PGE easement the most. In Scheme C there is no anchor building at the southeast corner of the site to provide the visual connection from Grahams Ferry Road since this area is utilized for parking.

For Scheme C the total built area is 781,350 sf, the total parking count is 1,542 stalls, and the potential open space is negligible. The parking stalls provided is less than the required count by code since the parking lots are shared in Scheme C for Buildings B and C. There is not enough room on the site to meet the parking count for each building individually.

GRADING

The finished floors indicated represent potential finished floors for the buildings taking into account existing grade and the roadway grading being completed for Grahams Ferry Road at Tonquin Road. For Scheme C, buildings E1-E4 are located on the flatter portion of the site near the future Basalt Creek Parkway and the parking lot in the southwest portion of the site will need to be tiered to accommodate the grade difference between the roadway and buildings. Building B is stepped in the southeast corner similar to buildings C in Schemes A and B to accommodate the grade change here. The combined parking lot for buildings B and C will be located on the slope heading down to the upland habitat area and will require retaining walls to accommodate the grade change. Building C has a constant finished floor in Scheme C and the grades slopes north from Building C to Building A. Building A is located in the lower portion of the site and is at the elevation of the upland habitat area. This allows the building to create level areas on the east and north side for storage and vehicle access. From Building A, the site slopes back up to the west to set the finished floors for buildings D and C. Building D is located on the flatter area near Tonquin Road and Building C is stepped to accommodate the grades to the north. Scheme C will require internal retaining walls to accommodate the grade changes within the site since this scheme has the most amount of impervious area and the least amount of open space to accommodate grade changes in undeveloped areas.

Scheme C Grading



Scheme C

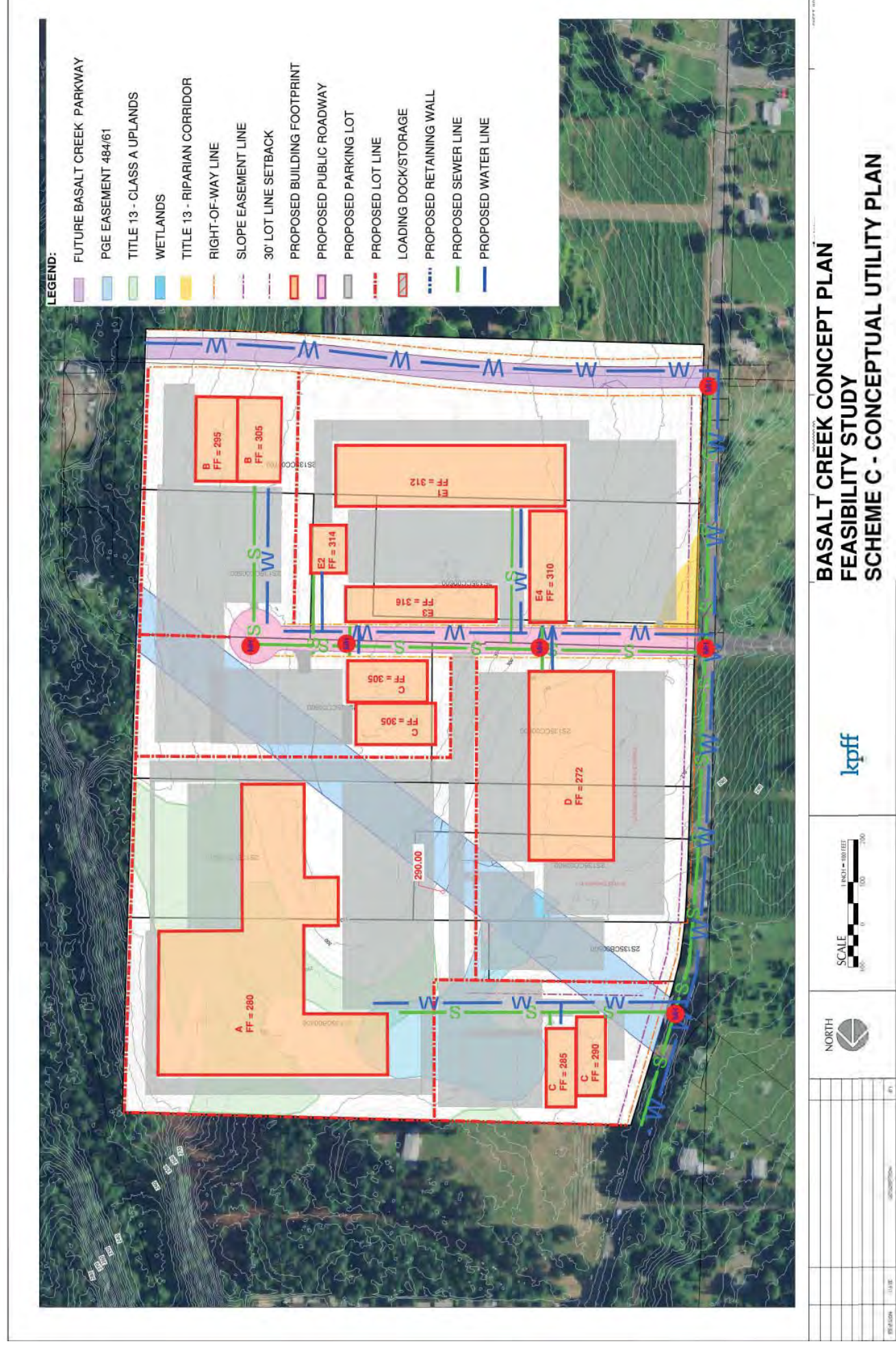


UTILITIES

Utilities for Scheme C will include sewer and water service to the buildings from the public roadway within the site and Grahams Ferry Road. This scheme does not show any regional stormwater systems and storm drainage will need to be accommodated on each lot through the use of subsurface or low impact development options. The building grades within the site are raised from the roadway grades in Grahams Ferry Road, with the intent to gravity drain the sewer and drainage from the site to the public lines.

ENVIRONMENTAL IMPACTS

Scheme C has the most impact to the environmental resources on site and preserves none of the upland habitat or wetlands. These areas will need to be mitigated either through mitigation banks or improvements off site.



Scheme C Utilities

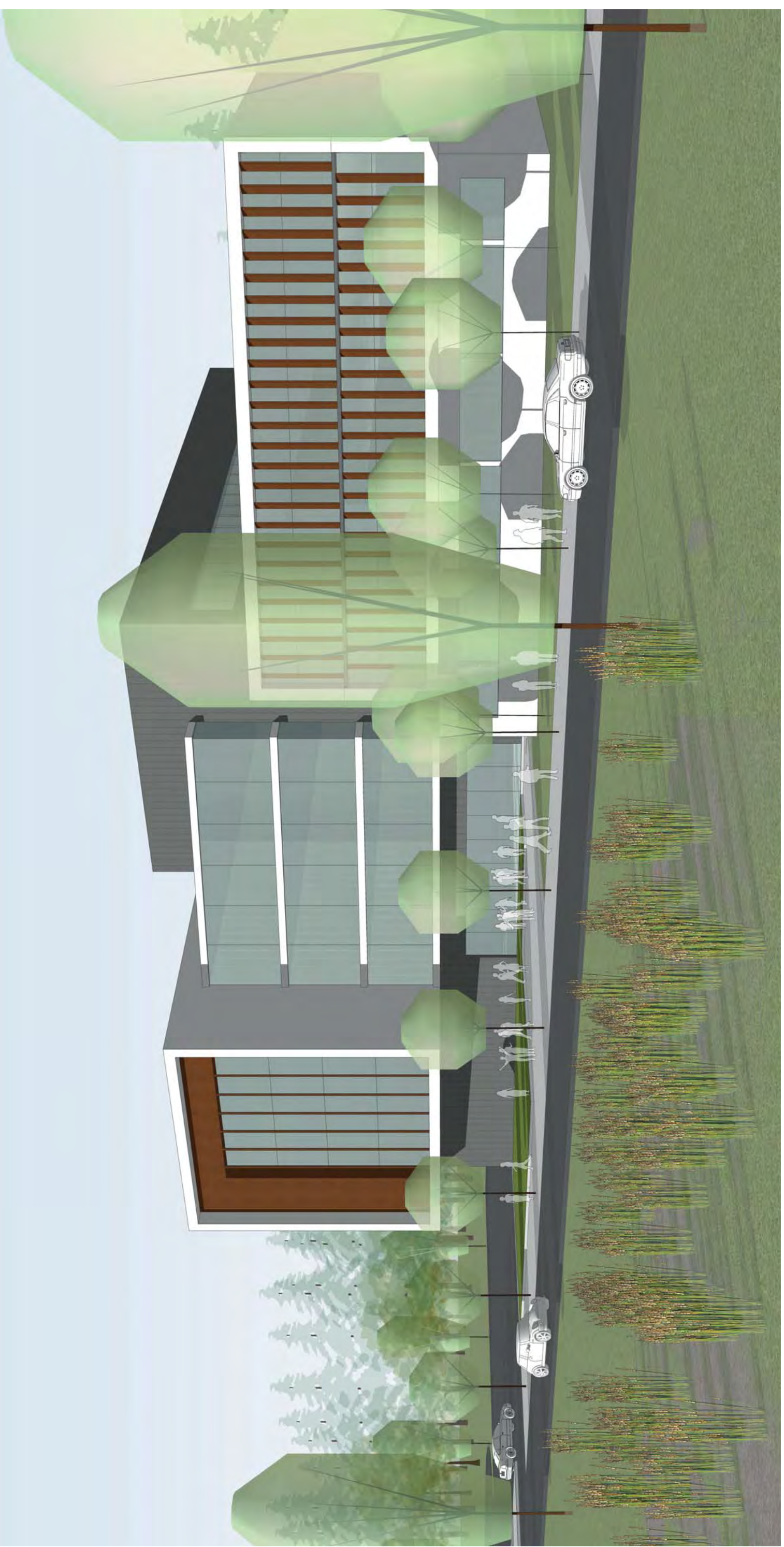


Building Renderings

Building renderings provided are representative conceptual images of what Buildings B, C, and D could look like

Building B

ZGF
ZIMMER GUNSUL FRASCA ARCHITECTS LLC



Building C



Building D

ZGF
ZIMMER GUNSUL FRASCA ARCHITECTS LLC



Summary

SCHEMES

Each scheme presented provides unique design opportunities for the region that capitalize on the goal of increasing employment opportunities. The three schemes take different approaches on how to develop the site and provide test fits for design concepts. The existing grades on the site pose a challenge for development but the concept grading schemes show the grade changes can be accommodated through the use of stepped finished floors and retaining walls. Grades within the parking lots for some of the schemes may require the use of walls and terraced parking to accommodate the slope. The material for the retaining walls can be chosen to be aesthetically pleasing and the walls may be terraced to break up the grade and allow for planting in this area. Consideration should also be given in some of these locations to structured parking which can accommodate grade changes better than surface parking can. The table below is a side by side comparison of the three options to show their similarities and differences. “1” indicates that the scheme is closest to meeting the objective and “3” is least of all schemes to meet the objective.

Objective	Scheme A	Scheme B	Scheme C
Provides the most building square footage	3	2	1
Provides the most number of parking stalls	2	1	3
Meets or exceeds the code parking count based on the assumptions outlined in this study	2	1	3
Provides the most potential for open space	1	2	3
Transition to residential area to the north	1	2	3

CONCLUSION

Various employment opportunities can be accommodated on the site from larger industrial facilities such as Building A to smaller craft industrial facilities such as Buildings E. The slope on the site is conducive to the stepped and smaller buildings such as Buildings E and C. These buildings could provide office space as well as smaller craft facilities that can include breweries, textiles, pottery and metal works. Not only will these facilities increase the employment opportunities in the area but they also fill a need for providing space to support local artists and the craft industry. As indicated in the three schemes there is flexibility on the site to use a variety of building types and footprints. This feasibility study has validated through the test fits that the area can be developed to increase employment opportunities in the region. As a result, other land uses were not analyzed for feasibility since the area is designated as a regional employment area.

The site does pose some grading challenges which will require the use of stepped foundations and retaining walls as indicated and discussed. This is not unexpected in the region and the use of retaining walls and stepped footings has been done in other projects locally as indicated by the included images. The cost for accommodating the grade change is higher than if the project site were completely flat, but it is not out of line with development on similar types of sites. Infrastructure costs such as construction of new roadways and utilities are required for all greenfield sites and would be required to develop the feasibility study site regardless of the intended use.



Sample Projects for Similar Grading and Development Schemes



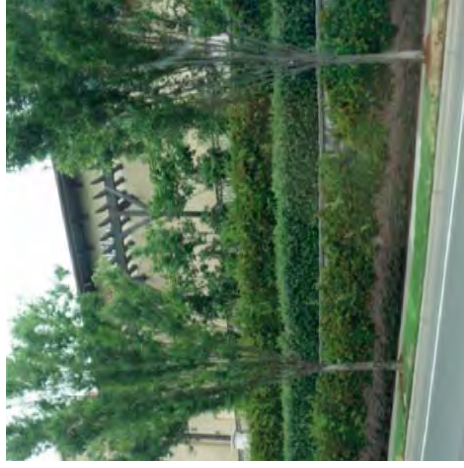
Office and commercial building near SW 124th Ave and SW Leveton Dr, Tualatin with retaining wall between properties



Mountainside High School (new Beaverton High School) looking from Scholls Ferry Rd, Beaverton



Parking lot retaining wall at Legacy Medical Office Building, Tualatin



Nyberg Woods (terraced retaining walls filled with plants), Tualatin



Parking lot off of SW Barnes Rd, Portland (across from Oregon College of Art & Craft)



Access road and retaining wall in the Portland metro area





Existing Conditions Report

Basalt Creek Planning Area

October 2014

V. Commercial, Industrial & Residential Real Estate Markets

The purpose of this section is to provide a picture of existing real estate market conditions and the outlook for office, residential, and retail development in Basalt Creek and adjacent areas.



Figure 23 Photo of planning area: Grahams Ferry Road, looking north into the Basalt Creek planning area. Source: Leland Consulting Group 2014.

Industrial and Office Market

Basalt Creek is located near the center of one of the region’s largest clusters of employment land, which includes existing developed areas in the cities of Tualatin, Wilsonville, and Sherwood, as well as the planned future employment areas of Southwest Tualatin, Tonquin, and Coffee Creek). A market area was defined for this report so results can be compared with future analysis (Figure 24). The market area includes the cities of Tualatin, Wilsonville, and Sherwood, as well as some surrounding areas.

The Metro Regional Government projects rapid employment growth of 2.3% annually for the market area through 2035—about 40% faster than the employment growth in the overall region (1.7 %). This pattern indicates that ongoing business expansion and job creation is expected for these three cities, comprising a large portion of the southwestern metropolitan area.

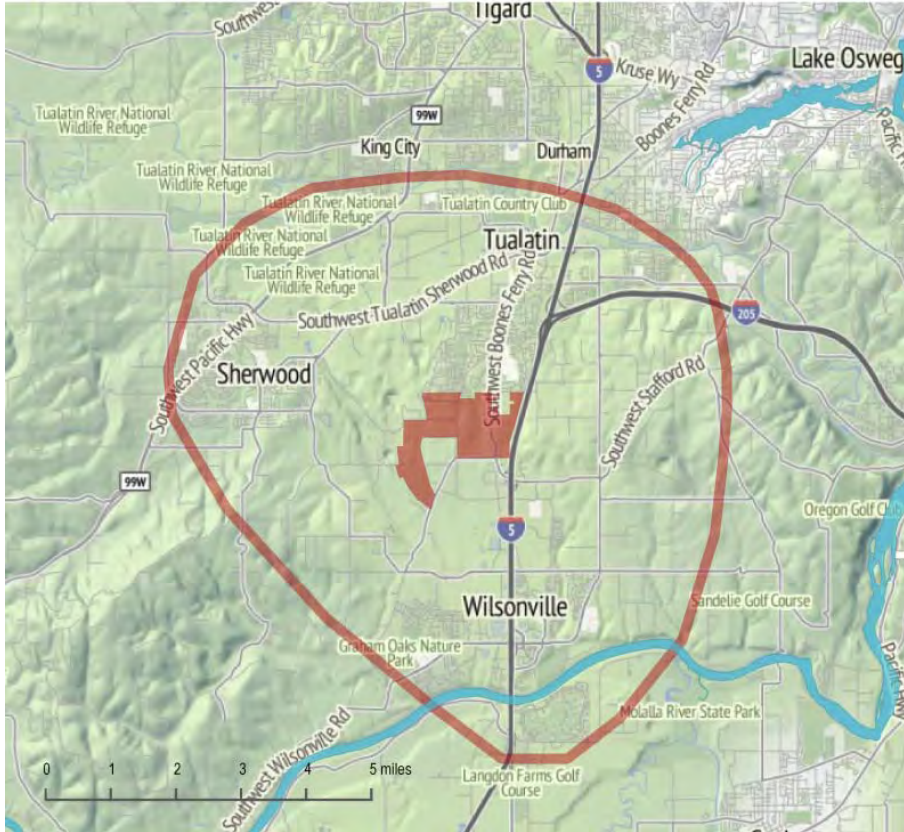


Figure 24 Market Analysis Area for the Basalt Creek area. Source: Leland Consulting Group, 2014.

Tualatin and Wilsonville have independently identified a series of industry clusters in which the two cities are already highly competitive, and in which they expect future significant business and job growth. These include advanced manufacturing, corporate and professional services, health care and related fields, and other specific industrial clusters such as food processing and light manufacturing. Leading organizations within these clusters include Lam Research, Legacy Meridian Park Medical Center, the Oregon Institute of Technology, Mentor Graphics, and Xerox Corporation. Businesses in these categories would be well-suited to locate in the Basalt Creek planning area.

Both Tualatin and Wilsonville have seen significant industrial and office development during the past three decades. Development peaked during the 1990's and has slowed following the recession; however, industrial development in particular is expected to resume and accelerate in coming years due to a desire to “onshore” jobs (bring employment back from overseas), shorten supply chains, and take advantage of lower domestic costs in some industries. Between 1980 and 2014, the cities of Tualatin and Wilsonville saw on average over 400,000 square feet of industrial and office building development annually, and 56.6 acres of industrial and office land development annually. The amount of industrial development (including warehousing, production, flexible office/industrial space, etc.) in both cities is significantly larger (more than seven times) than the amount of office development. This general dynamic is expected to persist for the foreseeable future.

Building types vary significantly within the market area: some industrial facilities contain more than 200,000 square feet of building area, while many other small office and industrial flex spaces are less than 20,000 square feet in size. The floor area ratio (FAR) of most buildings, however, generally falls within the range of 0.2 to 0.4, which generally indicates one- to three-story buildings with large areas for parking and/or freight movement. A small number of office buildings have higher FARs up to about 1.0, which indicates more dense buildings and some structured parking.

Going forward, employment development in the Basalt Creek area will benefit from a number of competitive advantages. These include its direct access to I-5, superior to other employment areas in the region; access to I-205, Highway 217, arterial roads, and transit service; a growing and educated workforce; and established and expanding industry clusters.

Housing Market

Basalt Creek's location is also an asset for residential development for housing: the planning area is immediately south of several South Tualatin residential neighborhoods, which contain attractive parks, street trees, and schools. The market area's current demographics are encouraging for new housing development. When compared to the Portland Metropolitan Area overall, this market area has a higher percentage of family households, larger households, higher household and per capita incomes, residents with college degrees, and residents who work in white collar jobs.

Retail/Commercial Market

There are already several major regional and sub-regional retail nodes located to the north and south of the planning area—at Bridgeport Village, central Tualatin, and in Wilsonville. Thus any commercial space built in Basalt Creek will most likely serve primarily local residents and employees. These larger centers are located at I-5 interchanges. Retail in the Basalt Creek area would not have this same advantage. Whereas regional retail is anchored by fashion, consumer electronics, entertainment, and furniture/household goods, neighborhood retail is typically anchored by grocery stores, pharmacies and restaurants, and supplemented by other local goods and services.

Industrial and Office Market Conditions

Regional Employment Context

As discussed in *Section I: Local and Regional Planning Context*, Basalt Creek is contiguous with a number of other employment and industrial areas in the southwestern part of the Portland Metropolitan Region, including those in the cities of Tualatin, Wilsonville, and Sherwood. Viewed together, these areas comprise one of the largest industrial and employment clusters in the region, comparable in size to the agglomeration in northern Hillsboro (though smaller than the employment lands near Portland International Airport).

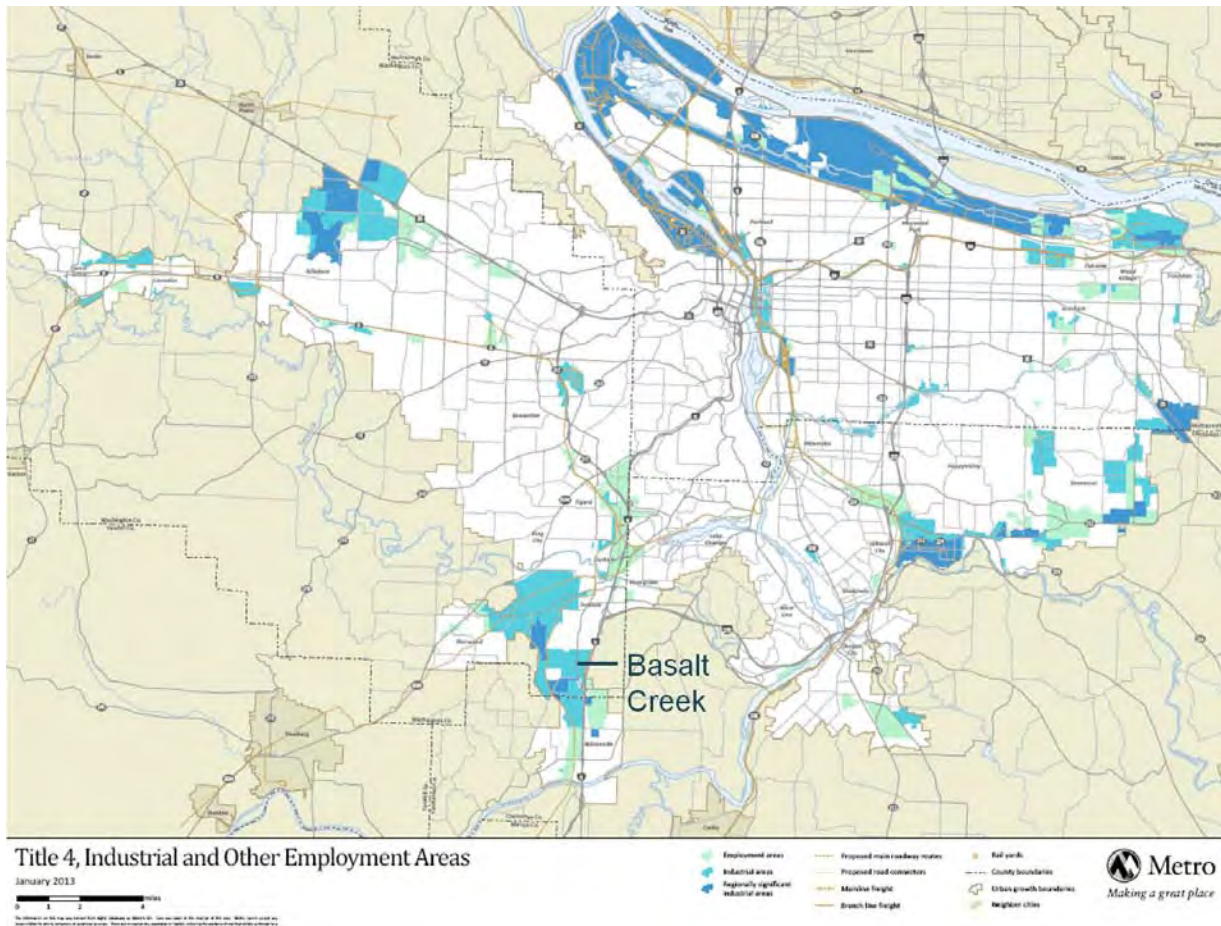


Figure 25 Title 4 Industrial and Other Employment Areas in Portland Metro Area. Source: Metro 2014.

A major feature and competitive advantage of this “Southwest Metro” employment cluster in general--and the Basalt Creek area in particular--is its immediate access to I-5, the west coast’s most important transportation route (Figure 25). Via I-5, the Basalt Creek area is closely connected to downtown Portland, numerous Willamette Valley communities, and major metropolitan areas in Washington and California. Interstate-205 and Highway 217 are also close by and easily accessible from the area. These freeway connections are a major benefit for industrial users (for whom distribution is an important site selection factor) and office-based businesses (which require access for their clients, suppliers, workforce, and collaborators).

Industrial and Office Development, 1980 to 2014

Figure 26 and Figure 27 below show the pace of industrial and office development in the cities of Tualatin and Wilsonville beginning in 1980. The vertical columns represent the building area (square feet) of development within each of the two cities in a given year, while the dashed line is a longer-term trend line, showing a five-year rolling average of built area for both cities combined. These historical

development trends are one data set that shapes expectations for future employment development in both cities and the Basalt Creek planning area.

Since 1980, both cities have seen considerably more industrial development than office development. Over this 34-year period, an average of 340,000 square feet of industrial space and 67,000 square feet of office space has been built in the two cities combined. Thus, the amount of industrial development has been about five times as great as office development.

Industrial Development, Tualatin and Wilsonville, 1980 - 2014

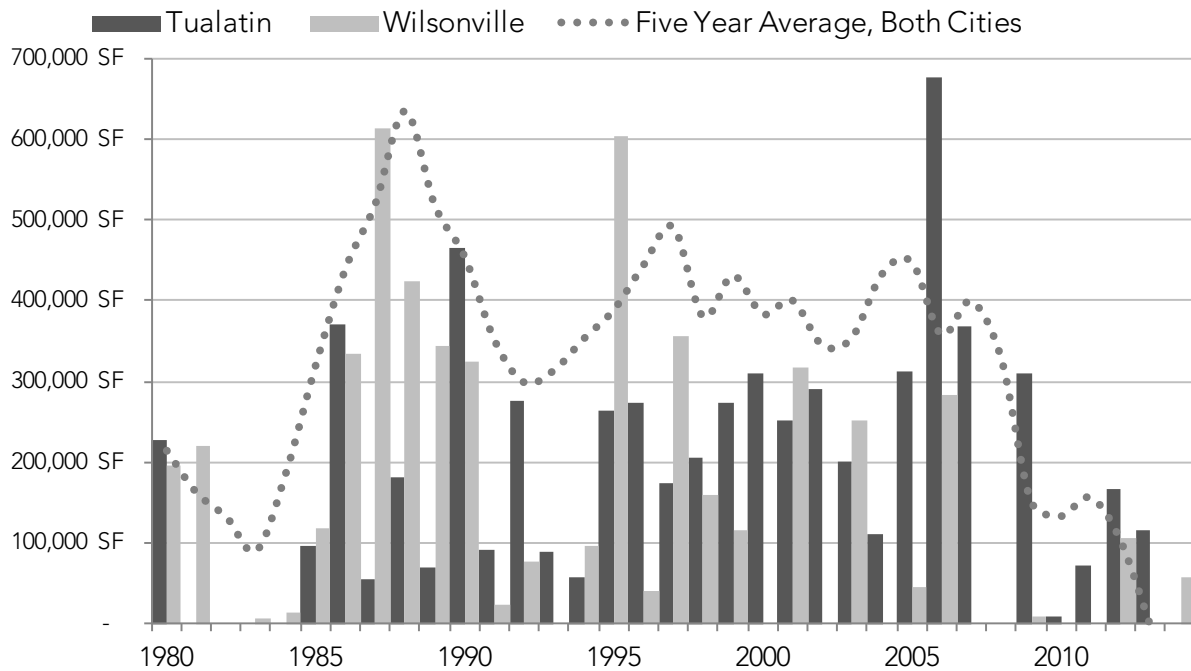


Figure 26 Industrial Development, Tualatin and Wilsonville, 1980 to 2014. Source: CoStar, Leland Consulting Group, 2014.

Office Development, Tualatin and Wilsonville, 1980 - 2014

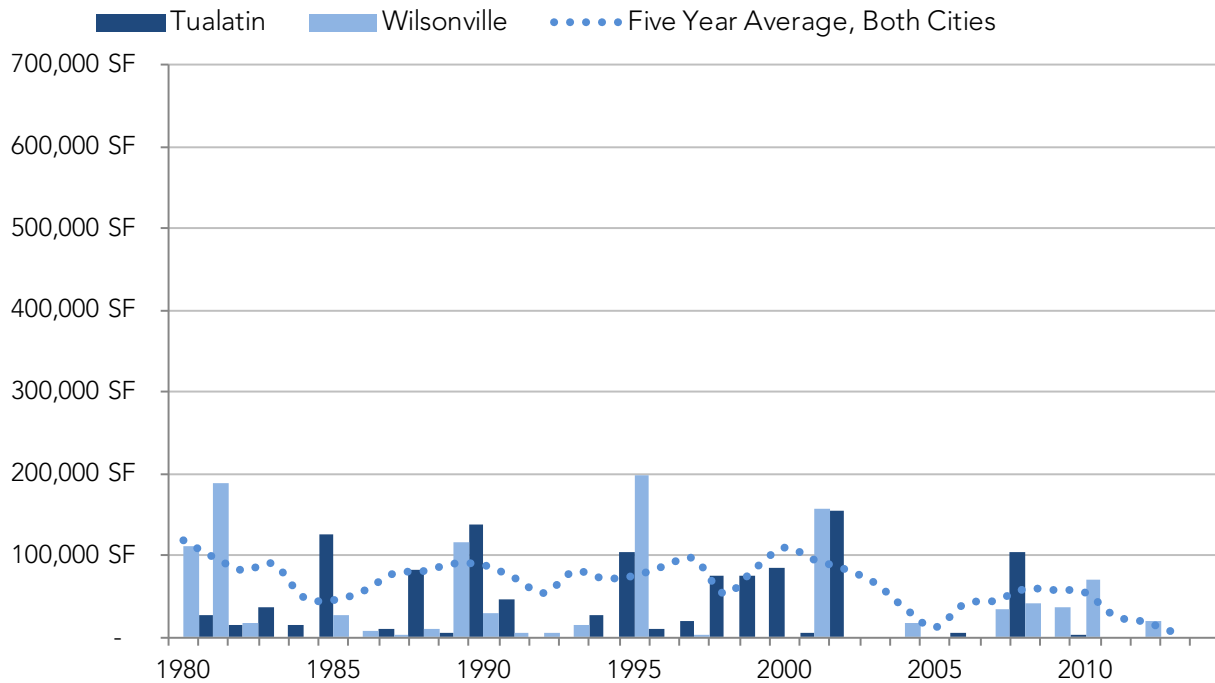


Figure 27 Office Development, Tualatin and Wilsonville, 1980 to 2014. Source: CoStar, Leland Consulting Group, 2014.

The past decade has been a slow period for both industrial and office development. The recession slowed industrial development beginning in 2008, particularly in Wilsonville. The pace of recent industrial development has been about half of development during the 1990s and early 2000s—considered to be a time of robust activity for industrial developers (see Figure 26). Office development has also slowed, although this trend began in 2003, before the recession. Office development in the past decade has also taken place at about half the pace of office development in the 1990s (Figure 27). Clearly, both industrial and office development go through significant peaks and troughs. By focusing on the five-year rolling-average trend line, however, a somewhat more consistent pattern of development can be seen.

Employment Building and Site Attributes

Table 5 shows some key attributes of industrial and office development in Tualatin and Wilsonville. From looking at these attributes, it can be determined that:

- On average, 43.1 acres of industrial land and 13.6 acres of office land per year have been developed in both cities combined. Wilsonville has seen about 25 acres of employment land development per year, 16.3 acres of industrial land, and 8.3 acres of office land. Tualatin has seen about 32 acres of employment land development per year, 26.8 acres of industrial land, and 5.3 acres of office land. Employment land in Basalt Creek is likely to develop more slowly than this pace because there is less

developable land in the study area than the cities as a whole. However, development in Tualatin and Wilsonville can be used to gauge the rate of employment land development in Basalt Creek.

- Average industrial building sites (9.1 and 6.5 acres in Tualatin and Wilsonville respectively) tend to be larger than office building sites. Industrial buildings also tend to be larger than office buildings. Floor area ratios (FAR) are helpful to understanding the physical form of buildings on their sites. Most industrial buildings have a FAR of 0.2 to 0.4. Most office buildings have FARs between 0.3 and 0.5; however, there are some newer office buildings in Tualatin that feature structured parking and FARs up to 1.0. These FARs are consistent with Metro’s analysis and future projections.

Table 5 Attributes of Industrial and Office Development in Tualatin and Wilsonville. Source: CoStar, Leland Consulting Group 2014. SF: Square feet; FAR: Floor area ratio, the ratio of a building’s size in square feet (or gross building area) to the size of the piece of land upon which it is built.

	Industrial			Office		
	Tualatin	Wilsonville	Total	Tualatin	Wilsonville	Total
Total Area (SF)	10,470,000	8,390,000	18,860,000	1,260,000	1,250,000	2,510,000
Av. Annual Development, 1980 - 2014						
<i>Square Feet</i>	186,960	150,980	337,940	34,632	32,985	67,617
<i>Acres</i>	26.8	16.3	43.1	5.3	8.3	13.6
Building Averages, 2000 - 2014						
<i>Square Feet</i>	60,224	80,000	-	31,807	35,000	-
<i>Acres</i>	9.1	6.5	-	4.2	2.0	-
Typical Floor Area Ratios (FAR)	0.2 to 0.4	0.2 to 0.4	-	0.4 to 1.0	0.3 to 0.5	-

It is of note that, while the averages shown here are useful for high-level planning purposes, both industrial and office buildings vary considerably in size, scale, and purpose. For example, the industrial building category includes flex buildings, which can often be divided into 5,000 square foot tenant spaces and feature significant amounts of office and showroom space. The industrial category also includes distribution and warehouse buildings, which can be hundreds of thousands of square feet in size. Sample industrial and office buildings are pictured below in Figures Figure 28, Figure 29 and Figure 30.

Typical Industrial Buildings: Office/Distribution and Flex

The first building pictured below (Figure 28) is located in the Wilsonville Business Center west of I-5 and contains a mix of office space (left foreground) and warehouse/distribution space, where freight trucks are parked. The second building pictured below (Figure 29) is a typical flex industrial building located in the Tualatin Industrial Center, which features high ceiling heights, freight loading, and small, flexible spaces that can serve as a combination of office, showroom, and/or industrial.



Figure 28 Example of typical building with a mix of office space and warehouse/distribution space.



Figure 29 Example of typical flex industrial building, located in Tualatin.

Headquarters Office Building (Mentor Graphics)

The Mentor Graphics building (Figure 30) is located east of I-5 between the Elligsen Road and Wilsonville Road interchanges. Despite its size and height, the FAR of the building is similar to other buildings in the area because of its extensive campus, landscaped areas, and surface parking.



Figure 30 Mentor Graphics Headquarters Office Building in Wilsonville.

Office Development Outlook

Office development—nationally and regionally—is not expected to bounce back from the recession with the same resiliency as industrial space. Office development in the short- and long-term faces several challenges. In the short-term, the Portland region’s employment levels have just recovered in 2014 to their pre-recession (2008) levels. While office vacancies are far lower than several years ago, there is not yet market pressure for new development. As Table 6 shows, the region is expected to add just 288,000 square feet of office in 2014, or 0.6% of the total regional inventory of nearly 47 million square feet. Tualatin’s current vacancy rate of 20.5% suggests a soft market, though that space will be occupied in the long term. The market is expected to improve as the region and nation continue to recover from the recession, and businesses grow and add jobs. However, office development is not expected to return to levels seen in the 1990s without a major upturn in the economy.

Table 6 Current Office Market Summary, Portland Metro Region. Source: CoStar, Leland 2014.

Market	Existing Inventory		Vacancy	YTD Net	Under Const. &	Class A
	# Blds	Total RBA	%	Absorption	Complete YTD	Rates
Portland CBD	374	26,309,983	10.0%	(36,157)	288,000	\$25.58
Lake Oswego/West Linn	142	1,144,080	8.5%	13,170	0	\$25.50
North Beaverton	151	3,246,113	6.7%	37,420	0	\$26.33
Sunset Corridor/Hillsboro	359	10,374,721	6.2%	111,442	0	\$21.53
Tigard	226	3,313,116	10.4%	35,859	0	\$24.27
Tualatin	68	1,263,266	20.5%	10,099	0	\$22.28
Wilsonville	59	1,252,446	7.1%	9,476	0	\$20.50
Totals	1,379	46,903,725		181,309	288,000	

Tualatin and Wilsonville’s Economic Positioning and Goals

The Cities of Tualatin and Wilsonville are proactively pursuing economic development in order to provide high paying jobs for their residents, strengthen their tax bases, offer quality public services, and enable general prosperity in the communities. The two Cities’ main economic development plans relevant to Basalt Creek are shown in Table 7 below.

Table 7 Relevant Economic Development Plans. Source: Cities of Tualatin and Wilsonville.

Tualatin	Wilsonville
<ul style="list-style-type: none"> • Economic Development Strategic Plan (2014) • Industry Cluster Analysis (2014) • Linking Tualatin Market Study (2012) • Southwest Tualatin Concept Plan (2010) 	<ul style="list-style-type: none"> • Economic Development Strategy (2012) • Coffee Creek Master Plan (2007)



Target Industry Clusters

Tualatin and Wilsonville have both identified a series of targeted industry clusters. According to Tualatin's Industry Cluster Analysis, a cluster is an agglomeration of similar and related businesses and industries that are mutually supportive, regionally competitive, attract capital investment, encourage entrepreneurship, and create jobs. For example, 57% of Tualatin's jobs fall within its five key industry clusters, which also provide wages that are on average 70% (\$35,000) higher than those in all other industries.

Clusters reflect a community's strengths and competitive advantages, suggest which sectors of the economy are most likely to generate jobs in the future, and provide policy makers with guidance about the types of land, buildings, infrastructure improvements, and other actions needed to grow jobs in the future.²³

Both Tualatin and Wilsonville have determined that they excel in the following three industry clusters²⁴:

Advanced Manufacturing (and related activities)

This cluster is a significant driver of both cities' economies. It is Tualatin's largest cluster, accounting for 22% of jobs in the city. It accounts for a significant portion of Wilsonville's economy; computer and electronic product manufacturing was Wilsonville's largest industry sector as of 2012, and includes several of the city's largest employers such as Xerox, TE Connectivity, and Rockwell Collins.

The Oregon Institute of Technology (OIT), now educating students in the engineering, technology, management, and health sciences fields from its Wilsonville campus, is an important anchor institution for the Southwest Metro economy. The Cities are looking for ways to capitalize on OIT's presence and to strengthen partnerships between the school and private businesses.

Growth in this cluster will result in ongoing demand for industrial land and buildings in Basalt Creek and other areas. Freeway access, freight mobility, and access to a skilled workforce will be important to this cluster's continued success.

Corporate and Professional Services

This cluster accounts for 12% of Tualatin's jobs, and was the second-largest industry sector in Wilsonville as of 2012. Major employers include: Portland General Electric (PGE) and Express Employment Professionals in Tualatin, and Mentor Graphics in Wilsonville. Growth in this cluster will result in ongoing demand for office land and buildings in Basalt Creek and other areas. A variety of locational factors tend to be important to corporate and professional service firms, including: a

²³ Wilsonville's EOA uses the term industry "sectors." The terms cluster and sector are used interchangeably here

²⁴ The economic figures included below are drawn from the Cities' economic development plans.

skilled workforce, available land or office space, transportation connections, and nearby restaurants and commercial services.

Health Care and Medical-Related.

This cluster is important in both cities: it is the third-largest in Tualatin and fourth largest in Wilsonville. Tualatin's health care cluster is anchored by Legacy Meridian Park Medical Center (among Tualatin's largest employers), and also includes associated industries such as clinics, laboratories, physician offices, and assisted living centers. Wilsonville's largest health care-related employers (as of completion of the 2012 Economic Development Strategy) were Infinity Rehab and Avamere, both ambulatory (outpatient) service providers. Wages in this cluster are well above average.

Because of the diversity of health care businesses, firms in this cluster can operate in health care-specific zones (such as Tualatin's Medical Center zone), or general employment zones (such as Wilsonville's Planned Development Industrial zone). In some cases, health care firms that serve smaller, more localized populations can locate in retail/commercial zones.

In addition to the three clusters described above that have been identified as targets for both cities, Tualatin and Wilsonville have also identified these industry clusters:

Other Industrial Clusters.

Both Cities have identified additional industrial target clusters that could locate in the Basalt Creek area. Tualatin has identified two other industry clusters likely to generate demand for industrial land and buildings: food processing and distribution, and wood, paper, printing, and related industrial activities. Wilsonville identified a number of other industrial business types: light manufacturing and warehouse/showroom operations; specialty contractors and construction firms; sustainable product manufacturing and distribution; miscellaneous manufacturing; and wholesale trade.

Growth in these clusters will result in ongoing demand for industrial land and buildings in Basalt Creek and other areas. Freeway access, freight mobility, and access to a skilled workforce will be important to these clusters' ongoing success.

Other Professional and Commercial Services.

Wilsonville's 2012 Economic Development Strategy also identifies creative services (such as transportation logistics, legal services, management consulting, and accounting) as a target cluster. Similar to corporate and professional services, growth in this cluster should result in demand for office land and buildings in Basalt Creek and other areas.



Figure 31 Lam Research Facility, Tualatin. Photo credit: Tualatin Chamber.

Sub-Regional Context

Transportation is fundamentally important to these employment areas, and transportation connectivity has the potential to make a whole that is greater than the sum of its parts by enabling firms to trade goods and services easily. I-5 is the most important single transportation corridor. The 124th Avenue Extension and East-West Connector will also be very important in knitting the employment areas together. Regional connectivity will be challenged due to the limited access nature of the East-West Connector. This large agglomeration of employment areas has the potential to create economic momentum, and also the potential to be a source of competition for the Basalt Creek area. This is because the areas can project a powerful combined brand, while also competing for individual employers who are looking for sites.

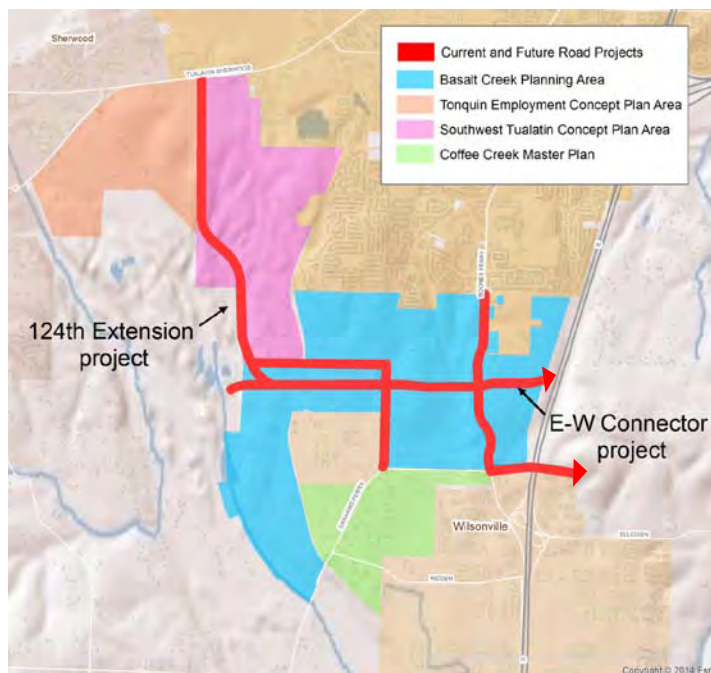


Figure 32 Major TRP road projects in relationship to the Basalt Creek planning area and planned areas nearby Source: Fregonese Associates 2014.

Established Employment Areas

The Tualatin and Wilsonville employment areas have capacity for additional businesses and jobs. To the west of I-5, Wilsonville's employment area tends to contain more industrial, manufacturing, distribution, and flex businesses and buildings; to the east of I-5, a larger share of businesses are office-based professional service firms, such as Mentor Graphics and Xerox Corporation. However, the zoning is the same (Planned Development Industrial) throughout the entire Wilsonville employment area.

Planned Employment Areas

Southwest Tualatin, Tonquin Employment Area, and Coffee Creek are planned employment areas located within the UGB that have yet to be served by infrastructure or see new private development. Annexation and development in the areas are property-owner initiated. The following summarizes the current activity in each of the planning areas.

- The Southwest Tualatin concept plan area: Most of the area remains an active quarry; the City expects this use to continue for an indeterminate period.
- The Coffee Creek industrial area: No development or annexation has taken place in Coffee Creek since the adoption of the master plan; land assemblage challenges, and lack of City services and a financing plan to build those services are the primary obstacles to development here.
- The Tonquin employment area is a 300-gross-acre area located in the City of Sherwood. It is planned for light industrial development with a small amount of ancillary retail/commercial services.

Employment Strengths and Challenges

Basalt Creek's primary strengths/competitive advantages and challenges vis-à-vis industrial and office development are as follows:

Strengths and Competitive Advantages

- Tualatin and Wilsonville's established and successful industry clusters in advanced manufacturing, professional services, and a variety of other industrial and office-based employment categories. Large contiguous cluster of existing and planned employment areas.
- Excellent access to I-5, as well as I-205 and Highway 217. Additional transportation strengths include existing and planned arterial roads, and local and regional transit service provided by TriMet, WES Commuter Rail, and SMART.
- Educated workforce
- Market success of recent industrial, office, and retail developments

Challenges

- Vision and regulation. This Concept Plan and subsequent Comprehensive Plan and zoning amendments need to be in place prior to development.
- Planning, financing, and construction of new infrastructure. This is because roads, water, sanitary sewer, and other infrastructure for urban expansion areas are expensive. Cities are often focused on maintaining and improving existing infrastructure and therefore do not budget to make extensive extensions. Developers of individual sites typically cannot afford to build out a comprehensive set of infrastructure to serve multiple properties.
- Lot sizes and property aggregation. There is a mix of large and small lots throughout the Basalt Creek area. The time and cost required to secure properties from multiple parties in order to aggregate developable industrial or office properties of adequate size can be a significant deterrent to developers.
- Natural features including wetlands and slopes. Basalt Creek and its surrounding slopes and wetland areas run north-south through the planning area, dividing it into east and west sections.
- The market for new office development continues to be slow. However, the planning area will not be ready for private development for several years, which may allow enough time for this market to recover.

Housing Market Analysis

Demographic Context

The City of Tualatin, compared to the Portland Metropolitan Statistical Area (MSA), has a higher percentage of family households (two or more related people), larger average households, higher household incomes, and higher per capita incomes. A larger share of residents has college degrees (42.3%) and is employed in white collar jobs (67.5%) compared to the region. Tables Table 8, Table 9 and Table 10 provide additional perspective on the demographics of the subject cities compared to the Portland MSA.

Wilsonville, compared to the Portland MSA, has a higher percentage of family households and smaller households--likely because the city has a higher share of young households (in the 25-34 age category) and seniors, Baby Boomers, and retirees. Each age group has different housing preferences. Wilsonville also has a larger share of residents with college degrees (39.3%) and white collar jobs (70.1%).²⁵

While the Basalt Creek market area includes both Tualatin and Wilsonville, its demographics are generally more similar to those in Tualatin. When compared to the Portland MSA, the market area has a

²⁵ Data shows information about *jobs held by residents of the given geographical areas*, not the jobs within those areas

higher percentage of family households, larger households, higher household and per capita incomes, more residents with college degrees, and more residents who work in white collar jobs. In general, these demographics are favorable to housing development in the Basalt Creek area; they also reflect the types of residents most likely to locate in the planning area.

Table 8 Demographic Summary of the Basalt Creek planning area. Source: ESRI Business Analyst, Leland Consulting Group. 2014 Data except where noted.

	Tualatin	Wilsonville	Basalt Creek
Comparison to Portland MSA:	<ul style="list-style-type: none"> • More families • Larger HHs • Higher HH Income • Higher PC Income • More college degrees • More white collar emp. 	<ul style="list-style-type: none"> • Fewer families • Smaller HHs • More Gen Y • More Boomers • More low-income HHs • More college degrees • More white collar emp. 	<ul style="list-style-type: none"> • More families • Larger HHs • Higher HH incomes • Higher PC incomes • More college degrees • More white collar emp.

Table 9 Demographic Summary of the Basalt Creek planning area (Continued). Source: ESRI Business Analyst, Leland Consulting Group. 2014 Data except where noted.

Demographic Attribute	Tualatin	Wilsonville	Basalt Creek	Portland MSA
Population	26,520	21,235	73,786	2,296,285
Number of Households	10,170	8,638	28,121	896,982
Family Households (2010 Census)	68%	59%	68%	64%
Household Size (Average)	2.60	2.32	2.57	2.52
Household by Size (2010 Census)				
1 and 2 person	57%	68%	58%	61%
3 and 4 person	33%	25%	32%	29%
5 + person	10%	7%	10%	10%
Median Household Income	\$64,324	\$59,812	\$70,256	\$57,441
Per Capita Income	\$32,672	\$31,995	\$33,336	\$30,135
Population By Age				
0 to 24	35%	31%	34%	32%
25 - 34	14%	16%	13%	15%
35 - 44	15%	14%	15%	14%
45 to 54	14%	13%	14%	14%
55 to 64	13%	11%	12%	13%
65 +	9%	15%	11%	13%
Median Age	35.7	37.0	36.6	37.5

Key:  Low High

Table 10 Demographic Summary of the Basalt Creek planning area (Continued). Source: ESRI, Leland Consulting Group. 2014 data except where noted.

Demographic Attribute	City of Tualatin	City of Wilsonville	Basalt Creek Market Area	Portland MSA
Education and Employment				
Less than High School	9.7%	8.0%	8.0%	9.4%
High School or Equivalent	16.5%	20.4%	18.2%	22.1%
Associate's or some college	31.5%	32.3%	32.5%	34.2%
Bachelor's or Advanced Degree	42.3%	39.3%	41.3%	34.3%
Occupation				
"White Collar"	67.5%	70.1%	69.3%	63.1%
"Blue Collar"	11.3%	14.1%	13.5%	19.5%
Housing				
Median Home Value	\$331,190	\$349,927	\$337,289	\$275,516
Housing Tenure				
Owner Occupied Housing Units	51.9%	43.4%	55.0%	56.2%
Renter Occupied Housing Units	42.6%	50.5%	39.8%	37.7%

Key: Low High

Finally, the South Tualatin residential neighborhoods immediately to the north of Basalt Creek reflect many of the demographic attributes typical of Tualatin’s population. The neighborhoods—including low volume local roads, street trees, parks, and schools—create a positive environment for residential development within the Basalt Creek area, particularly along the northern edge.

Recent Housing Development

Table 11 below shows the recent residential permitting trends in the cities of Tualatin and Wilsonville, and in Villebois, a master-planned community in Wilsonville. Villebois is shown here because: it is the largest master planned community (482 acres) that has been developed recently in the Southwest Metro area; it is a defined area that has been planned to include a range of housing, parks, and commercial services; due to its success in the marketplace in recent years, housing absorption has been relatively rapid (adjusting for the recession), and many houses sell for a premium when compared to the competition in other areas. Naturally, recent housing built in these areas provides one benchmark from which to estimate future demand.

As Table 11 shows, the housing types that have been permitted and built in these areas correlate closely to the types of people and households who live there; the housing types also likely reflect zoning and other regulatory and market forces. Recent housing permitted in Tualatin is composed largely of large- and medium-lot single-family housing. No small lot single-family housing (lots smaller than 4,000 square feet) or attached single-family housing has been permitted since 2004. About 20% of the recently permitted housing in Tualatin is multifamily—market rate and affordable apartments, condominiums,

and senior housing. Very little existing multifamily housing is located in the neighborhoods immediately north of Basalt Creek; most of Tualatin’s multifamily housing is clustered further north near downtown Tualatin, between Tualatin-Sherwood Road and Avery Street, and the Bridgeport Village area. The majority were built prior to 2000, although the 367-unit Eddyline at Bridgeport (under construction) is a notable exception. Historically, this multifamily share is relatively typical; multifamily has comprised about 20% of total housing in many communities during the past five decades.

Wilsonville’s housing is more diverse and features a significantly higher percentage of small lot single-family and multifamily housing, and much less large- and medium-lot single-family housing. Again, this is likely to due to market, demographic, and regulatory reasons. The broad housing mix reflects the presence and growth of the four “S groups” in Wilsonville: seniors, singles, single-parent households, and starter households. The large multifamily share (66%) is partially due to the large number of new 20- and 30-something households recently formed, which will slow in coming years. Villebois’ housing mix is similar to that in Wilsonville overall. However, during the time period surveyed (2000 to 2012) a larger percentage of small-lot single-family homes, townhouses and duplexes were built in Villebois, along with a smaller percentage of multifamily housing. Villebois’ developers and National Association of Realtors (NAR) surveys show that most American households, Baby Boomers included, prefer single-family homes over multifamily homes, but that they are quite open to smaller lot and home sizes, especially when the surrounding neighborhood is attractive and walkable.

Table 11 Residential Development in Tualatin and Wilsonville by Housing Type. Sources: HUD; City of Wilsonville, New Home Trends, Leland Consulting Group. Due to data availability, Table 12 shows housing built in Tualatin between 2004 and 2014; and permits issued in Wilsonville between 2000 and 2012.

Housing Type	Tualatin	Wilsonville	Villebois
	Recent Permits	Recent Permits	Recent Permits
Large Lot Single Family	44%	9%	8%
Medium Lot Single Family	36%	10%	8%
Small Lot Single Family	0%	12%	35%
Attached Single Family	0%	2%	6%
Multifamily	20%	66%	43%
Total	100%	100%	100%

Retail/Commercial Market Analysis

In addition to new residents and employees that may locate in the Basalt Creek area, the residents of the Tualatin neighborhoods located immediately to the north are important sources of support for retail. Residents spend more of their retail dollars locally than employees or passersby, and therefore are generally a more important source of demand for retail goods and services. Approximately 4,000

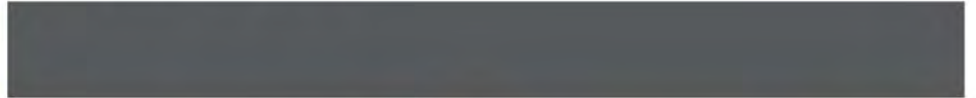
households live in the area between Norwood Road and Tualatin-Sherwood Road. These households already have other places to shop, particularly on and near Tualatin-Sherwood Road. However, based on existing traffic counts and interviews with residents and developers, it is clear that some of these residents are already accustomed to driving south through the Basalt Creek area to access I-5 or other destinations.

Retailers also look at traffic counts as an important demand indicator, since retail relies on pass-by traffic for support. Boones Ferry Road carries average daily traffic (ADT) of about 15,000 in 2014²⁶, which is high enough to suggest that it will be a good retail location in the future. Traffic counts on Grahams Ferry Road are below 6,000 ADT, and therefore it is likely to be a less desirable retail location. Traffic counts such as these likely reflect trips being made by residents and employees of the Southwest Metro area and beyond. The 124th Avenue Extension, which will be built to the western edge of the study area, and the planned East-West Connector Road that will run across the study area, are also important transportation arterials along which retail will seek to locate. A prime location for retail may be at the intersection of Boones Ferry Road and the East-West Connector Road.

²⁶ Source: ESRI Business Analyst, 2014



BASALT CREEK CONCEPT PLAN



MARKET ANALYSIS DRAFT

PREPARED FOR



City of
Tualatin Oregon

City of

WILSONVILLE
OREGON



PREPARED BY



LELAND CONSULTING GROUP

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Executive Summary

Located between Tualatin’s residential neighborhoods to the north and Wilsonville’s employment center to the south, Basalt Creek is currently a relatively rural area that is positioned for significant change and urbanization due to its prime location within the growing Portland metropolitan region. Leland Consulting Group (LCG) has prepared this market analysis as one component of the Basalt Creek Concept Plan. Its purpose is to provide Basalt Creek stakeholders with information regarding the outlook for industrial, office, residential, and retail development in Basalt Creek and adjacent areas, and to inform the Concept Plan as this process moves forward. This executive summary condenses the key points of the analysis; details are explained in the body of the report. The key findings and recommendations of this market analysis are:

Industrial and Office Market. Basalt Creek is located near the center of one of the region’s largest clusters of employment land, which includes existing developed areas in the cities of Tualatin, Wilsonville, and Sherwood, as well as the planned future employment areas of Southwest Tualatin, Tonquin, and Coffee Creek. A market area—including the cities of Tualatin, Wilsonville, and Sherwood and some surrounding areas—was defined for this market analysis in order to provide a baseline to estimate future subregional employment and population growth.

The Metro regional government projects rapid employment growth of 2.3 percent annually for the market area through 2035, about 40 percent faster than the employment growth in the region (1.7 percent), indicating that ongoing business expansion and job creation is expected for these three cities in the southwestern metropolitan area.



Tualatin and Wilsonville have independently identified a series of industry clusters in which the two cities are already highly competitive, and in which they expect future significant business and job growth. These include advanced manufacturing, corporate and professional services, health care and related fields, and other specific industrial clusters such as food processing and light manufacturing. Leading organizations within these clusters include Lam Research, Legacy Meridian Park Medical Center, the Oregon Institute of Technology, Mentor Graphics, and Xerox Corporation. Businesses in these categories are well suited to locate at Basalt Creek.

Both Tualatin and Wilsonville have seen significant industrial and office development during the past three decades. Development peaked during the 1990s and has slowed following the recession; however, industrial development in particular is expected to resume and accelerate in coming years due to a desire to “onshore,” shorten supply chains, and take advantage of lower domestic costs in some industries. Between 1980 and 2014, the cities of Tualatin and Wilsonville saw on average over 400,000 square feet of industrial and office building development annually, and 56.6 acres of industrial and office land development annually. The amount of industrial development in both cities is significantly larger (more than seven times) than the amount of office development, and this general dynamic is expected to persist for the foreseeable future.

Building types vary significantly within the market area: some industrial facilities contain more than 200,000 square feet of building area, while many other small office and industrial flex spaces are less than 20,000 square feet in size. The floor area ratio (FAR) of most buildings, however, generally falls within the range of 0.2 to 0.4, which generally indicates one to three-story buildings with large areas for parking and/or freight movement. A small number of office buildings have higher FARs to about 1.0, which indicates more dense buildings and some structured parking.

Going forward, employment development in Basalt Creek will benefit from a number of competitive advantages. These include its direct access to I-5, superior to other employment areas in the region; access to I-205, Highway 217, arterial roads, and transit; a growing and educated workforce; and established and expanding industry clusters.

Based on past industrial and office development, and future growth projections, LCG absorption projects employment land at Basalt Creek to develop at a rate of eight to 10 net acres per year. However, the pace of build out will depend on economic conditions, the availability of employment land in other nearby areas, infrastructure such as roads and sewer, and other factors. Building and site sizes should vary widely, and FARs will remain consistent with those seen in the past.

Housing Market. Significant population growth is anticipated for Tualatin, Wilsonville, and the Portland metropolitan region over the next two decades. Metro's gamma population model shows that Tualatin and Wilsonville will add 1,170 and 3,649 households respectively between 2010 and 2035. Metro projects that the market area will add about 10,900 households during this time period, an increase of 39 percent. These population increases will result in demand for housing at Basalt Creek through 2035, assuming that the area can compete effectively with other potential residential locations.

Basalt Creek's location is also a positive: the study area is immediately south of several South Tualatin residential neighborhoods, which contain attractive parks, street trees, and schools. It should be noted, however, that Basalt Creek is located in the Sherwood School District rather than the Tigard-Tualatin School District, and therefore school-age children will head west rather than north for school. The market area's current demographics are encouraging for new housing development. When compared to the Portland metropolitan area, the market area has a higher percentage of family households, larger households, higher household and per capita incomes, more residents with college degrees, and more residents who work in white collar jobs.

However, housing demand is expected to shift somewhat in the future because of decreasing housing sizes, an aging population, the popularity of walkable communities, and other factors. By combining current and future housing demand indicators, this market analysis provides three different housing development scenarios, all of which assume a mix of single-family detached, single-family attached, and multifamily housing. Housing diversity and flexibility (the opportunity to adjust the housing mix) is important to developers in any large area, since they need to be able to build for many different household types, and respond to changing market conditions. This report does not propose a specific number of households in the study area, since residents and decision makers have yet to define precisely which areas will be set aside for residential development.

Retail/Commercial Market. The likely amount and location of retail in Basalt Creek will need to be revisited later in the concept planning process, after more specific programs for employment and residential development are established. It is often said that “retail follows rooftops” and jobs, and without more confidence about the number of homes and jobs that will be in the area, it is difficult to project retail demand.

With that said, some generalizations can be made. Because there are several major regional and subregional retail nodes located to the north and south of the study area—at Bridgeport Village, central Tualatin, and in Wilsonville—any commercial space built in Basalt Creek is most likely to primarily serve local residents and employees. These larger centers are located at I-5 interchanges, whereas retail at Basalt Creek would be further from interchanges. Whereas regional retail is anchored by fashion, consumer electronics, entertainment, and furniture/household goods, neighborhood retail is typically anchored by grocery stores, pharmacies, and restaurants, supplemented by other local goods and services.

Retail is likely to be located at key intersections on either Boones Ferry or Grahams Ferry Roads, the major north-south arterials in Basalt Creek, and potentially along the planned East-West connector, which will also carry considerable traffic and afford high visibility to retailers.

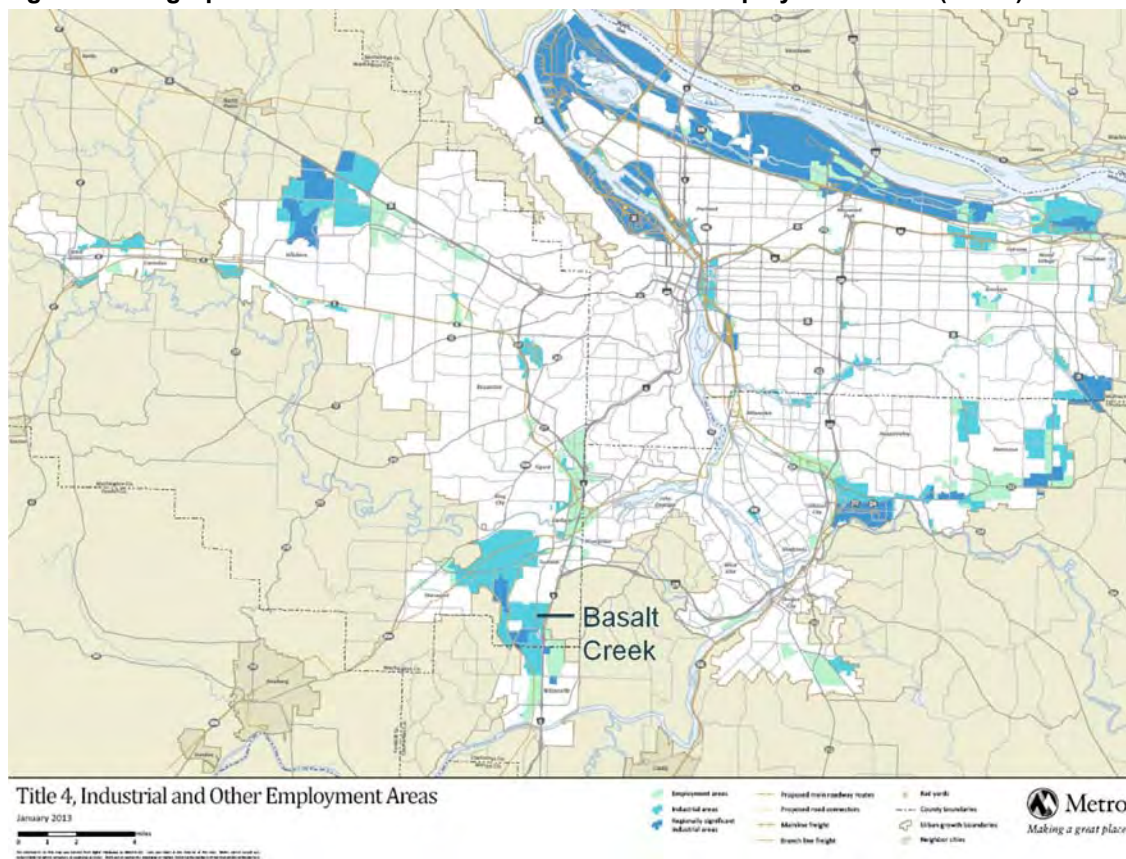
Industrial and Office Market Analysis

Regional Employment Context

As shown in Figure 1, Basalt Creek is contiguous with a number of other employment and industrial areas in the southwestern part of the Portland metropolitan region, including areas in the cities of Tualatin, Wilsonville, and Sherwood. Viewed together, these areas comprise one of the largest industrial and employment clusters in the region, comparable in size to the agglomeration in northern Hillsboro, though smaller than the employment lands near PDX Airport.

A major feature and competitive advantage of this “Southwestern Metro” employment cluster in general, and Basalt Creek in particular, is its immediate access to I-5, the West Coast’s most important transportation route. Via I-5, Basalt Creek is closely connected to downtown Portland, numerous Willamette Valley communities, and major metropolitan areas in Washington and California. I-205 and Highway 217 are also close by and easily accessible. These freeway connections are a major benefit for industrial—for whom distribution is an important site selection factor—and office-based businesses—which require access for their clients, suppliers, workforce, and collaborators.

Figure 1. Geographic Context: Title 4 Industrial and Other Employment Areas (Metro)



Source: Metro.

Industrial and Office Development, 1980 to 2014

The figures below show the pace of industrial and office development in the cities of Tualatin and Wilsonville, beginning in 1980. The bars represent the building area (square feet) of development within each of the two cities in a given year, while the dashed line is a longer-term trend line, showing a five-year rolling average of built area for both cities combined. These historical development trends are one data set that shapes expectations for future employment development in both cities and Basalt Creek.

Since 1980, both cities have seen considerably more industrial development than office development. Over this 34-year period, an average of 340,000 square feet of industrial space and 67,000 square feet of office space has been built in the two cities combined. Thus, the amount of industrial development has been about five times as great as office development.

Figure 2. Industrial Development, Tualatin and Wilsonville, 1980 to 2014

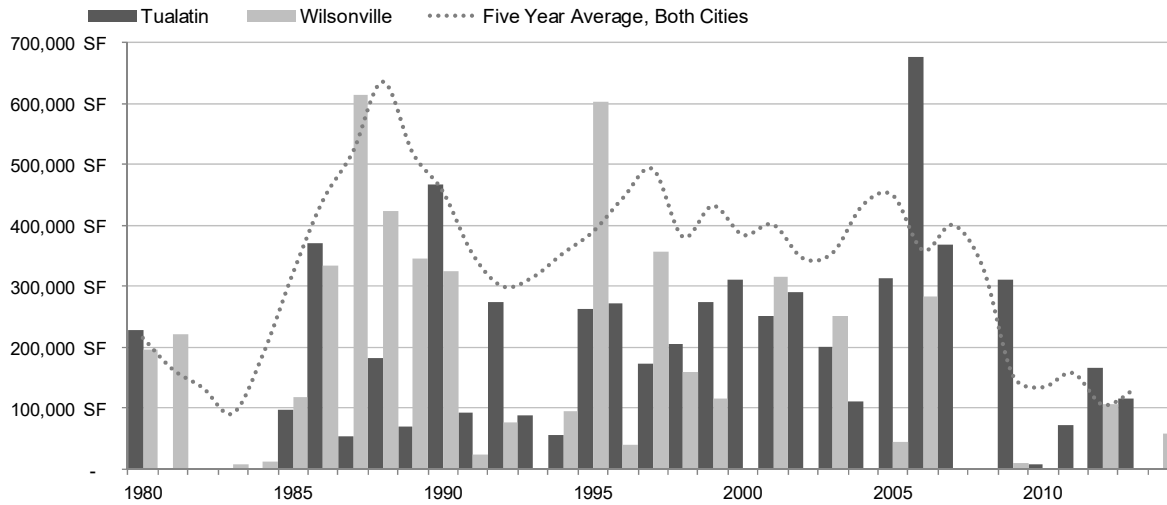
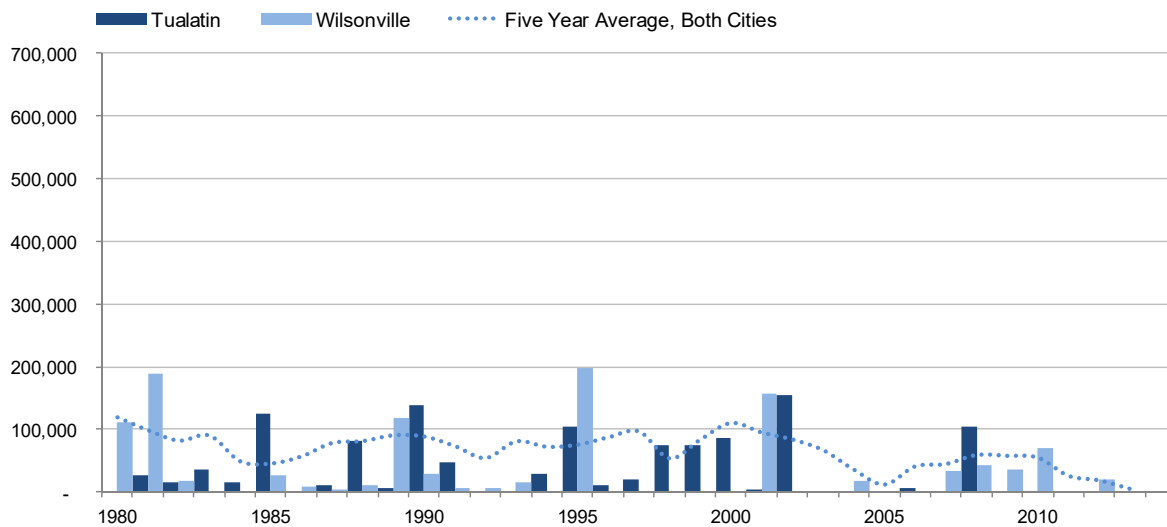


Figure 3. Office Development, Tualatin and Wilsonville, 1980 to 2014



Source, both figures: CoStar, Leland Consulting Group.

The past decade has been a slow period for both industrial and office development. The recession slowed industrial development beginning in 2008, particularly in Wilsonville. The pace of recent industrial development has been about half of development during the 1990s and early 2000s—considered to be a time of robust activity for industrial developers. Office development has also slowed, although this trend began in 2003, before the recession. Office development in the past decade has also taken place at about half the pace of office development in the 1990s.

Clearly, both industrial and office development go through significant peaks and troughs. By focusing on the five-year rolling-average trend line, however, a somewhat more consistent pattern of development can be seen.

Employment Building and Site Attributes

Table 1 below shows some key attributes of industrial and office development in Tualatin and Wilsonville.

- On average, 43.1 acres of industrial land and 13.6 acres of office land per year have been developed in both cities combined. Wilsonville has seen about 25 acres of employment land development per year, 16.3 acres of industrial land, and 8.3 acres of office land, which provides a good benchmark for total demand in Wilsonville, including Basalt Creek, going forward.
- Average industrial building sites (9.1 and 6.5 acres in Tualatin and Wilsonville respectively) tend to be larger than office building sites. Industrial buildings also tend to be larger than office buildings.
- Floor area ratios (FAR) are helpful to understanding the physical form of buildings on their sites. Most industrial buildings have a FAR of 0.2 to 0.4. Most office buildings have FARs between 0.3 and 0.5; however, there are some newer office buildings in Tualatin that feature structured parking and FARs up to 1.0. These FARs are consistent with Metro’s analysis and future projections.

Table 1. Attributes of Industrial and Office Development in Tualatin and Wilsonville

	Industrial			Office		
	Tualatin	Wilsonville	Total	Tualatin	Wilsonville	Total
Total Area (SF)	10,470,000	8,390,000	18,860,000	1,260,000	1,250,000	2,510,000
Av. Annual Development, 1980 - 2014						
Annual Building Development (SF)	186,960	150,980	337,940	34,632	32,985	67,617
Annual Land Development (Acres)	26.8	16.3	43.1	5.3	8.3	13.6
Building Averages, 2000 - 2014						
Average Building Size (SF)	60,224	80,000	-	31,807	35,000	-
Average Site Size (Acres)	9.1	6.5	-	4.2	2.0	-
Typical Floor Area Ratios (FAR)	0.2 to 0.4	0.2 to 0.4	-	0.4 to 1.0	0.3 to 0.5	-

Source: CoStar, Leland Consulting Group. SF: Square feet; FAR: Floor area ratio, the ratio of a building’s size in square feet (or gross building area) to the size of the piece of land upon which it is built.

Note that, while the averages shown here are useful for high-level planning purposes, both industrial and office buildings vary considerably in size, scale, and purpose. For example, the industrial building category includes flex buildings, which can often be divided into 5,000 square foot tenant spaces and feature significant amounts of office and showroom space. The industrial category also includes

distribution and warehouse buildings, which can be hundreds of thousands of square feet in size. Sample industrial and office buildings are pictured below in Figure 4 and Figure 5.

Figure 4. Typical Industrial Buildings: Office/Distribution and Flex

The first building pictured below is located in the Wilsonville Business Center west of I-5 and contains a mix of office space (left foreground) and warehouse/distribution space, where freight trucks are parked. The second building pictured below is a typical flex industrial building located in the Tualatin Industrial Center, which features high ceiling heights, freight loading, and small, flexible spaces that can serve as a combination of office, showroom, and/or industrial.



Figure 5. Headquarters Office Building (Mentor Graphics)

The Mentor Graphics building is located east of I-5 between the Elligsen Road and Wilsonville Road interchanges. Despite its size and height, the FAR of the building is similar to other buildings in the area because of its extensive campus, landscaped areas, and surface parking.



Employment Outlook

Table 2 below shows Metro's gamma employment forecast for the 2010 to 2035 time period. Key aspects of this forecast that are relevant to Basalt Creek are:

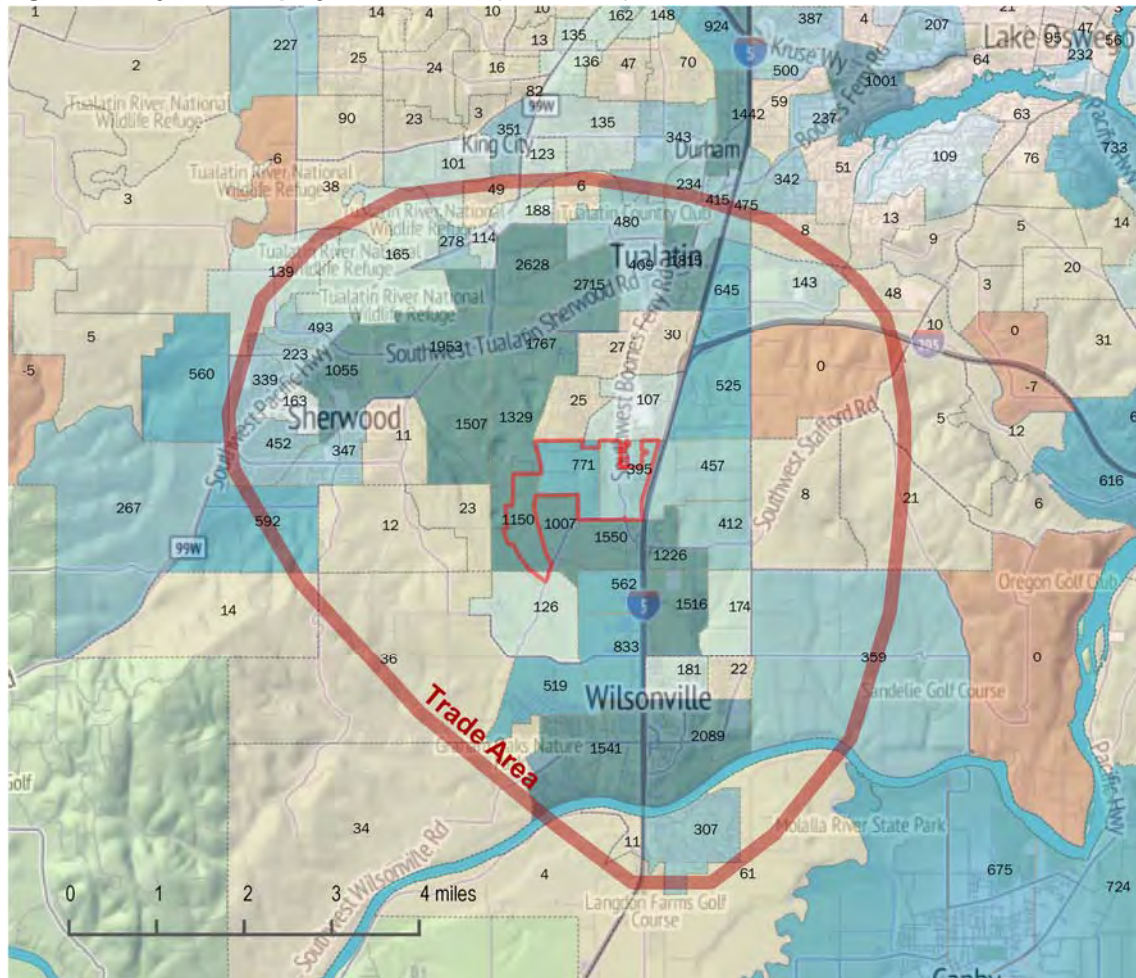
- Employment in the Basalt Creek market area is expected to grow at 2.3 percent annually between 2010 and 2035, about 40 percent faster than the three-county metro area rate (1.7 percent). Employment in all three cities within the market area is expected to grow relatively rapidly—at a higher annual rate than their populations, and a higher rate than regional population growth (see Table 6 for population growth projections).
- Tualatin and Wilsonville are expected add 12,267 and 10,346 jobs respectively over the 25-year Metro forecast period. In total, the market area is expected to add 36,786 jobs, an increase of 78 percent over the 47,005 jobs currently in the market area.
- This significant growth can be expected to drive consistent demand for employment land and buildings, including industrial, office, and commercial space, both in Basalt Creek and in other employment areas in the market area over the 2010 to 2035 time period.

Table 2. Metro Employment Forecast, 2010 to 2035

Jurisdiction	Employment			
	2010	2035	Change	CAGR
City of Tualatin	22,972	35,239	12,267	1.7%
City of Wilsonville	17,073	27,419	10,346	1.9%
City of Sherwood	4,216	9,252	5,036	3.2%
Basalt Creek Market Area	47,005	83,791	36,786	2.3%
Clackamas County	137,946	210,444	72,498	1.7%
Multnomah County	419,164	597,331	178,167	1.4%
Washington County	232,019	382,812	150,793	2.0%
Three County Total	789,129	1,190,587	401,458	1.7%

Source: MetroScope Gamma Forecasts, Published Feb 07, 2013, <http://www.oregonmetro.gov/regional-2035-forecast-distribution>.

Figure 6. Projected Employment Growth (2010-2035)



Source: Metro Gamma Forecast; Leland Consulting Group.

Table 3 shows Metro's analysis of past and future employment growth in the Metropolitan Statistical Area (MSA), completed for the Draft 2014 Urban Growth Report. This data shows employment changes for a larger area—the seven-county MSA—than the three-county data above.

Table 3. Employment: Past Growth and Future Projections, Seven-County MSA

Time Period	Annual Growth Rate
1960 - 1980	3.74%
1980 - 2000	2.60%
2000 - 2020	1.17%
2020 - 2040	1.24%

Source: Metro, Mid Range projection, Draft 2014 Urban Growth Report, Appendix 1a.

A key take away from this data is that while employment in the region will continue to grow, it will grow more slowly during the build out period for Basalt Creek (likely largely during the 2020 to 2040 time period) than during the most rapid periods of employment growth (1960 to 2000). Based on this projection and conversations with area brokers, LCG projects that employment land absorption during Basalt Creek's build out period should be faster than 2000 to 2014 (which includes the recession and its aftermath), but slower than during the rapid growth period of 1980 to 2000, and the 1990s in particular.

Industrial Development Outlook

Private sector analysis of the demand for industrial space is consistent with Metro's projections in that most observers expect a resurgence of demand as the economy recovers from the recession. Nationwide, industrial development is anticipated to accelerate due to increased long-term demand for industrial properties from firms whose businesses involve research and development, advanced manufacturing, general manufacturing, and warehousing. While private sector development forecasts are often focused on a short to medium-term (e.g., one to five years) time frame, rather than the long-term (20-year) time frame for this plan, the dynamics described below are significant and are supportive of industrial development at Basalt Creek. According to the Urban Land Institute's 2014 *Emerging Trends in Real Estate*:

Industrial. Industrial real estate will get a boost in 2014 as the U.S. economy continues to improve and as retailers and manufacturers have made the shortening of the supply chain their top priority for the foreseeable future. Warehousing stands out as the strongest prospect in both investment and development in 2014—not only among industrial subsectors and niche markets, but across all types of subsectors and niche markets... Warehousing is a clear favorite when survey respondents recommended action... The strength of warehousing reflects the expanding influence of e-commerce distribution networks...

The Return of Manufacturing. "Manufacturing is coming back to the U.S., and it's coming back faster than we thought. Back in 2011, no one thought we would see anything until 2015. Now, we are seeing dozens of companies moving back to the U.S. because the economics are shifting," says a labor economist. "A key driver of this trend is that labor costs in China are rising, with wages increasing by about 15 to 20 percent a year and the steady appreciation of the Chinese yuan against the dollar. Manufacturers are seeing very long supply chains, and there are increasing concerns about intellectual property."

Portland's industrial market is heating up in response to these trends. In late 2013 and early 2014, a number of new industrial projects have been announced totaling about 1.5 million square feet; one is the 800,000-square-foot PDX Logistics Center (18.3-acre building) to be built near PDX Airport. A speculative investment of this magnitude shows significant confidence in the Portland market. Eight additional major projects are reportedly in the planning pipeline. Industrial brokers at Kidder Matthews report an "industrial land shortage" and that the "greatest demand is seen in the I-5 corridor," a submarket that includes Wilsonville and Tualatin.

Office Development Outlook

Office development nationally and regionally is not expected to bounce back with the same resiliency as industrial space. Office development in the short and long term faces several challenges. In the short term, the Portland region's employment levels have only just recovered this year to their 2008 pre-recession levels. While office vacancies are far lower than they were several years ago, there is not yet pressure for new development. As Table 4 shows, the region is expected to add just 288,000 square feet of office in 2014, or 0.6 percent of the total regional inventory of nearly 47 million square feet. Tualatin's current vacancy rate of 20.5 percent suggests a soft market, though that space will be occupied in the long term.

Table 4. Current Office Market Summary, Portland Metro Region

Market	Existing Inventory		Vacancy	YTD Net	Under Const. &	Class A
	# Blds	Total RBA	%	Absorption	Complete YTD	Rates
Portland CBD	374	26,309,983	10.0%	(36,157)	288,000	\$25.58
Lake Oswego/West Linn	142	1,144,080	8.5%	13,170	0	\$25.50
North Beaverton	151	3,246,113	6.7%	37,420	0	\$26.33
Sunset Corridor/Hillsboro	359	10,374,721	6.2%	111,442	0	\$21.53
Tigard	226	3,313,116	10.4%	35,859	0	\$24.27
Tualatin	68	1,263,266	20.5%	10,099	0	\$22.28
Wilsonville	59	1,252,446	7.1%	9,476	0	\$20.50
Totals	1,379	46,903,725		181,309	288,000	

Source: CoStar, Leland Consulting Group.

Of more concern for new office development at Basalt Creek are several long-term trends. Companies are becoming much more efficient than ever before with their office space, and thus, requiring less of it. Greater efficiencies are being achieved through smaller dedicated desk spaces; employees who work out of the office on the road, from home, or other locations; and less storage for fewer paper files. In addition, companies have gotten more reluctant to take on long-term obligations such as expanded leases. These trends are expected to continue, and in some cases accelerate in the future, and therefore, demand for office space as a function of total employment is likely to be less in the future.

In conclusion, in the near and potentially long term, office development is likely to be slower than industrial development throughout the Portland region. As shown in Figure 2 and 4, much more industrial development than office development has taken place in Tualatin and Wilsonville in recent decades, and LCG expects this trend to continue at Basalt Creek.

Tualatin and Wilsonville’s Economic Positioning and Goals

The Cities of Tualatin and Wilsonville are proactively pursuing economic development in order to provide high paying jobs for their residents, strengthen their tax bases, offer quality public services, and enable general prosperity in the communities. The two Cities’ main economic development plans relevant to Basalt Creek are shown below.

Table 5. Relevant Economic Development Plans

Tualatin	Wilsonville
<ul style="list-style-type: none"> Economic Development Strategic Plan (2014) Industry Cluster Analysis (2014) Southwest Tualatin Concept Plan (2010) 	<ul style="list-style-type: none"> Economic Opportunities Analysis (EOA) Update (Final Draft, 2012) Coffee Creek Master Plan (2007)

Target Industry Clusters

Tualatin and Wilsonville have both identified a series of targeted industry clusters. According to Tualatin’s Industry Cluster Analysis, a cluster is an agglomeration of similar and related businesses and industries that are mutually supportive, regionally competitive, attract capital investment, encourage entrepreneurship, and create jobs. For example, 57 percent of Tualatin’s jobs fall within its five key industry clusters, which also provide wages that are on average 70 percent (\$35,000) higher than those in all other industries.

Clusters reflect the community’s strengths and competitive advantages, suggest which sectors of the economy are most likely to generate jobs in the future, and provide policy makers with guidance about the types of land, buildings, infrastructure improvements, and other actions needed to grow jobs in the future. (Wilsonville’s EOA uses the term industry “sectors.” The terms cluster and sector are used interchangeably here.)

Both Tualatin and Wilsonville have determined that they excel in the following three industry clusters. The economic figures included below are drawn from the Cities’ economic development plans.

- Advanced Manufacturing and Related.** This cluster is a significant driver of both cities’ economies. It is Tualatin’s largest cluster, accounting for 22 percent of jobs in the city. It accounts for a significant portion of Wilsonville’s economy; computer and electronic product manufacturing was Wilsonville’s largest industry sector as of 2012, and includes several of the city’s largest employers such as Xerox, TE Connectivity, and Rockwell Collins.

The Oregon Institute of Technology (OIT), now educating students in the engineering, technology, management, and health sciences fields from its Wilsonville campus, is an important anchor institution for the southwest metro economy. The Cities are looking for ways to capitalize on OIT’s presence and to strengthen partnerships between the school and private business.

Growth in this cluster will result in ongoing demand for industrial land and buildings in Basalt Creek and other areas. Freeway access, freight mobility, and access to a skilled workforce will be important to this cluster’s ongoing success.

- **Corporate and Professional Services.** This cluster accounts for 12 percent of Tualatin's jobs, and was the second largest industry sector in Wilsonville as of 2012. Major employers include Portland General Electric and Express Employment Professionals in Tualatin, and Mentor Graphics in Wilsonville. Growth in this cluster will result in ongoing demand for office land and buildings in Basalt Creek and other areas. A variety of locational factors tend to be important to corporate and professional service firms, including skilled workforce, available land or office space, transportation connections, and nearby restaurants and commercial services.
- **Health Care and Medical Related.** This cluster is important in both cities: it is the third largest in Tualatin and fourth largest in Wilsonville. Tualatin's health care cluster is anchored by Legacy Meridian Park Medical Center, among Tualatin's largest employers, and also includes associated industries such as clinics, laboratories, physician offices, and assisted living centers. Wilsonville's largest health care employers as of completion of the EOA were Infinity Rehab and Avamere, both ambulatory (outpatient) service providers. Wages in this cluster are well above average.

Because of the diversity of health care businesses, firms in this cluster can operate in health care-specific zones (such as Tualatin's Medical Commercial zone), or general employment zones (such as Wilsonville's Planned Development Industrial zone). In some cases, health care firms that serve smaller, more localized populations can locate in retail/commercial zones.

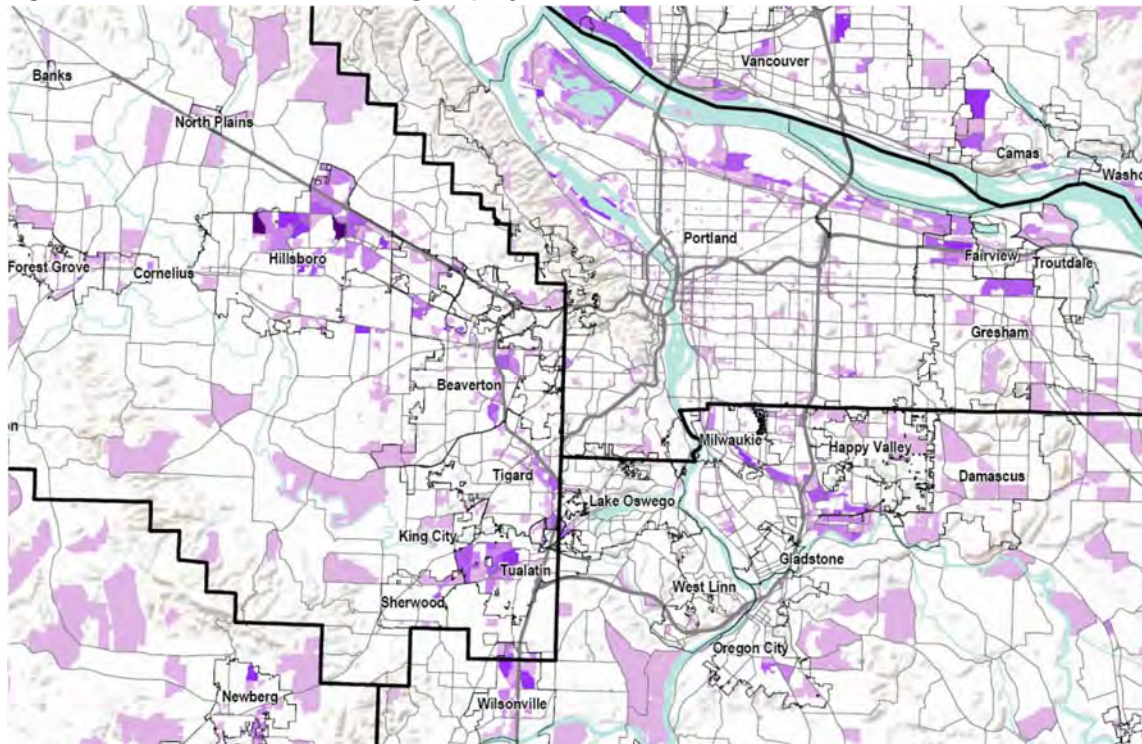
In addition to the three clusters described above that have been identified as targets for both cities, Tualatin and Wilsonville have also identified these industry clusters:

- **Other Industrial Clusters.** Both Cities have identified additional industrial target clusters that could locate in Basalt Creek. Tualatin has identified two other industry clusters likely to generate demand for industrial land and buildings: Food Processing and Distribution, and Wood, Paper, Printing, and Related. Wilsonville identified a number of other industrial business types: Light Manufacturing and Warehouse/Showroom Operations; Specialty Contractors and Construction Firms; Sustainable Product Manufacturing and Distribution; Miscellaneous Manufacturing, and Wholesale Trade.

Growth in these clusters will result in ongoing demand for industrial land and buildings in Basalt Creek and other areas. Freeway access, freight mobility, and access to a skilled workforce will be important to these clusters' ongoing success.

- **Other Professional and Commercial Services.** Wilsonville's EOA also identifies Creative Services (such as transportation logistics, legal services, management consulting, and accounting) as a target cluster. Similar to Corporate and Professional Services, growth in this cluster should result in demand for office land and buildings in Basalt Creek and other areas.
- **Other Clusters.** Some clusters may or may not be a good fit for inclusion at Basalt Creek, depending on the Concept Plan. An example is Tourism and Recreation, which was identified by Wilsonville.

Figure 7. Number of Manufacturing Employees



Source: Institute for Metropolitan Studies, Portland State University.

Figure 8. Lam Research Facility, Tualatin

The semiconductor equipment manufacturer is the city's largest private employer, and a leader in the city's advanced manufacturing cluster.



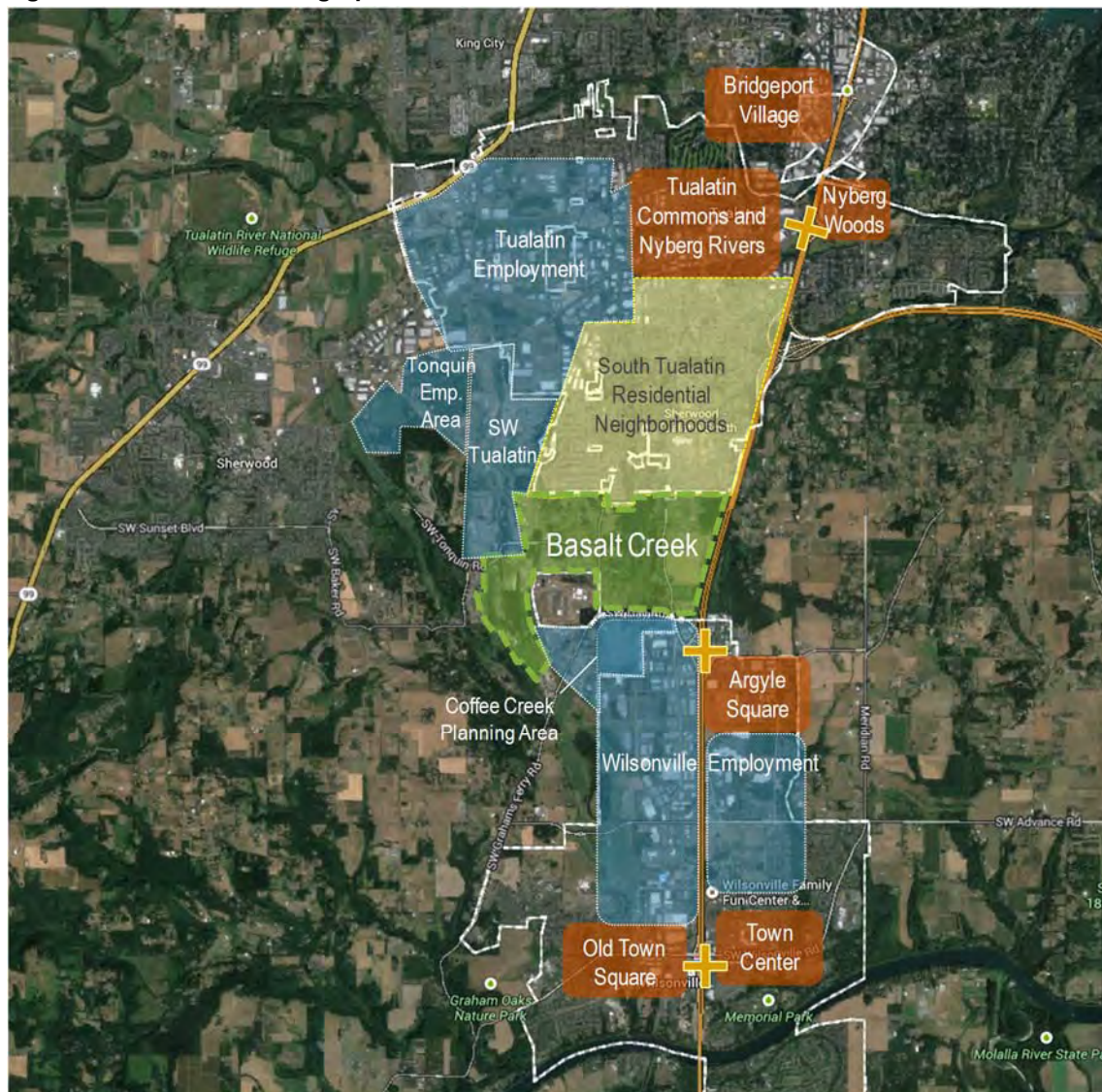
Photo credit: Tualatin Chamber.

Subregional Context

Figure 9 below shows the Basalt Creek study area and the key employment, commercial, and residential areas nearby, along with three I-5 freeway interchanges. This map shows that Basalt Creek is located at the heart of a large, contiguous series of employment areas, which will provide Tualatin and Wilsonville with the land area to build on and expand their advanced manufacturing, corporate services, and other key industry clusters.

Transportation is fundamentally important to these employment areas, and transportation connectivity has the potential to make a whole that is greater than the sum of its parts by enabling firms to trade goods and services easily. I-5 is the most important single transportation corridor. The 124th Avenue Extension and East-West Connector will also be very important in knitting the employment areas together. This large agglomeration of employment areas creates momentum, and will also be a source of competition for Basalt Creek.

Figure 9. Basalt Creek Geographic Context



Source: Leland Consulting Group. Note: Employment, commercial, and residential area boundaries are approximate.

Established Employment Areas. The Tualatin and Wilsonville employment areas are developed areas that have capacity to continue to add businesses and jobs. To the west of I-5, Wilsonville's employment area tends to contain more industrial, manufacturing, distribution, and flex businesses and buildings; to the east of I-5, a larger share of businesses are office-based professional service firms, such as Mentor Graphics and Xerox Corporation. However, the zoning is the same (Planned Development Industrial) throughout the entire Wilsonville employment area.

The City of Wilsonville is currently at work developing a Light Industrial Form Based Code (FBC) intended to streamline approval of light industrial and office employment, while at the same time ensuring high-quality urban design. The FBC will apply to the Coffee Creek industrial area, but could also apply to Basalt Creek Creek and other areas.

Planned Employment Areas. Southwest Tualatin, Tonquin, and Coffee Creek are planned employment areas located within the UGB that have yet to be served by infrastructure or see new private development. Annexation and development in the areas are property owner initiated.

- The Southwest Tualatin Concept Plan Area is approximately 614 gross acres and is planned for a mix of light industrial, high tech, and campus employment users. Most of the area remains an active quarry; the City expects this use to continue for an indeterminate period.
- The Coffee Creek industrial area is a 225-gross-acre area that was master planned by the City of Wilsonville in 2007. It is adjacent to Basalt Creek on the south side of Day Road. In addition to industrial development throughout the area, the City's vision includes the development of an office corridor on Day Road (the dividing line between the Coffee Creek and Basalt Creek areas). No development or annexation has taken place in Coffee Creek since the adoption of the master plan; land assemblage challenges, and lack of City services and financing plan to build those services are the primary obstacles to development here.
- The Tonquin employment area is a 300-gross-acre area located in the City of Sherwood. It is planned for light industrial development with a small amount of ancillary retail/commercial services.

Employment Strengths and Challenges

Basalt Creek's primary strengths/competitive advantages and challenges vis-à-vis the industrial and office development are as follows:

Strengths and Competitive Advantages

- Tualatin and Wilsonville's established and successful industry clusters in advanced manufacturing, professional services, and a variety of other industrial and office-based employment categories. Large contiguous cluster of existing and planned employment areas.
- Long-term growth projections for employment and population in the southwest Portland metro area.
- Excellent access to I-5, as well as I-205 and Highway 217. Additional transportation strengths include existing and planned arterial roads, and local and regional transit service provided by TriMet, WES Commuter Rail, and SMART.
- Educated workforce.

- Market success of recent industrial, office, and retail developments.

Challenges

- Vision and regulation: This Concept Plan, and subsequent Comprehensive Plan and zoning amendments, need to be in place prior to development.
- Planning, financing, and construction of new infrastructure.
- Lot sizes and property aggregation. There is a mix of large and small lots throughout Basalt Creek. The time and cost required to secure properties from multiple parties in order to aggregate developable industrial or office properties of adequate size can be a significant deterrent to developers.
- Natural features including wetlands and slopes. Basalt Creek and its surrounding slopes and wetland areas run north-south through the study area and divide the area into east and west sections.
- The market for new office development continues to be slow. However, the study area will not be ready for private development for several years, which may allow enough time for this market to recover.

Absorption and Build Out

Employment development—including industrial and office land development—is expected to take place in Basalt Creek at a pace of about eight to 10 buildable acres annually, assuming zoning is in place and urban infrastructure (roads, sanitary sewer, and water) are available. The pace of development will depend on economic conditions at the time of development, the location of transportation and other improvements, and the number of other nearby employment areas also available for development, among other factors. This represents a 30 to 40 percent capture rate of Wilsonville’s annual average of 25 acres of employment land development (see Table 1) and is reasonable given that employment development can also be expected to take place at Coffee Creek and “infill” within existing urbanized parts of the city. The projection is also consistent with the estimates provided by developers interviewed for this project. If development at Coffee Creek and on infill sites is highly constrained, then development at Basalt Creek could accelerate.

Buildings in Basalt Creek are expected to range widely in terms of site and building sizes. However, the FARs for most buildings should fall between 0.2 and 0.4 FARs and be surface parked. Higher density buildings with some structured parking may be feasible at special locations, or in later years after the market has matured.

Housing Market Analysis

Demographic Context

Table 6 summarizes Metro's 2010 to 2035 gamma projections of household growth for the cities of Tualatin and Wilsonville, and other geographies relevant to Basalt Creek. Some key take aways are:

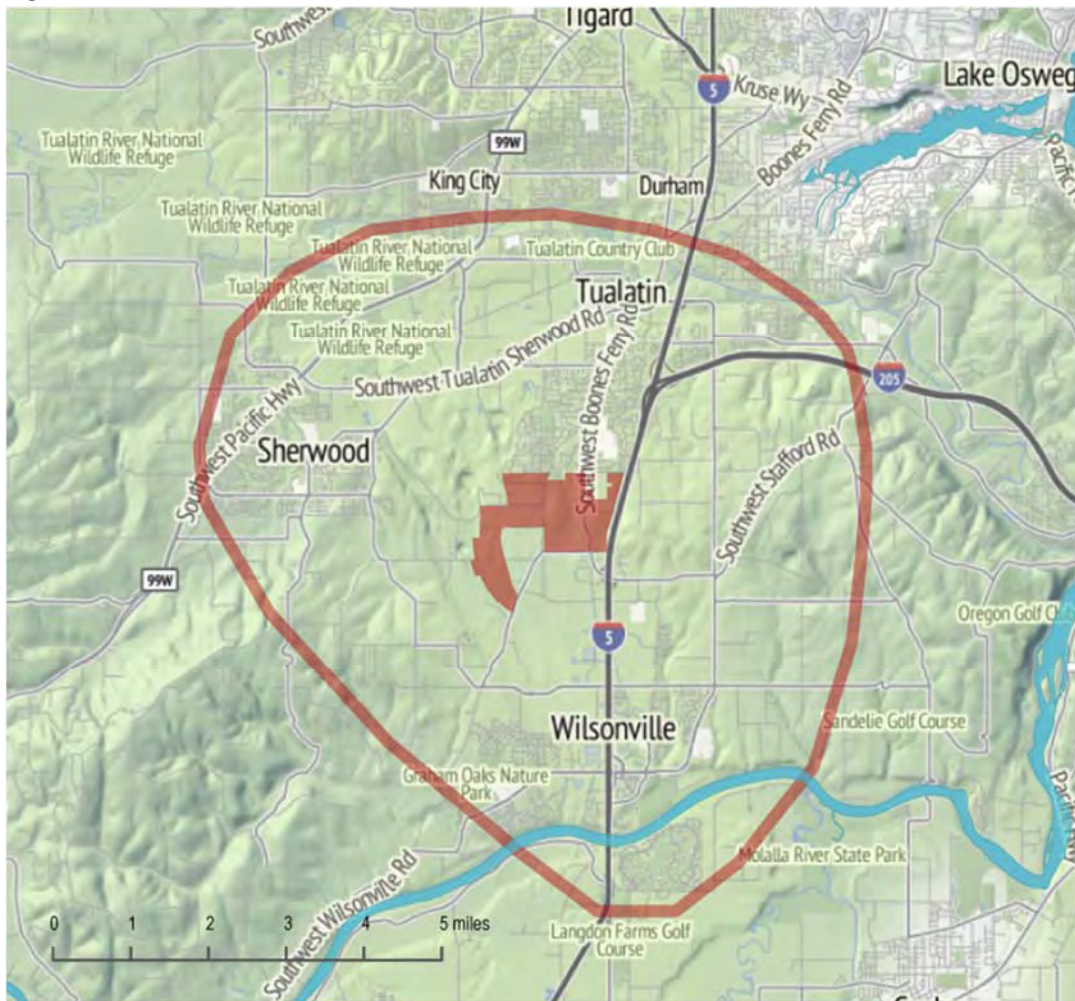
- The number of households in the three-county Metro area is expected to grow relatively quickly, at a 1.5 percent Compound Annual Growth Rate (CAGR), between 2010 and 2035, and thus add more than 11,000 households per year.
- Metro forecasts that Tualatin and Wilsonville will grow throughout the forecast period, with the number of households in Wilsonville projected to grow at a faster rate (1.5 percent) than Tualatin (0.4 percent). According to Metro, in 2010, Tualatin's average household size (2.61 persons) was slightly larger than Wilsonville's average (2.48 persons). Metro projects this difference will essentially remain through 2035, though Tualatin's household size will decrease somewhat (to 2.55 persons).
- The Basalt Creek market area (see Figure 10) was also defined in order to evaluate demographic trends that cross city and county boundaries. The market area includes the cities of Tualatin, Wilsonville, and Sherwood, as well as some surrounding areas. This market area is the area from which new residents of Basalt Creek are most likely to come, based on Leland Consulting Group's market research.
- The consistent projected household growth in the region, market area, and subject cities suggest that there will be demand for new homes within the market area generally and Basalt Creek specifically through 2035, assuming that Basalt Creek is effectively planned and made available for development.

Table 6. Demographic Forecasts for Market Area and and Metro Region

Jurisdiction	Households			
	2010	2035	Change	CAGR
City of Tualatin	10,000	11,170	1,170	0.4%
City of Wilsonville	7,859	11,508	3,649	1.5%
City of Sherwood	6,316	7,269	953	0.6%
Basalt Creek Market Area	27,825	38,704	10,879	1.3%
Clackamas County	146,324	208,437	62,113	1.4%
Multnomah County	304,649	442,546	137,897	1.5%
Washington County	202,647	289,592	86,945	1.4%
Three County Total	653,620	940,575	286,955	1.5%

Source: Metroscope Gamma Forecasts, Published Feb 07, 2013, <http://www.oregonmetro.gov/regional-2035-forecast-distribution>.

Figure 10. Basalt Creek Market Area



Source: Fregonese Associates, Leland Consulting Group.

Table 7 below and Table 8 on the following page provide additional perspective on the demographics of the subject cities when compared to the Portland MSA.

The City of Tualatin, when compared to the Portland MSA, has a higher percentage of family households (two or more related people), larger average households, higher household incomes, and higher capita incomes. A larger share of residents have college degrees (43 percent) and are employed in white collar jobs (67.4 percent) compared to the region.

Wilsonville, when compared to the Portland MSA, has a higher percentage of family households and smaller households. This is likely because the city has a higher share of young households (in the 25 to 34 age category) and seniors, Baby Boomers, and retirees (65+ category). Each of these age groups has different housing preferences. Like Tualatin, Wilsonville has a larger share of residents with college degrees (43 percent) and white collar jobs (67.4 percent) than the region. (The data below shows information about *jobs held by residents of the given geographical areas*, not the jobs within those areas.)

Table 7. Demographic Summary

Key: Low High 2014 data except where noted.

Demographic Attribute	City of Tualatin	City of Wilsonville	Basalt Creek Market Area	Portland MSA
Comparison to Portland MSA:	More families Larger HHs Higher HH Incomes Higher PC Incomes More college degrees More white collar emp.	Fewer families Smaller HHs More Gen Y More Boomers More low-income HHs More college degrees More white collar emp.	More families Larger HHs Higher HH incomes Higher PC incomes More college degrees More white collar emp.	
Population	26,520	21,235	73,786	2,296,285
Number of Households	10,170	8,638	28,121	896,982
Family Households (2010 Census)	68%	59%	68%	64%
Household Size (Average)	2.60	2.32	2.57	2.52
Household by Size (2010 Census)				
1 and 2 person households	57%	68%	58%	61%
3 and 4 person households	33%	25%	32%	29%
5 + person households	10%	7%	10%	10%
Median Household Income	\$64,324	\$59,812	\$70,256	\$57,441
Per Capita Income	\$32,672	\$31,995	\$33,336	\$30,135
Population By Age				
0 to 24	35%	31%	34%	32%
25 - 34	14%	16%	13%	15%
35 - 44	15%	14%	15%	14%
45 to 54	14%	13%	14%	14%
55 to 64	13%	11%	12%	13%
65 +	9%	15%	11%	13%
Median Age	35.7	37.0	36.6	37.5

Source: ESRI Business Analyst, Leland Consulting Group.

The Basalt Creek market area is similar to Tualatin in many ways. When compared to the Portland MSA, the market area has a higher percentage of family households, larger households, higher household and per capita incomes, more residents with college degrees, and more residents who work in white collar jobs.

Table 8. Demographic Summary (Continued)

Key: Low High 2014 data except where noted.

Demographic Attribute	City of Tualatin	City of Wilsonville	SW Metro Market Area	Portland MSA
Education and Employment				
Less than High School	9.7%	8.0%	8.0%	9.4%
High School or Equivalent	16.5%	20.4%	18.2%	22.1%
Associate's or some college	31.5%	32.3%	32.5%	34.2%
Bachelor's or Advanced Degree	42.3%	39.3%	41.3%	34.3%
Occupation				
"White Collar"	67.5%	70.1%	69.3%	63.1%
"Blue Collar"	11.3%	14.1%	13.5%	19.5%
Housing				
Median Home Value	\$331,190	\$349,927	\$337,289	\$275,516
Housing Tenure				
Owner Occupied Housing Units	51.9%	43.4%	55.0%	56.2%
Renter Occupied Housing Units	42.6%	50.5%	39.8%	37.7%

Source: ESRI, Leland Consulting Group. 2013 data except where noted.

In general, these demographics are favorable to housing development in Basalt Creek; they also reflect the types of residents most likely to locate in Basalt Creek.

Finally, the South Tualatin residential neighborhoods immediately to the north of Basalt Creek reflect many of the demographic attributes typical of Tualatin's population. The neighborhoods—including roads, street trees, parks, and schools—create a positive environment for residential development within Basalt Creek, particularly along the northern edge. It should be noted, however, that Basalt Creek is located in the Sherwood School District, not the Tigard-Tualatin School District, and therefore, school age children in Basalt Creek would need to travel west to Sherwood, rather than north, for classes.

Regional and National Demographic Trends Affecting Housing

It is important to note that over the coming decades the metropolitan region's demographics are expected to become more like Wilsonville's demographics today, and somewhat less like Tualatin. Table 9 compares the age group split in the cities of Tualatin and Wilsonville today with Washington County's demographics in 2010 and projected demographics in 2035. The biggest change is that older households are expected to comprise a larger share of the total population, with a smaller share in the 35 to 64 age category. Household sizes are also expected to decrease. Washington County is used here as a proxy for the age groups and household types most likely to live in the Basalt Creek market area in coming years, and because Metro and the State of Oregon both produce long-range estimates for the County.

Table 9. Demographic Comparison of Subject Cities in 2013 and Washington County 2035 Projection

Age Group	City of Tualatin 2013	Washington County 2010	City of Wilsonville 2013	Washington County 2035
0 - 19	35%	34%	31%	30%
20 - 34	15%	15%	17%	14%
35 - 64	42%	40%	38%	38%
65+	8%	10%	15%	19%
Total	100%	100%	100%	100%

Source: Office of Economic Analysis, State of Oregon; ESRI Business Analyst, Leland Consulting Group.

The figures below further emphasize the demographic trend that is referred to as the aging of the Baby Boomers or the “silver tsunami,” which is expected to have a significant impact on housing demand. As Baby Boomers, those born between 1946 and 1964, retire and begin to consider selling their homes and relocating, they are expected to have a major impact on housing markets. Many will be selling medium and large size single-family homes and looking for smaller homes with lower maintenance and upkeep, and the freedom to “lock and leave” home to visit family and friends, and vacation elsewhere. Many will also keep their homes.

Figure 11 highlights several points. The population of all age categories is growing between 2015 and 2035—the period during which Basalt Creek is expected to build out—and there should be demand for housing that meets the needs of all of these groups. The 65+ population will grow the most. The effect of this growth will be even more pronounced since these are relatively small households and thus more housing units are needed to serve the same population. The population of the 35 to 64 age category, and their children, under 19, will also grow significantly. This group is likely to re-occupy many of the single-family homes now in the market area, and new homes in Basalt Creek. The size of the 20 to 34 age group is not expected to increase much. This is because Generation Y / Millennials, now in their 20s and early 30s, is a large age cohort, and the age cohort behind them is expected to be smaller. Generation Y is driving the apartment boom now taking place in urban and mixed-use areas throughout the metro region.

Figure 11. Net Population Change by Age Group, 2015 to 2035, Washington County

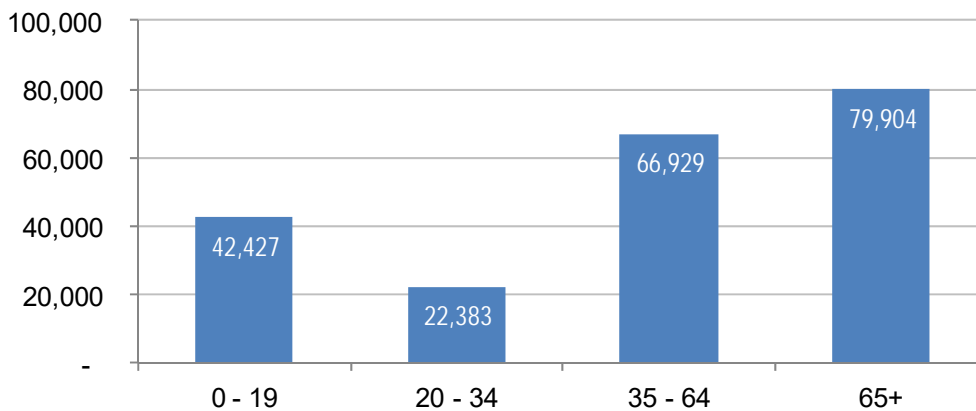
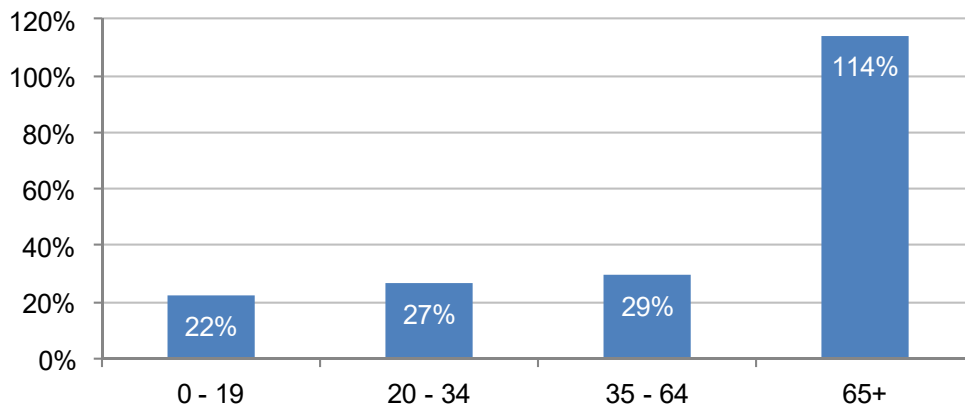


Figure 12. Percent Population Increase by Age Group, 2015 to 2035, Washington County, Oregon



Source: Office of Economic Analysis, State of Oregon; Leland Consulting Group.

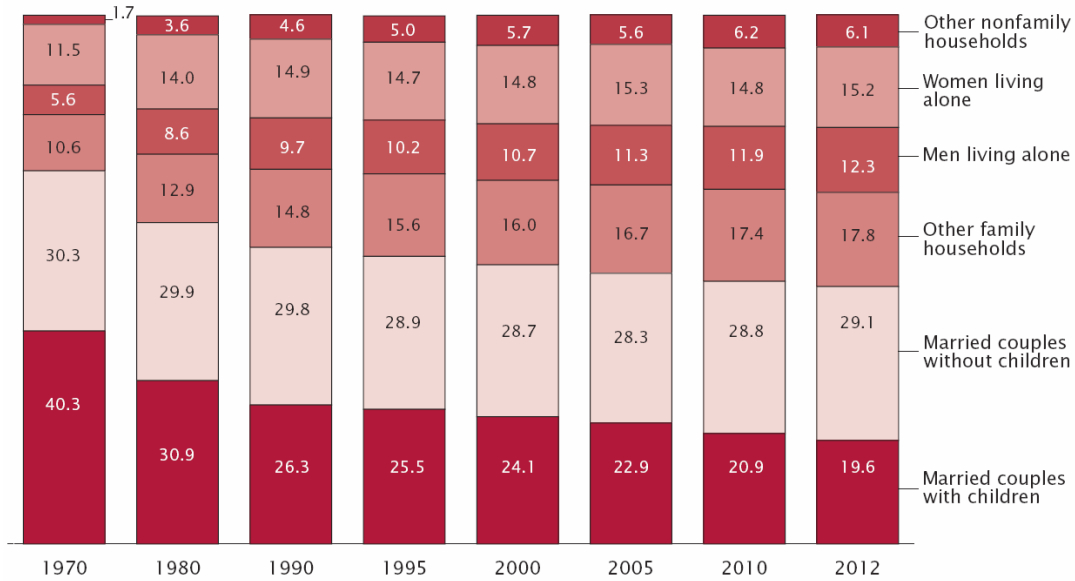
Figure 12 shows that, as a percentage of the current population, the growth in the 65+ age group will be far greater than growth in the other age groups. While the numerical increase (shown in Figure 11) is only slightly greater than the increase in other population groups, the percent increase is far greater. Therefore, our perception of this change, and its impact—on housing, health care, and other parts of society—is likely to be greater.

Some urban planners have identified four demographic groups that have seen the highest rate of growth in recent decades and are expected to continue growing in the coming decades. These are the “four S groups:”

- Seniors
- Singles
- Single-parent households
- Starter households

The growth in these groups nationwide is shown in Figure 13 below, along with the significant decrease in married couples with children as a share of all households. This strongly suggests that future housing demand, and the housing mix in residential neighborhoods, will continue to shift from single-family homes to a broader mix of housing types.

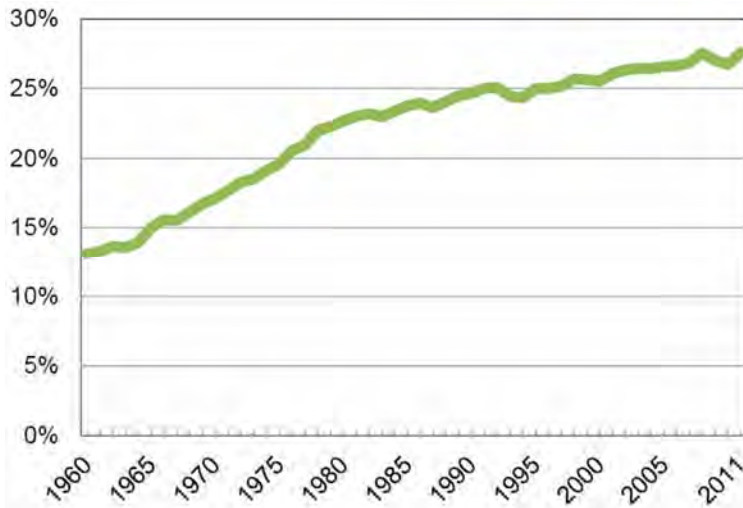
Figure 13. Households by Type, United States



Source: US Census Bureau.

Figure 14 shows the growth in the percent of households nationwide with one person. The share of one-person households doubled between 1960 and 2011. Two-person households are also making up a larger share of the national and regional population. Sixty percent of households in the market area, and 68 percent of Wilsonville’s households, are one or two-person households. These households are the core drivers of demand for housing types such as small lot single-family homes, attached single-family homes (townhouses and duplexes), and multifamily housing (apartments, condominiums, and senior housing).

Figure 14. Percent of Households with One Person, United States



Source: US Census Bureau.

Community Preferences

Of course, real estate and home buying is all about “location, location, location”—in other words, the community, city, or neighborhood in which a given home is located. Since 2004, the National Association of Realtors (NAR) has conducted a nationwide poll to better understand what Americans are looking for in their future homes and communities. This is the most robust, widely-applicable survey instrument available to suggest how housing demand is evolving. One important focus of this poll is testing Americans’ interest in the features of what are variously called “walkable communities,” “complete communities,” or “traditional neighborhood development.” Such communities tend to be pedestrian friendly—parks, schools, shops and businesses are located within walking distance of homes—and contain a range of different housing types where households of different ages and sizes can live (single-family homes, townhouses, and multifamily housing).

Figure 15 shows how people responded when asked, “Do you think there is too much, too little, or the right amount of each of the following in the area close to where you live?” Respondents most often felt that there are too few features such as safe routes for walking and biking, public transit, a diversity of housing, and shops and restaurants within an easy walk.

Figure 15. Which Neighborhood Amenities are in Demand?



Figure 16 shows how people responded when asked to select the house where they would prefer to live when provided with two community options. By nearly a two-to-one margin, Americans prefer a neighborhood where they can walk to stores and businesses. The preference is significantly more pronounced among those who recently purchased a home or are currently in the market.

Figure 16. Community Preferences



Source, both figures: National Community Preference Survey, National Association of Realtors, October 2013.

Housing Types

Table 10 and the images that follow show categories of housing that are used to estimate demand in the Basalt Creek area. While there are many different categories and subcategories of housing, these five housing types are representative of the vast majority of housing being built now and in the recent past in the Portland metropolitan region, and in the market area in particular. The net density (number of housing units that can be accommodated on buildable land) of various housing types will vary depending on conditions such as slope, wetlands and environmental constraints, property ownership, streetscape features such as sidewalks and parking strips, and other factors; the net densities shown below are based on the average density of numerous built and planned projects.

Table 10. Housing Types

Housing Type	Lot Size			Net Density
	Low	Average	High	
Large Lot Single Family	6,000	7,500	8,500	6.0
Medium Lot Single Family	4,000	5,000	6,000	7.5
Small Lot Single Family	2,500	3,500	4,000	11.0
Attached Single Family: Townhomes and Duplexes	1,000	2,250	2,500	16.0
Multifamily: Apts, Condos, and Senior Housing	NA	NA	NA	25.0

Large Lot Single-Family



Medium Lot Single-Family



Small Lot Single-Family



Single-Family Attached



Multifamily



Recent Housing Development

Table 11 shows the recent residential permitting trends in the cities of Tualatin and Wilsonville, and in Villebois, a master planned community in Wilsonville. Villebois is shown here because: it is the largest master planned community (482 acres) that has been developed recently in the Southwest Metro area; it is a defined area that has been planned to include a range of housing, parks, and commercial services; and due to its success in the marketplace in recent years, housing absorption has been relatively rapid (adjusting for the recession), and many houses sell for a premium when compared to the competition in other areas. Naturally, recent housing built in these areas provides one benchmark from which to estimate future demand.

As Table 11 shows, the housing types that have been permitted and built in these areas correlate closely to the types of people and households who live there; the housing types also likely reflect zoning and other regulatory and market forces. Recent housing permitted in Tualatin is composed largely of large and medium lot single-family housing. No small lot single-family housing (lots smaller than 4,000 square feet) or attached single-family housing has been permitted since 2004. About 20 percent of the recently permitted housing in Tualatin is multifamily—market rate and affordable apartments, condominiums, and senior housing. Very little existing multifamily housing is located in the neighborhoods immediately north of Basalt Creek; most of Tualatin's multifamily housing is clustered further north near the Tualatin Town Center, Tualatin-Sherwood Road, and Bridgeport Village. The majority were built prior to 2000, although the 367-unit Eddyline at Bridgeport, completed in 2013, is a notable exception. Historically, this multifamily share is relatively typical; multifamily has comprised about 20 percent of total housing in many communities during the past five decades.

Wilsonville's housing is more diverse and features a significantly higher percentage of small lot single-family and multifamily housing, and much less large and medium lot single-family housing. Again, this is likely to be due to market, demographic, and regulatory reasons. The broad housing mix reflects the presence and growth of the four S groups in Wilsonville: seniors, singles, single-parent households, and starter households. The large multifamily share (66 percent) is partially due to the large number of new 20 and 30-something households recently formed, which will slow in coming years. Villebois' housing mix is similar to that in Wilsonville overall; however, during the time period surveyed (2000 to 2012) a larger percentage of small lot single-family homes, townhouses and duplexes were built in Villebois, along with a smaller percentage of multifamily housing. Villebois' developers and NAR surveys show that most American households, Baby Boomers included, prefer single-family homes over multifamily homes, but that they are quite open to smaller lot and homes sizes, especially when the surrounding neighborhood is attractive and walkable.

Table 11. Residential Development in Tualatin and Wilsonville by Housing Type

Housing Type	Tualatin	Wilsonville	Villebois
	Recent Permits	Recent Permits	Recent Permits
Large Lot Single Family	44%	9%	8%
Medium Lot Single Family	36%	10%	8%
Small Lot Single Family	0%	12%	35%
Attached Single Family	0%	2%	6%
Multifamily	20%	66%	43%
Total	100%	100%	100%

Sources: HUD; City of Wilsonville, *New Home Trends*, Leland Consulting Group. Due to data availability, Table 11 shows housing built in Tualatin between 2004 and 2014; and permits issued in Wilsonville between 2000 and 2012.

Basalt Creek Housing Scenarios

Table 12 shows the residential development scenarios developed by Leland Consulting Group for Basalt Creek. Rather than a single recommendation, these scenarios represent a continuum of options for the area. Typically, there is no single residential land use program that is “correct” in the marketplace, especially because of the significant growth in all households projected to occur in the market area. Rather, public policy, community aspirations, the vision of developers and land owners, and the type of multidisciplinary planning now taking place in this Concept Plan can help to shape the type of community expected, and the proper housing markets to pursue. An average net density (across all housing products) for each scenario is shown below. The density of each product type is shown in Table 10 on page 2929.

Scenario 1 can be thought of as reflecting the “status quo”—a housing mix similar to what has been built in Tualatin between 2004 and 2014. This is used as a status quo benchmark since Tualatin’s residential neighborhoods are in closest proximity to Basalt Creek. Eighty percent of the homes in this scenario are either large lot or medium lot single-family homes. While these homes are likely to appeal to families with children and many smaller households, this scenario may have an undersupply of small lot and attached single-family homes which will appeal to the growth in 65+ households and one and two-person households. There is less housing diversity in this scenario than other scenarios, and the predominance of large lot homes is likely to make it more challenging to create the type of walkable neighborhoods that 60 percent of those polled by the National Association of Realtors prefer.

Scenario 2 largely relies on the housing preferences expressed in the 2013 Realtors Survey. The one exception is that the 20 percent multifamily share was maintained from Scenario 1 to reflect historical multifamily construction patterns in Tualatin and Wilsonville. This scenario reflects the demand for small lot single-family, attached single-family, and multifamily expressed in the survey, and also greater share of these products in Wilsonville. Nonetheless, 75 percent of the housing remains single-family detached housing. The average density is just under 10 dwelling units per net buildable acre. This scenario contains a broader diversity of housing products and will be more suitable for a walkable community than Scenario 1.

Table 12. Residential Development Scenarios

	Scenario 1	Scenario 2	Scenario 3
Percent of Units by Type			
Large Lot Single Family	44%	10%	5%
Medium Lot Single Family	36%	41%	23%
Small Lot Single Family	0%	24%	43%
Attached Single Family	0%	5%	9%
Multifamily	20%	20%	20%
Total	100%	100%	100%
Net Density	7.7	9.6	10.9

Source: Leland Consulting Group.

Scenario 3 is similar to Scenario 2 but attempts to make several adjustments for changing housing demand. First, more demand is shifted to towards small lot single-family homes in response to stated preferences for such homes when they are located in a neighborhood where businesses and other amenities are located in close walking distance. Second, slightly higher demand for attached housing (duplexes, clustered cottage homes, and townhouses) is assumed because of the significant increase in 65+ aged households, and because of preferences for smaller homes in walkable communities. The multifamily share remains the same. Seventy percent of all housing remains single-family detached housing.

Retail Market Analysis

Retail, commercial services, and commercial office space (e.g., medical and dental offices) may be feasible in Basalt Creek. However, the market for these goods and services cannot be determined without first establishing one or more land use alternatives for employment, housing, and other uses in Basalt Creek. Nearby residents and employees generate the main demand for retail and since the amount and location of these are unknown at this time, the amount and location of retail cannot be determined.

Despite these significant unknowns, the following observations can be made about retail in Basalt Creek.

Market

In addition to new residents and employees that may locate in Basalt Creek, the residents of the Tualatin neighborhoods located immediately to the north are an important source of support for retail. Residents spend more of their retail dollars locally than employees or passersby, and therefore are generally a more important source of demand for retail goods and services. Approximately 4,000 households live in the area between Norwood Road and Tualatin-Sherwood Road. These households already have other places to shop, particularly on and near Tualatin-Sherwood Road. However, based on existing traffic counts and interviews with residents and developers, it is clear that some of these residents are already accustomed to driving south through Basalt Creek to access I-5 or other destinations.

Retailers also look at traffic counts as an important demand indicator, since retail relies on passby traffic for support. Boones Ferry Road carries average daily traffic (ADT) of about 15,000 today according to ESRI Business Analyst, which is high enough to suggest that it will be a good retail location in the future. Traffic counts on Grahams Ferry Road are below 6,000 ADT, and therefore it is likely to be a less desirable retail location. Traffic counts such as these likely reflect trips being made by residents and employees of the Southwest metro area and beyond. The 124th Avenue Extension, now being built to the western edge of the study area, and the planned East-West Connector Road that will run across the study area are also important transportation arterials along which retail will seek to locate. A prime location for retail may be at the intersection of Boones Ferry Road and the East-West Connector Road.

These demand factors should be taken into account along with housing and employment projections for the study area in order to estimate the total amount of supportable retail.

Types of Retail Centers

Retail in Basalt Creek is likely to be built in the formats shown in Table 13: corner store, convenience centers, and/or neighborhood centers. These types of retail generally serve residents and employees within a one-half mile to three-mile radius, and are usually located on arterial roads such as Boones Ferry and Grahams Ferry Roads.

Neighborhood centers are typically anchored by a grocery store and usually include five to 15 smaller in-line tenants which may include pharmacy, food/restaurant, bakery, beauty, technology, financial services, and other tenants. Convenience centers and corner stores are smaller retail nodes that serve their immediate surroundings; they may be anchored by a convenience store (e.g., 7 Eleven) or simply include four to 10 tenants similar to those listed above.

Larger retail formats, such as community centers, regional shopping malls, and lifestyle centers, typically require immediate access to and visibility from a major freeway interchange or other major transportation infrastructure (e.g., high-capacity transit in downtown Portland); a large existing population base; and minimal immediate competition. There is already a series of established major retail clusters located around the freeway interchanges to the north and south. These clusters serve subregional and/or regional shoppers who sometimes travel a half hour or more to shop there. Each has very good access to and visibility from I-5. It is highly unlikely that retail at Basalt Creek could effectively compete against these centers for a share of the regional retail market, because the competition is well established and its freeway access is generally superior.

Table 13. Types of Retail Centers

Retail Center Type	Gross Retail Area	Dwellings Necessary To Support	Average Trade Area	Anchor Tenants
Corner Store	1,500 - 3,000	1,000	Neighborhood	Corner store
Convenience Center	10,000 - 30,000	2,000	1 mile radius	Specialty food or pharmacy
Neighborhood Center	60,000 - 90,000	6 - 8,000	2 mile radius	Supermarket and pharmacy
Community Center	100,000 - 400,000	20,000+	5 mile radius	Junior department store

Sources: *Urban Land Institute, Leland Consulting Group.*

Timing

“Retail follows rooftops.” In other words, in most cases, residential (and employment) development come first, and then retail follows, simply because retail needs local shoppers in order to survive. Any retail space in Basalt Creek is likely to be built following significant residential and employment development. Details will depend on the concept plan prepared for the study area.

MACKENZIE.

DESIGN DRIVEN | CLIENT FOCUSED

January 11, 2017

Washington County
Attention: Erin Wardell
Department of Land Use & Transportation
155 N First Ave, Suite 350 MS16
Hillsboro, OR 97124

Re: **Basalt Creek Employment Site Evaluation**
Project Number 2150111.01

Dear Erin:

Washington County contracted with Mackenzie to review the subject site based on Mackenzie's experience with planning and design for development of industrial and employment lands in the Portland region. The goal of this effort is to assist County staff in understanding the likely development opportunities and patterns that might occur on the subject site based on general site development factors including but not limited to potential physical site development constraints.

The 63-acre site (see attached), located within the Basalt Creek planning area is currently planned for future industrial/employment development. We understand there are questions that, given the topography and potential wildlife habitat/wetlands on site, the site may be better suited for uses other than industrial/employment (e.g., residential). This letter summarizes our preliminary opinion on the developability of the subject site for industrial/employment uses from a concept planning level only. Our review is based on limited information regarding existing conditions provided by Washington County on December 20, 2016.

The County's Goal 5 inventory shows the entire subject site as significant natural area and 2.75 acres in the northeast corner as wetland and fish wildlife habitat. In addition, nearly 70% of the subject site is Metro Title 13 Riparian areas with riparian wildlife habitat areas and impact areas. The exact location and classification of these features is unknown at this time and is beyond the scope of this evaluation. It is possible that there are no significant natural features located on the subject site, except for the NE portion of the site which has a ravine with natural resources discussed below. These potential natural features and wildlife habitat must be confirmed prior to development and it is recommended that prior to further master planning and/or zoning this property, a natural feature inventory and/or survey is performed on this site to further refine the net developable acreage. Only after a wetland delineation and/or survey would we will be able to confirm the developable acreage of this site and confirm whether the concept plan in Figure 3 is feasible as it was created using publicly available GIS data only. Therefore, we did not consider Goal 5 or Title 13 as a factor in this effort as there is not enough information at this time to confirm exact feature locations.

Therefore, this memo assumes that the Goal 5 and Title 13 resources are developable at this time, except for the stream and ravine in the most northeastern corner of the site. While we are aware of the potential location of natural resources, physical topography, site size, and site configuration were the largest factors taken into consideration in the conceptual site plan shown in figure 3. In discussion with County staff, Goal 5 and Title 13 are not regulated at the development level. Wetland delineation and surveys are required through the development review process, prior to development, to confirm any potential on site constraints. The Goal 5 designation requires the current or future property owner(s) to conduct a wetland delineation to confirm any potential resources as well as an assessment of



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Portland, Oregon ■ Vancouver, Washington ■ Seattle, Washington

those resources. In addition, site development should take into consideration potentially geological challenges related to the Tonquin Scablands, which may impact the subject site and were not reviewed as a part of this analysis.

INDUSTRIAL/EMPLOYMENT LAND SUITABILITY FACTORS

There are several physical factors that are utilized to determine the feasibility for development of industrial and employment uses, but the most critical is the need for generally “flat” land. Flat land in a concept planning analysis for industrial/employment development is commonly assumed to be less than 5% slope. Generally, increased slope results in smaller building footprints, less flexibility in building location and building orientation, and/or increased costs for grading. Although slopes from 5% to 10% can accommodate some employment uses, the site preparation costs and loss of efficiency increase dramatically. These factors in turn translate into a more limited range of potential users, ultimately limiting the marketability and underlying value of the site. Other factors for industrial/employment development include site size and configuration as well as proximity to major transportation corridors and private and public utilities. Market factors such as prevailing lease rates, market vacancy, and market depth may also impact the suitability of a development site.

SITE EVALUATION

Our approach was to “test” the site in two ways and compare the results. First, we reviewed the site from a high-level planning perspective utilizing GIS data and looking at general use and land efficiency factors. The second approach involved evaluation and conceptual site design by a Mackenzie architect who has decades of experience in industrial/employment development projects in the Portland region.

The high-level planning approach was to evaluate the existing slopes on site utilizing GIS data. As indicated below, the topography of the site lends itself to a natural divide into northern and southern development areas. The slope analysis in Figure 1 was completed utilizing the 2-foot contour GIS shapefile as provided by Washington County.

Figure 1: Slopes Map

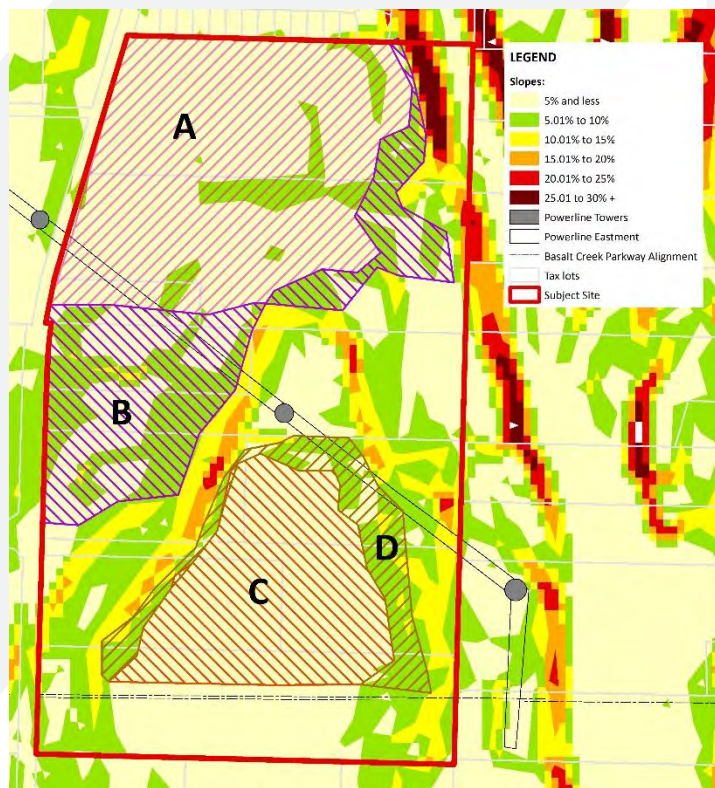


The table below identifies potential development areas for two critical slope categories: areas that are slopes 5% and less, and slopes above 5% to 10% slopes. Of the 63 gross acres, approximately half of the site (about 37 acres) may be suitable for employment development, if slopes ranging above 5% to 10% can be mitigated. Less than a third of the property (areas A and C) has slopes less than 5%, which are most suitable for employment development. These areas will still require some cut/fill earthwork for building pads. Areas B and D will require additional and more significant cut/fill balance to acquire the additional development areas.

Nearly a third of this site, approximately 22 acres, contain slopes greater than 10% or are surrounded by 10% and greater slopes, which is extremely difficult to develop for industrial/employment uses. Additionally, approximately 9 acres of the site will be utilized for right-of-way dedication of the future Basalt Creek Parkway alignment. Approximately 5 of these 9 acres have slopes less than 5%. Lastly, the northeastern portion of the site contains a ravine with natural resource conditions making that portion difficult for any development type/use.

Table 1: Estimated Development Area			
	Estimated Development Area with Slopes mostly 5% and less	Estimated Development Area with Slopes above 5% to 10%	Total potential development area
Northern Development Area (Areas A and B)	16 acres (Area A)	+ additional 10 acres (Area B)	26 acres
Southern Development Area (Areas C and D)	8 acres (area C)	+ additional 3 acres (area D)	11 acres
Total:	24 acres	+ additional 13 acres	37 acres

Figure 2: Estimated Development Area Acreages and Slopes Map



However, the difficulty with utilizing only the high-level planning approach is that number of acres don't necessarily tell the whole story regarding the developability of the subject site. Size and configuration of sites usually results in less building coverage because buildings are rectangular and physical site conditions are usually not. Therefore, a second approach to testing the site was utilized to provide a better picture of potential for industrial/employment uses. A Mackenzie architect experienced in industrial/employment development evaluated existing site conditions and created a conceptual site plan responding to size, configuration and access considerations. Given the topography challenges, existing power lines and structures, the future Basalt Creek Parkway alignment (and required right-of-way dedications) and access limitations, we determined that the subject site could potentially support approximately 315,000 sf of

industrial/employment uses in 10 buildings, ranging in size from 18,000 sf to 43,000 sf. The conceptual plan below results in approximately 40% developable area, which includes the public roads, buildings, and associated parking areas, and is based on a building coverage factor that would result in the potential for approximately 315,000 sf of building area. This conceptual plan is shown in Figure 3 below and Exhibit B.

Figure 3: Conceptual employment use concept plan



OTHER CONSIDERATIONS

When comparing the land use concept of Basalt Creek, as shown on the Basalt Creek Concept Plan website¹ as of April 2016, the plan identifies the majority of the subject site as Employment with some Light Industrial/ Tech Flex and the northern taxlot as Multi-Family Residential. The property directly to the east is identified as the Basalt Creek Canyon, to the south is identified as a Light Industrial District, to the west is identified as Light Industrial/Tech Flex District, and

¹ http://www.basaltcreek.com/wp-content/uploads/2016/04/Basalt-Posters_042816_small.pdf

Residential is designated to the north. Proximity to other industrial development will be important for industry synergies and future market growth.

CONCLUSION

The site is certainly feasible for employment, and given the existing site conditions and subject site location, the following employment uses may be suitable for this site:

- Flex business park (health services, professional services, support services, administration/back office support operations, incubator space)
- Office or office campus
- Manufacturing (food processing, metals, chemicals, equipment, machinery, product/components assembly)
- Commercial support services (restaurants, coffee shops, print shops) along the future Basalt Creek Parkway

NEXT STEPS

Significant transportation and utility planning must occur during the concept planning process to identify infrastructure needed to support the development of this site and adjacent uses. Infrastructure needs analysis, transportation analysis, and/or costing are not a part of this effort, however, we caution that this information is necessary along with a geotechnical report and ALTA survey to provide a complete analysis and recommendation.

Lastly, a market study to determine the need for employment uses and others (retail, commercial, residential, etc.) may assist the County and the cities of Wilsonville and Tualatin in determining the appropriate amount of industrial, employment, commercial, retail, and residential land requirements in the Basalt Creek Planning Area. The market study would further bring clarity to the market's ability to execute development across varying uses and determine the highest and best use of the subject property.

Sincerely,






Gabriela Frask
Land Use Planner, Associate
Assistant Department Head

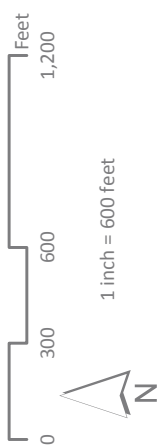
Enclosure(s): Existing conditions map
Concept plan

c: Todd Johnson - Mackenzie

Basalt Creek Employment Site Washington County, Oregon

LEGEND

-  Subject Site
-  Tax lots
-  Urban Growth Boundary (UGB)

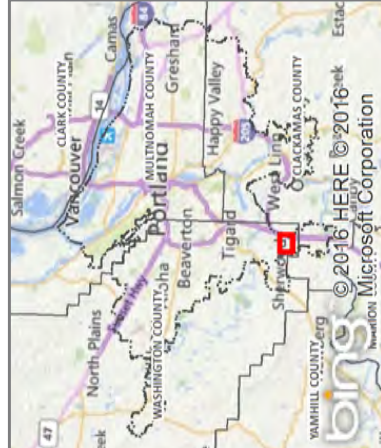


SOURCE DATA:
Metro PLUS Lite Base Data,
Nov 2016

GEOGRAPHIC PROJECTION:
NAD 83 HARN, Oregon North
Lambert Conformal Conic

Date: 12/22/2016
File: SiteAerial_11x17_ExhibitA

Map Created By: GF
Project No: 2150111.01



MACKENZIE.

P 503.224.9560 • F 503.228.1285 • W MCKENZIE.COM
RiverEast Center 1515 SE Water Avenue, #100, Portland, OR 97214
Portland, Oregon • Vancouver, Washington • Seattle, Washington

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EXHIBIT G

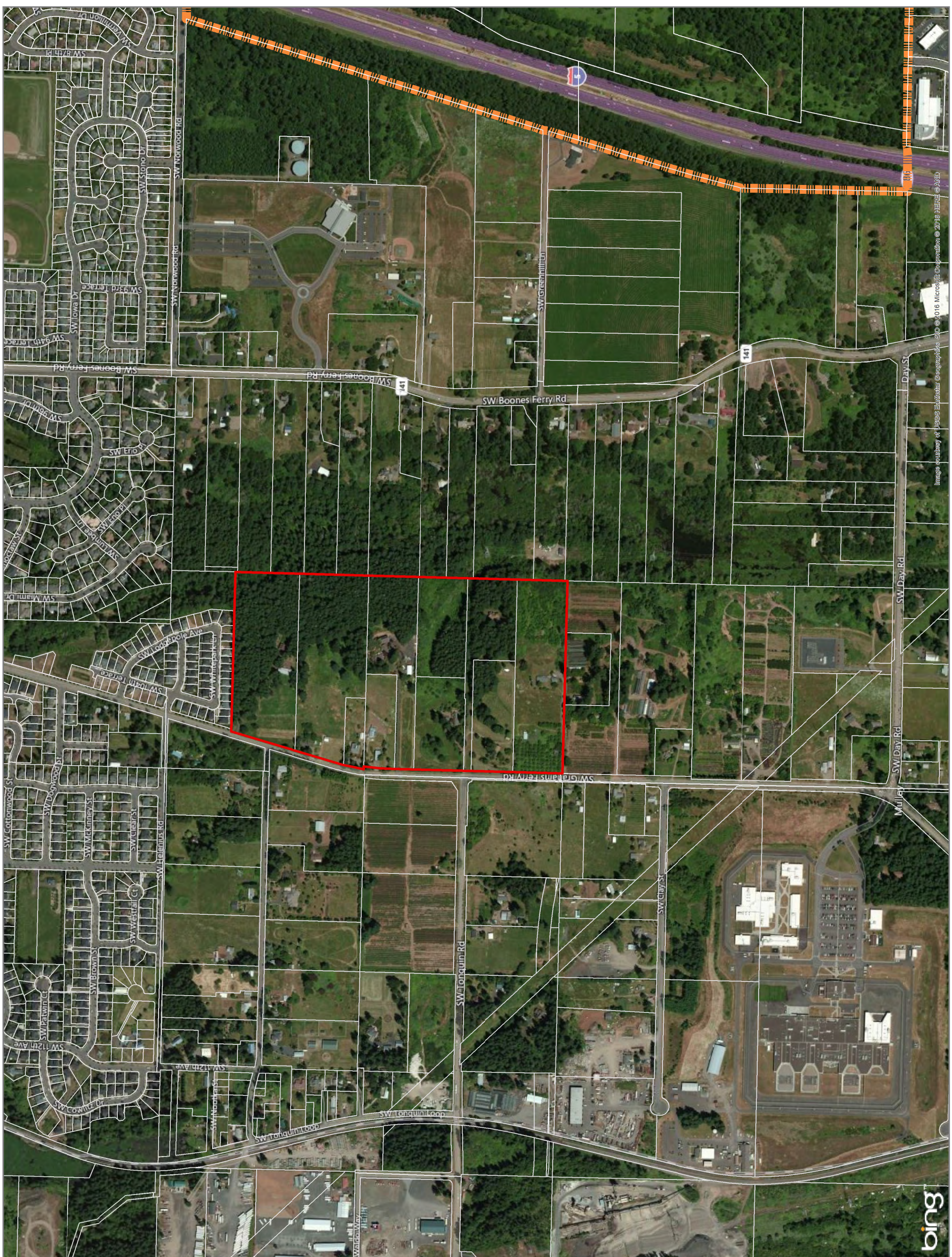
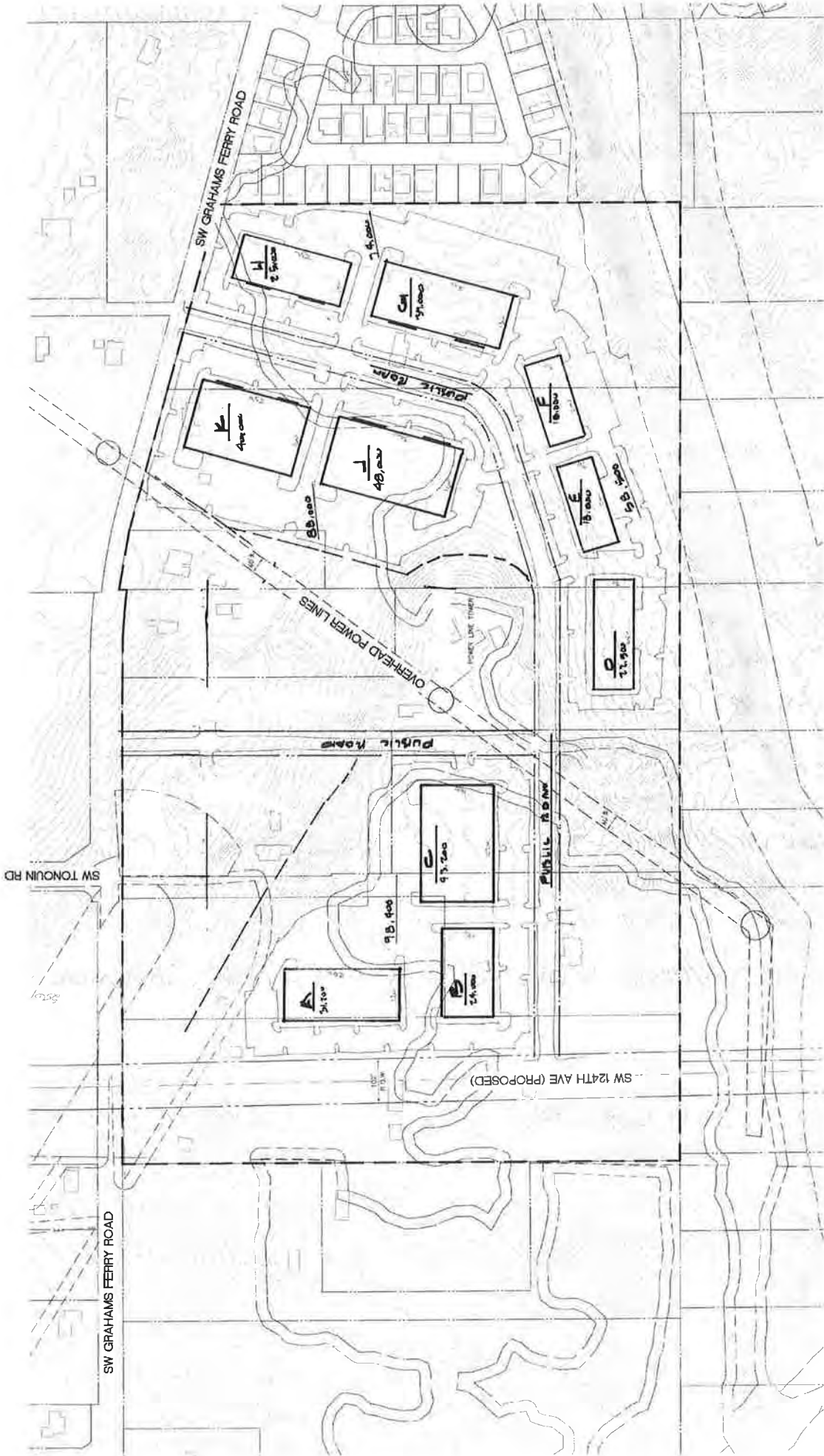


Image courtesy of Jessa Edmister Geographics SIO © 2016 Microsoft Corporation © 2013 HERE AND



SITE XX
BASALT CREEK SITE
 SW 124TH AVE
 WASHINGTON COUNTY, OREGON



NOTE: CONTOURS SHOWN AT 2-FT INTERVALS
 12.20.2016 - 2:50:11.01

SITE DATA

BUILDING	SITE AREA	BUILDING AREA	PARKING SPACES	PARKING RATIO	NET DEVELOPABLE AREA (AND %)
PROPOSED BUILDING A, D, & C	17,200	17,200 SF	100	1/1000	17,200 SF (100%)
PROPOSED BUILDING B, E, & F	68,100	68,100 SF	100	1/1000	68,100 SF (100%)
PROPOSED BUILDING G, H, & I	22,700	22,700 SF	100	1/1000	22,700 SF (100%)
PROPOSED BUILDING J, K, & L	88,000	88,000 SF	100	1/1000	88,000 SF (100%)
TOTAL	196,000	196,000 SF	400	1/1000	196,000 SF (100%)

318,500 SF

LEGEND



OPTION ONE
 DEC. 21, 2016

318,500 SF
"EMPLOYMENT BUILDINGS"



Basalt Creek
 20224 8500 SW 124th Ave
 Seattle WA 98148
 206.448.9881
 www.mckenzies.com
 Architecture • Interiors
 Planning • Engineering



Hanmi Global Partner

808 sw third avenue, suite 300 • portland, oregon 97204
503.287-6825 • fax 503.415-2304
www.otak.com

1

BASALT CREEK/TUALATIN CONCEPT PLAN

Amendment Request to the Concept Plan

Tualatin, Oregon

August 23, 2016, Revised November 21, 2016

Introduction

- Otak Inc. (Otak) represents The Sherwood Grahams Ferry Investors LLC, headed by Herb Koss, who hold 10 acres in the 41 acre northeast quadrant of the overall district. The property is located near the northeast corner of Grahams Ferry Road and extends over to the Basalt Creek Canyon along the proposed new east-west arterial road. This summary of concerns and the amended concept plan lay out our intended direction moving forward.

Project Concerns

- Otak’s concern is that the northeast quadrant area is not well suited to industrial zoning or employment transition proposed by the concept plan.
 - **Topography.** Much of the site contains slopes in excess of 10 percent (10%) and 25 percent (25%). The site would be extremely difficult to flatten out to accommodate industrial or employment transition site development requirements. Attached is a topographic map of the South Center project provided to City of Tualatin (City) staff. Otak designed this flex-space project. The topography is half as severe as portions of the 41 acres site. The site would be extremely difficult to develop given today’s American with Disabilities Act (ADA) requirements.
 - **Access.** Vehicular access will be limited to Grahams Ferry Road and extending Tonquin Loop into the site. No access will be permitted on the proposed new east-west arterial road.
 - **Basalt Creek Canyon.** The industrial land abuts the Basalt Creek Canyon with no transition.
 - This is not a big change but rather a refinement to the concept plan. It is a defined site area that makes up about 3 to 5 percent (3-5%) of the total Basalt Creek Study Area. Also there are currently 329 acres of undeveloped industrial land within a one mile radius of the study area.

Land Use Context

- The following shows a comparison of Metro’s initial goal for the district, the City’s current plan, and the proposed amended plan.

Metro	2500 Jobs	1200 Households
City Plan	4500 Jobs	600 Households
Amended Plan	4070 Jobs	1194 Households

The amended plan proposes a more balanced approach that is well within the intended mix proposed by Metro when the land came into the Urban Growth Boundary (UGB).

A group of mayors in our region have gone to Metro and asked Metro for flexibility related to UGB expansions. They have asked Metro to look at lands and appropriate zoning designations on a sub-regional basis. They have asked that Metro consider factors such as slope, and proximity to infrastructure, to help avoid situation like Damascus. We are asking you to do the same. We recognize that the region anticipated that the Basalt Creek area would primarily be zoned employment uses.

It is certainly anticipated that the vast majority of the land will be used for that purpose. But, within the Basalt Creek Planning Area, there are sub-areas that cannot reasonably be developed as employment land because of topographic and other issues. The 41 acres that we have asked the City to zone for residential purposes is one of those sub-areas. There is land to the west and south of this land that is zoned employment, that land is flatter than the subject 41 acres, and it is closer to transportation infrastructure than the subject 41 acres. Neither PacTrust Pacific Realty Associates, LP nor Brian Clopton Excavating believed that an employment designation was possible given the slope and soil quality. Instead of designating the property with a designation that will result in it never developing, we ask that you give it a designation that will make development feasible. If you do not do so, it will sit vacant; counting as developable employment land, just as Damascus has sat vacant, counting as available housing stock. Its designation will prevent further necessary expansions.

There is a housing crisis in our region and the latest modeling has demonstrated the importance of having residential land and employment land in close proximity. This is an opportunity to provide housing, on land which cannot be feasibly developed as employment land.

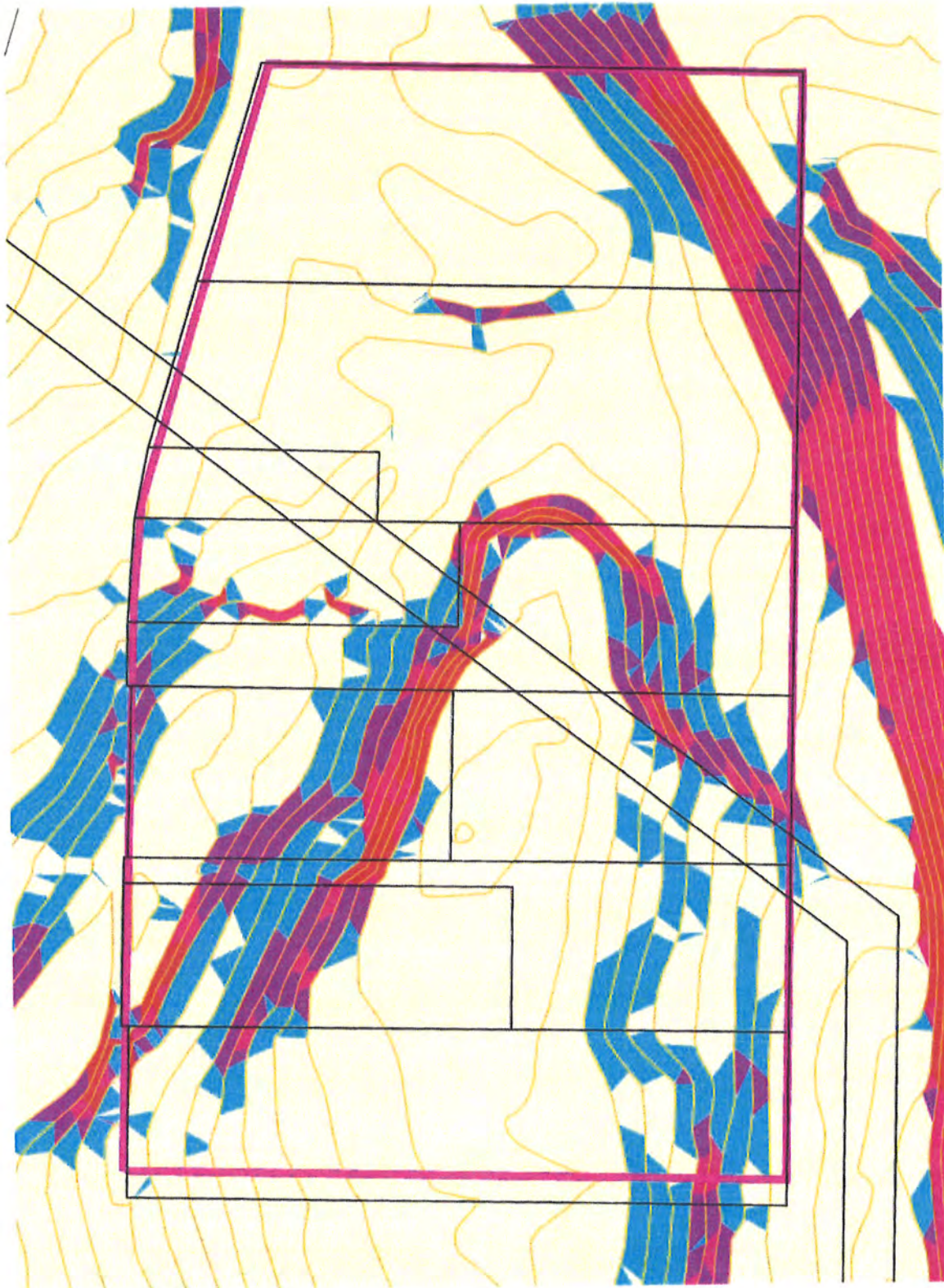
Amended Plan Options

- The attached concept plan option summarizes the requested amendment for proposed land uses that fit the site and its unique conditions.
- The plan anticipates building Tonquin Loop as an actual loop with two access points on Grahams Ferry Road. This road extension will provide complete access to the properties and also access to property owners east of the site.
- Three densities of residential are shown as transition to the neighborhood to the north and canyon to the east and also along the new east-west arterial, which is down 25 vertical feet from the site area. A center core area of potential retail, high density residential, and open space could serve as a walkable destination in the neighborhood. Also secondary access can be provided to the developable lands to the east above the canyon.
- Property uses can be molded to fit actual site conditions and provide a mix of housing (including workforce housing) close to jobs anticipated to the south and west.
- The programmed development will “be trip cap neutral” compared to the current city concept plan.

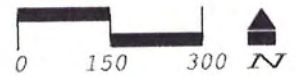
Benefits

- A walkable neighborhood with appropriate transitions and destinations
- Land uses that are adaptable to actual site conditions. The mix of uses will act as a **catalyst to create activity in the district**. The high-density residential (HDR) land provides the best opportunity for workforce housing next to employment lands. Residents won't need a car to commute.
- A plan that meets Metro's initial objectives when the land was brought into the UGB.
- A more complete quality neighborhood for the City of Tualatin.

Attachments: Basalt Creek Site Topo
Basalt Creek Slope Analysis
South Center Site Topo (Comparison)
Basalt Creek Land Use Concept
Letter from PacTrust Pacific Realty Associates, L.P.
Letter from Brian Clopton Excavating
Letter from Micheal Diamond, Real Estate Investment Group
Basalt Creek nearby Job Lands Map



11-16-2016

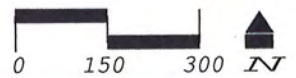


Slopes Table			
Number	Minimum Slope	Maximum Slope	Color
1	0.00%	10.00%	Yellow
2	10.00%	15.00%	Blue
3	15.00%	20.00%	Purple
4	20.00%	25.00%	Pink
5	25.00%	357.23%	Red

BASALT CREEK SLOPES ANALYSIS

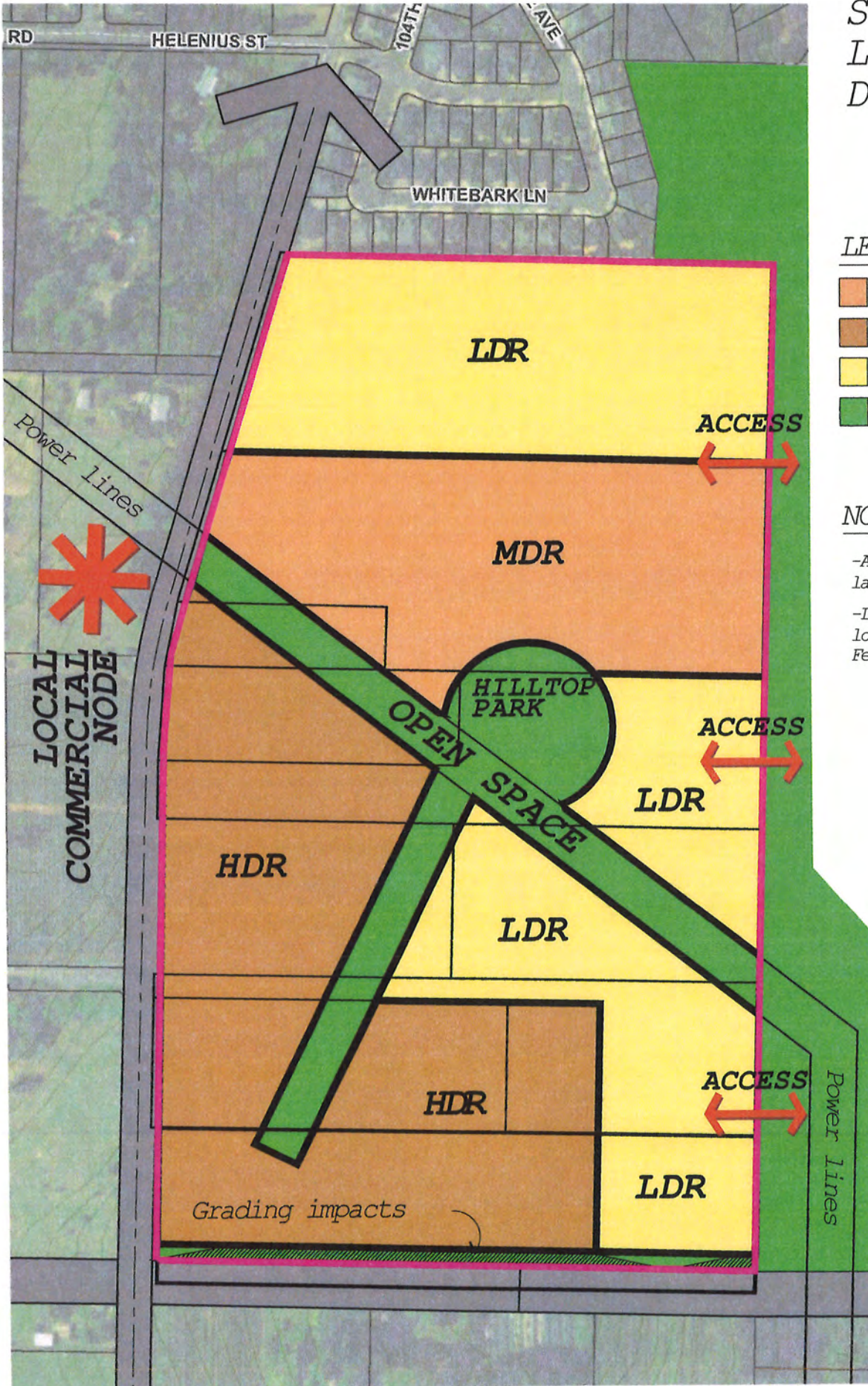


11-16-2016



SOUTH CENTER SITE TOPO

Subdistrict Land Use Diagram



LEGEND

- Mid Density Residential
- High Density Residential
- Low Density Residential
- Open space

NOTES

- Access provided for landowners to East
- Local commercial node located across Graham's Ferry Road

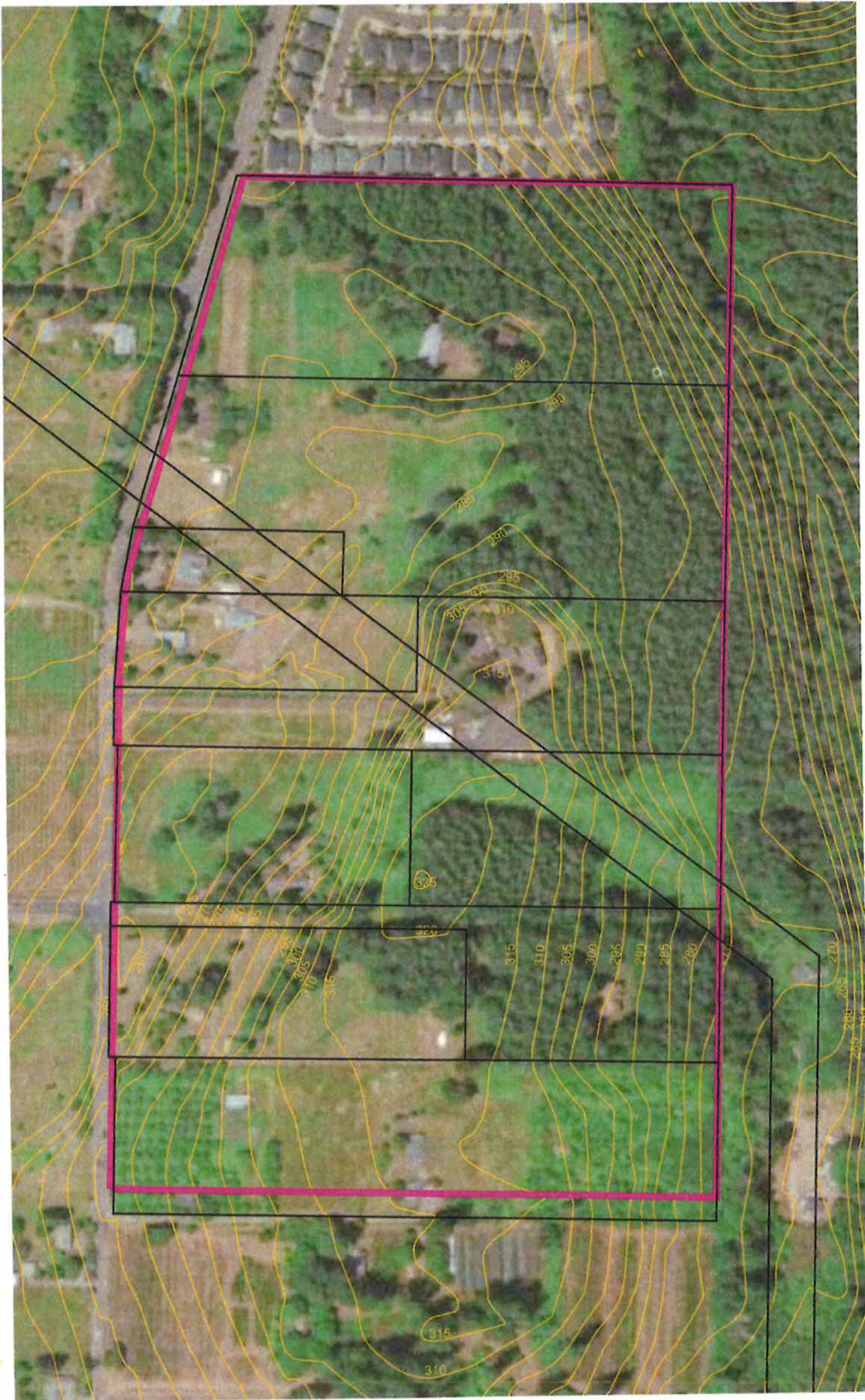


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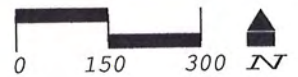


Basalt Creek Concept Plan

EXHIBIT H



11-16-2016



BASALT CREEK SITE TOPO



PO Box 509
Wilsonville, OR 97070
P: 503-682-0420
F: 503-570-3235
www.cloptonexcavating.com

2

November 18, 2016

Dear Mr. Koss

You have asked me to visit the 41 acre site located in the Basalt Creek Planning area. Your question was the feasibility of grading this site for employment land vs. a residential zone.

For your information my company has just purchased another four acres next to our Clay Street property. With this acquisition we now have 16 acres of land on Clay Street. I am very familiar with this area and as you know my company has mass graded many sites in the Portland Metro Area. I have been asked many times to inspect potential projects in order to determine problems that may be associated with a developer's site plans --- slopes, access and feasibility.

Thank you for providing me with topography of the site. It was very helpful and to be honest the slopes on the site were more severe then I first thought. The other big issue is the amount of rock that would be encountered with any grading necessary to accommodate any development on this site. This site is far better suited for Residential use since grading for this does not require the same topographic grading in comparison to employment uses. The Basalt Creek area does feature other land that is suited for employment; however the 41 acres you have asked me to visit is not in that category. I was also surprised by the 18 to 20 foot cut in order to accommodate the extension of Basalt Creek Parkway.

If you require any additional information please let me know.

Sincerely

Brian Clopton

President/Owner

PACTRUST
Pacific Realty Associates, L.P.

15350 S.W. Sequoia Pkwy., Suite 300
Portland, Oregon 97224
503/624-6300 • Facsimile: 503/624-7755

3

November 14, 2016

VIA EMAIL

Herb Koss
2643 South Shore Boulevard
Lake Oswego, OR 97034

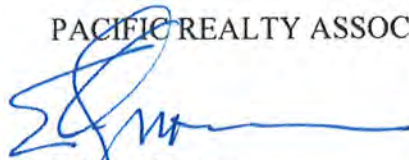
Dear Herb,

At the request of Peter Bechen, I toured your site north of the future Basalt Creek Parkway last week. PacTrust is developing an industrial park several miles north at 115th Avenue and Tualatin-Sherwood Road in Tualatin known as Koch Corporate Center. We are interested in locating a site to develop in the Coffee Creek area for light industrial uses. Unfortunately, the topography of your site makes development of industrial or flex buildings uneconomic. We believe housing would be a more appropriate use for the site. The smaller floor plates for housing enable it to work with slope conditions present on your property. Industrial/employment land requires sites to be much more flat due to dramatically larger floor plates, parking requirements, loading areas for trucks and ingress/egress concerns for trucks. There are several sites in the area that are more appropriate for industrial/employment development.

Let me know if you would like to discuss this further.

Yours very truly,

PACIFIC REALTY ASSOCIATES, L.P.



Eric A. Sporre
Vice President



4

November 21, 2016

Herb Koss
2643 South Shore Blvd.
Lake Oswego, Or 97034

VIA: EMAIL

RE: 41-acre Basalt Creek southern boarder 23960 SW Grahams Ferry Rd.

Dear Herb,

I visited the site and spent a considerable amount of time driving the area. It is an exciting development area especially when the Basalt Creek Parkway is completed.

The topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use.

I also looked at the site for office park use and concluded that due to the steep topography of the site it could have a negative impact on the proximity of the parking that may pose an issue with ADA requirements. I also believe that the extraordinary site cost and small office footprints would not be cost effective and competitive in the office market. Furthermore, the location does not readily lend itself to that use.

This site lends itself to smaller foot print buildings such as housing and multifamily that can be planned around the steep grades and terraced into the topography. It is my opinion that the highest and best use for this site are single family homes buffered along the frontage with multifamily housing.

Our office has forty years of experience in commercial real estate and have procured sites for commercial developers such as Gramor, Holland Development LLC and West Hills.

Let me know if you have any questions.

A handwritten signature in black ink, appearing to read "Michael N Diamond", written in a cursive style.

Michael N Diamond
Principal Broker

Peter Watts

From: Herb Koss <herb@kossred.com>
Sent: Saturday, February 11, 2017 5:56 PM
To: Peter Watts
Subject: FW: Basalt Creek Renus



Thanks Herb Koss

Begin forwarded message:

From: Renus Kelfkens <Renus_Kelfkens@co.washington.or.us>
Date: February 1, 2017 at 12:02:54 PM PST
To: Herb Koss <herb@kossred.com>
Subject: RE: Basalt Creek

Hi Herb,

Yes, Basalt Creek Parkway is a limited access road. The only access will be from Grahams Ferry Rd, and Boones Ferry Rd. Currently we have not done any topographic survey, or design but it is reasonable to expect an 18-FT to 20-FT cut. This will be investigated during the design phase of the project.

Sorry for the delayed response. Please let me know if there are any other questions or comments.

Thanks,

Renus Kelfkens | Project Manager
503-846-7808 renus_kelfkens@co.washington.or.us

From: Herb Koss [<mailto:herb@kossred.com>]
Sent: Friday, January 27, 2017 12:40 PM
To: Renus Kelfkens
Subject: Basalt Creek

Dear Renus

I wanted to pass along the employment site evaluation prepared by Mackenzie. After our conversation earlier this week it seems clear to me that some of the assumptions that Mackenzie made, are not consistent with the transportation plan for the area. Although, the site evaluation shows access off of Basalt Creek Parkway, my understanding is that the county will not allow access. Additionally, the evaluation has Basalt Parkway in the wrong area, does not reflect the 18-20 foot curb cut, onto the property, nor does it show the residential that is planned on the northern portion of the site to transition from the existing neighborhood. I spoke to Mackenzie this week, and they indicated that they had not contacted the county regarding the transportation access, or the residential at the northern portion of the site.

Would you be willing to confirm that there is no planned access off of Basalt Creek Parkway, and that the curb cut is expected to be 18-20 feet? I think that that information will be enough for Mackenzie to retract their site evaluation. Please correct me, if anything that I have indicated isn't

accurate. My goal is to make sure that everyone is working off of the same assumptions, so that we can properly assess the site suitability. Thanks for all of your help, and taking the time to talk.

Herb

Peter Watts

From: Herb Koss <herb@kossred.com>
Sent: Saturday, February 11, 2017 5:49 PM
To: Peter Watts
Subject: FW: Proposal - Basalt Creek McKenzie
Attachments: PRO-Koss Real Estate-Scope and Fee-170209.pdf



From: Todd Johnson [<mailto:TJohnson@mcknze.com>]
Sent: Friday, February 10, 2017 12:04 PM
To: Herb Koss
Cc: Dennis Woods; Gabriela Frask
Subject: FW: Proposal - Basalt Creek McKenzie

Hi Herb-

I've been in meetings all morning. Sorry for the delay in getting this to you.

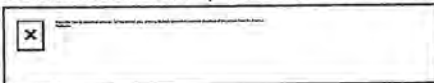
Attached is a scope and budget letter to further develop the work we did previously for Washington County. As we discussed, the letter report we prepared for Washington County relied on data available at the time we prepared the letter, and also relied on regional mapping, not site specific mapping for resource lands, geotechnical conditions, and topography. This scope includes developing site specific data to allow cost feasibility analysis to our previous study. By improving the accuracy of the data we have through onsite study and mapping, we will be able to determine if the site is economically viable for employment use, or also look at residential uses as alternates for economic viability.

It's my understanding that you have new information for the road connections and locations that we did not use in our previous report. That type of data would be collected as part of our work and would be incorporated into the scope we propose in the attached scope and budget letter.

Let me know if you have any questions about the attached scope, or if you would like us to change the proposal in any way. If the scope we outlined in the attached letter is satisfactory, I'd suggest we have a meeting with you and the project team to refine the tasks we identify prior to us commencing work.

Thanks for the opportunity to present this scope of work. I'll call you to discuss it.

Todd Johnson
Senior Associate / Director of Planning



Architecture · Interiors · Engineering · Planning

P 503.224.9560 W mcknze.com C [vcard](#)

RiverEast Center, 1515 SE Water Ave., Suite 100, Portland OR 97214

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February 10, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Dear Mr. Koss:

In response to your request I have reviewed the Basalt Creek Concept Plan materials with regards to the suitability of employment/light industrial development on the 63 acres north and east of the intersection of Grahams Ferry road and Basalt Creek Parkway. These materials included:

1. Tualatin Staff Reports
2. Mackenzie Study
3. Email from Washington County Basalt Creek Parkway project manager Renus Kelfkens regarding access to Basalt Creek Parkway.
4. DKS preliminary profile of the extension Basalt.
5. OTAK Basalt Creek Concept Plan.

We understand that the City, Metro and Washington County's desire is to zone this area for employment land. Development potential of land for employment uses, as stated in the MacKenzie report, is generally assumed to have less than 5% slopes. This is to allow for larger building footprints, parking, loading areas and truck access.

The two areas that meet that criteria for this property is the northerly 1/3 adjacent Victoria Gardens and the top of the plateau area in the lower middle of the site. The northerly area would be well served with access from Grahams Ferry Road at Tonquin Loop and potentially a secondary access from Tonquin Road at Grahams Ferry Road. These to access points would appear to have good separation and sight distance on Grahams Ferry. The northerly area is very developable as employment land, however the City has set aside approximately 10 acres (almost half) as residential to buffer the Victoria Gardens lots.

The southerly plateau area's best access would come from the southerly property line and Grahams Ferry. However, this is the location of Basalt Creek Parkway which the County will not allow access. We also understand that the County has deleted the proposed Kinsman Road crossing of Basalt Creek Parkway shown on the Tualatin Concept and MacKenzie plans thereby eliminating the only at grade potential access coming from the southerly portion of the site. Therefore any access to the plateau area must come from the north (Tonquin Road or Tonquin

Mr. Herb Koss

BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Page 2 of 2

Road Loop). The plateau area is almost completely surrounded by steeply sloped land. The slopes range from over 10% to over 20%. The over 40 vertical rise needed to get from Tonquin Road to the top of the plateau area will take 800 feet at 5% not accounting for access to the lower property on either side or the potential impacts to wetlands.

There is slightly over 25 feet vertical rise from Tonquin Loop to the top of the plateau. This does not account for the low area just north of the plateau that drops down another 15 feet that this road would have to cross. While the grading is more manageable the result would be truck traffic routed through a residential area.

Neither access point can provide a secondary access to the plateau area. This is a negative for both traffic flow patterns and emergency access. In addition as these roads are raised to provide access to the plateau area, the access to land on either side of the road becomes more difficult.


This area is also well known for the hard rock that is very near the surface. We were the design engineers for Victoria Gardens where we had about 2-feet of fill brought into the site to reduce the rock excavation costs. Unfortunately, filling the area does not provide better access.

Employment land requires flatter slopes to serve larger building footprints and then adjacent parking/loading areas. Providing for truck access and typical development footprint will severely limit the development efficiency for this portion of the property. Residential uses are more flexible with access grades and smaller footprints however the site will still be difficult to development without access to the south.

In summary, the northerly one third of the property is well suited to employment land. However, contrary to the MacKenzie report, Tualatin's current plan reserves the northerly 10 acres or so (almost half) of the northerly area for residential to buffer the Victoria Gardens lots. The southerly plateau area is not well suited for employment land. This is due to access constraints, surrounding steep slopes, lack of secondary access and grading costs.

It has also been our experience that if property is forced into a development pattern it is not well suited for, it will end up being one of the last parcels developed and the quality of that development is usually below expectations. If you have any questions in regards to our analysis, please don't hesitate to contact us.

Sincerely,


Anthony R. Weller, P.E., P.L.S.
President

\3273_CESNW_itr



Construction, Inc.

P.O. Box 489 • 915 S 12th Ave • Cornelius, Oregon 97113 • (503) 357-2193 • FAX (503) 357-3649

8

2/10/17

Subject: The Land South of Victoria Gardens to Basalt Creek Parkway

Dear Mayor Ogden and Tualatin City Councilors:

I am the owner of Ken Leahy Construction Inc., our firm specializes in all aspects of site preparation projects including full site development that require erosion control, clearing, grubbing, stripping, earthwork, cement soil stabilization, storm water detention facilities, bio swales, underground utilities (storm sewer, sanitary sewer, water distribution and franchise utilities), sanitary sewer lift stations and force mains. Our firm is celebrating its 50th year in the business and has been involved in many developments in the Portland Metro area.

At the request of Herb Koss and I toured the site on 2/10/17, to give him an idea of the feasibility of full site development for employment use. I also was given topography site maps detailing the slopes and grades on the property.

I personally have developed sites that contain large volumes of rock. Based on my personal experience I estimate that the cost of land preparation for the land described above would surpass the \$5.00 per foot range.

I looked at site access, and am basing my opinion about access on the understanding that no access will be allowed onto Basalt Creek Parkway. If there is no access from Basalt Creek Parkway, traffic will have to come from the intersection of Tonquin Road and Grahams Ferry Road. There is approximately 50 feet of elevation rise, from that access point, which creates major issues for truck traffic.

Limited access, topography, and the large quantity of basalt rock are all major issues. A single one of them might not prevent the site from being developed as employment land, but the combination of all three cannot be overcome. Mass grading of Basalt Rock is not financially feasible.

Sincerely

Ken Leahy

A diversified excavation, utility, street and site development company



HanmiGlobal Partner

808 sw third avenue, suite 300 • portland, oregon 97204
503.287-6825 • fax 503.415-2304
www.otak.com

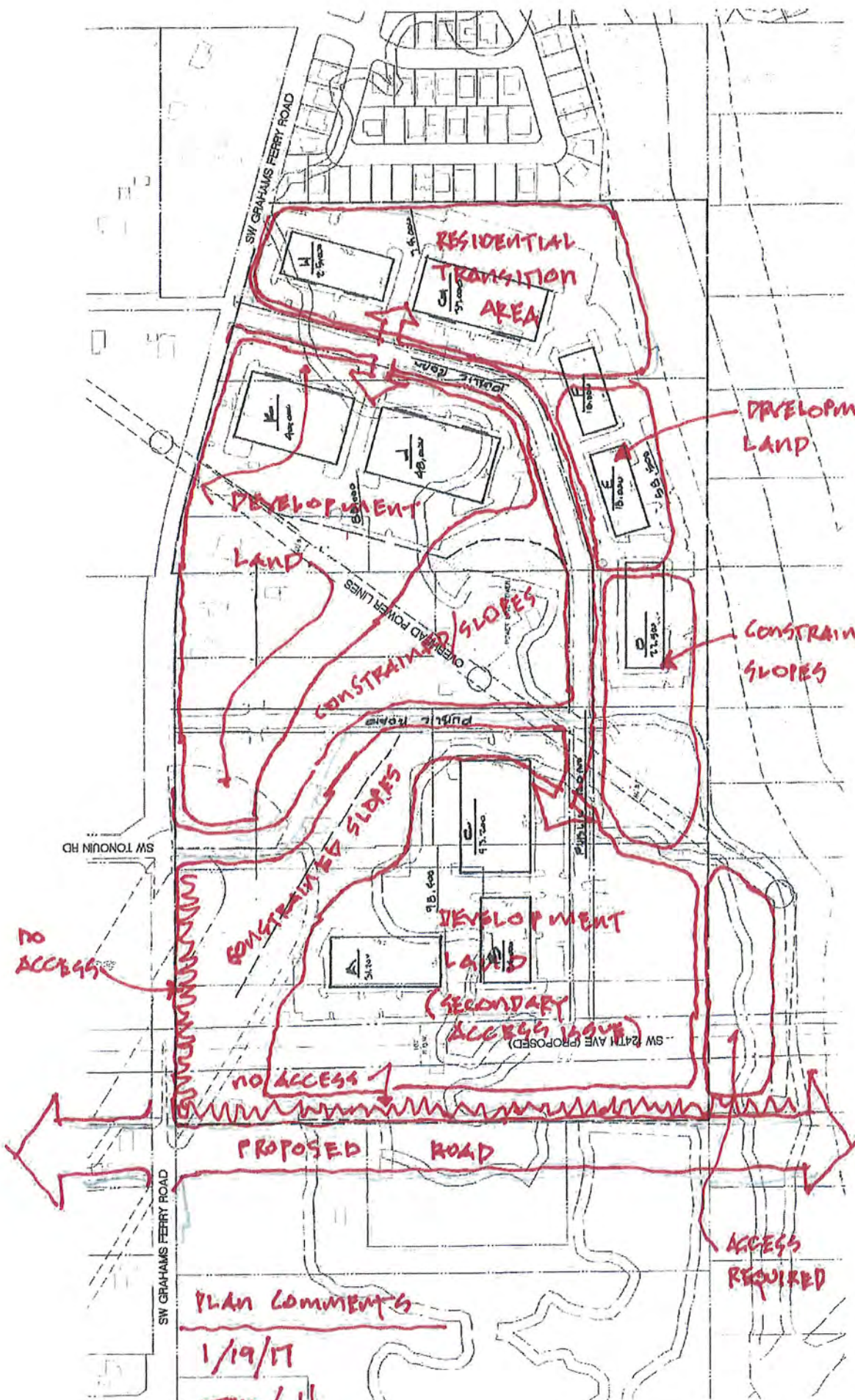


The following summarizes Don Hanson's testimony for the City Council meeting on Monday, February 13, 2017.

Comments on MacKenzie Study

- **Items/information not made available to MacKenzie**
 - Residential transition land at north end.
 - Correct location for the future Basalt Creek Parkway road.
 - No road connection/access onto the future Basalt Creek Parkway road.
 - No access is shown to properties to the southeast.

- **Plan Comments**
 - The comments on slope suitability are well stated for employment uses. Less than 5% slopes are best, 5-10% present challenges, and greater than 10% slopes are not feasible.
 - Sites A, B and C are somewhat feasible but would need a second access for emergency vehicles.
 - Sites D, E and F are not feasible for employment.
 - Sites G and H are in the proposed residential zone.
 - Sites L and K are workable.
 - There are about 18-20 acres of feasible land for employment development, but without good access a successful employment development is not feasible.
 - No consideration for costs of grading the site.
 - What about ADA?



PLAN COMMENTS
1/19/17
OTAK/dh

OPTION ONE
DEC. 21, 2016
318,500 SF "EMPLOYMENT BUILDINGS"

LEGEND

SITE BOUNDARY	NET DEVELOPABLE AREA (M ²)
PROPOSED 4.5 M ELEVATION INTERVAL (1:1)	PROPOSED 4.5 M SPANNING AREAS

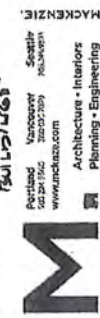
SITE DATA

BUILDING	SITE AREA	BUILDING AREA	PARKING SPACES	PARKING RATIO	NET DEVELOPABLE AREA (M ²)
PROPOSED BUILDINGS A, D & L	10,000 SF	10,000 SF	100	10:1	10,000
PROPOSED BUILDINGS B, C & F	10,000 SF	10,000 SF	100	10:1	10,000
PROPOSED BUILDINGS G, H & I	10,000 SF	10,000 SF	100	10:1	10,000
PROPOSED BUILDINGS J, K & M	10,000 SF	10,000 SF	100	10:1	10,000
TOTAL	40,000 SF	40,000 SF	400	10:1	40,000

SITE XX
BASALT CREEK SITE
SW 124TH AVE
WASHINGTON COUNTY, OREGON

SCALE: 1" = 100'

NOTE: CONTOUR SHOWN AT 5' INTERVALS
72.25318 - 72.25317 E



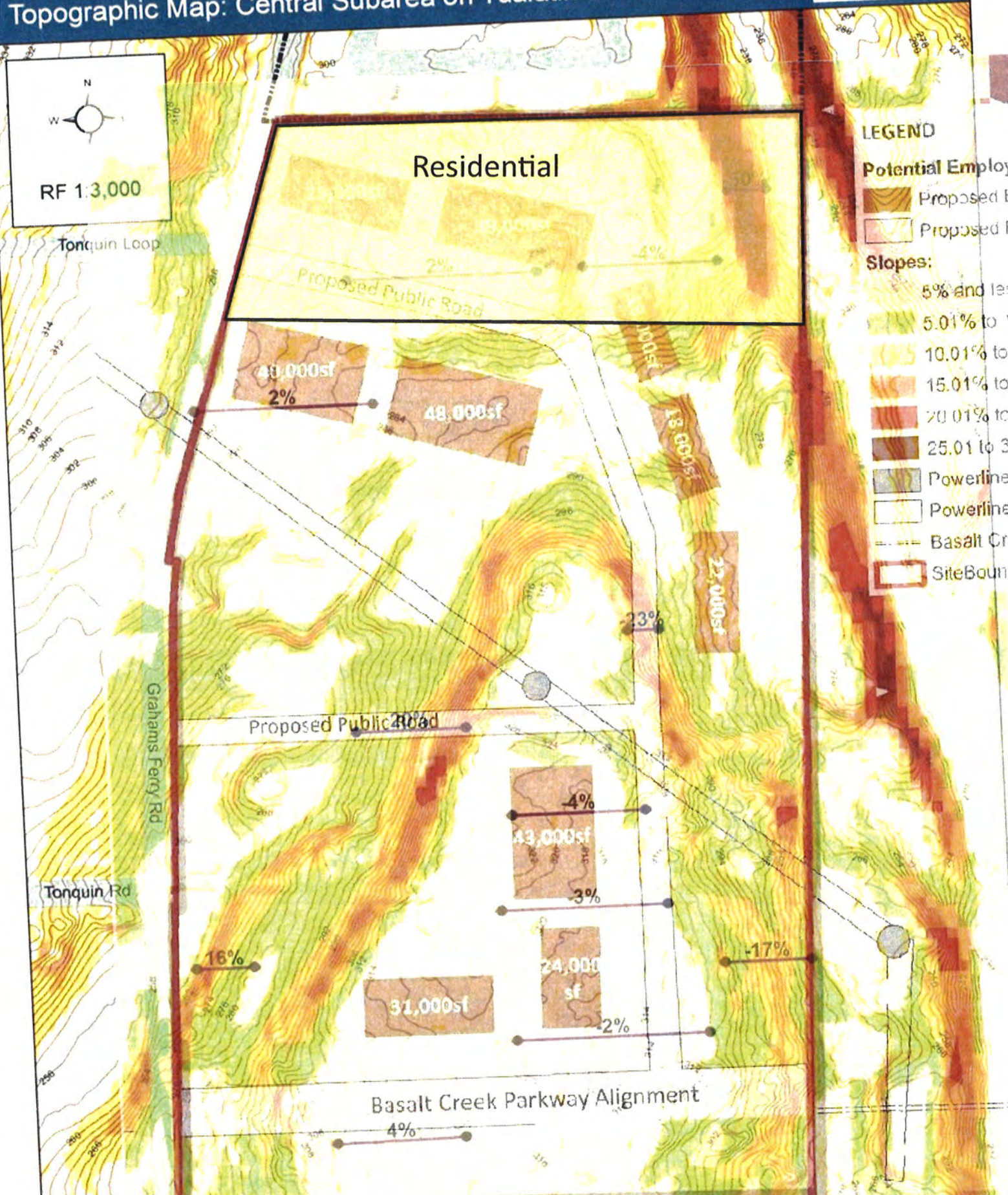
10

Topographic Map: Central Subarea on Tualatin side of Basalt



North arrow pointing North (N), West (W), East (E), and South (S).

RF 1:3,000



LEGEND

Potential Employ

- Proposed E
- Proposed f

Slopes:

- 5% and less
- 5.01% to
- 10.01% to
- 15.01% to
- 20.01% to
- 25.01 to 3

Powerline

Powerline

Basalt Cr

SiteBound

MEMORANDUM

Basalt Creek: Guiding Principles and Evaluation Criteria

TO: Basalt Creek Project Management Team (Cities of Tualatin and Wilsonville)

FROM: Leila Aman, Project Lead, Fregonese Associates

DATE: December 29, 2014

RE: Guiding Principles and Evaluation Criteria for the Basalt Creek Concept Plan

Purpose of Guiding Principles

Guiding Principles are intended to represent the collective interests and goals for the Basalt Creek planning area. The guiding principles provide a framework for gathering input and developing transparent and meaningful measures that can help inform the decision making process.

Purpose of Scenario Indicators

Indicators are the outputs of evaluation criteria which are created near the beginning of the scenario planning process. They generally reflect the guiding principles as well as previously adopted community goals. Indicators may also be related to new or emerging community goals or issues: such as transit access, housing costs, or air quality.

The indicators will be used during the development and evaluation of the scenarios within Envision Tomorrow to communicate the benefits, impacts and tradeoffs of different policy choices and investments. Using Envision Tomorrow, alternative scenarios are tested and refined, and then compared and evaluated based on their indicator performance. Indicators enable Envision Tomorrow users to tie the scenario results to the community values and guiding principles.

In practice, this approach not only allows the public to visualize their region's future, final plans created using our scenario planning process will come with a dashboard of indicators so policymakers can monitor their progress and make adjustments along the way, in concert with established guiding principles and long-term vision.

Guiding Principles

Qualitative Guiding Principles

1. Maintain and complement the Cities' unique identities

The cities of Wilsonville and Tualatin each have unique qualities that draw people to live and work there. Those qualities should be maintained and enhanced by development in the Basalt Creek planning area.

2. Capitalize on the area's unique assets and natural location

Development in the planning area should preserve and leverage the natural beauty of Basalt Creek by protecting key natural resources and sensitive areas while minimizing the negative impacts of new development. Recreation opportunities should be made accessible in the area through the creation of new open spaces and trails and integrating them with existing regional networks.

3. Explore creative approaches to integrate jobs and housing

Long distances between centers of employment and residential neighborhoods can cause long travel times, congestion and pollution. Planning for the Basalt Creek area should consider a range of methods (and the feasibility of those methods) for integrating residential and employment land uses to create more high quality living and working environments.

4. Create a uniquely attractive business community unmatched in the metropolitan region

Planning for the Basalt Creek area should capitalize on its unique assets - the location of the planning area near the center of one of the region's largest clusters of employment land, projections for rapid employment growth in the local market, and superior access to major transportation routes (I-5, I-205 and Highway 217) – to facilitate development of high quality employment facilities and opportunities that will benefit both the local and regional economies.

5. Ensure appropriate transitions between land uses

While integration of housing and employment can enrich a community, there remains a need for physical separation between uses that might negatively impact one another. Land uses should be arranged within the study area to minimize these impacts, such as excessive noise, traffic, nighttime light, or air pollution. Use of buffers to mitigate auditory, aesthetic, and safety impacts may include swaths of vegetated land, sound walls, or commercial development (among others).

Quantitative Guiding Principles

Associated measures from Envision Tomorrow and other quantitative analysis that will be conducted as part of the concept planning process are described.

6. Meet regional responsibility for jobs and housing

Population and employment forecast performance

Using output from the Envision Tomorrow scenario modeling tool added jobs and housing units will be compared back to the regional forecast estimate (from Metro's Gamma model) for jobs and households within the planning area.

7. Design cohesive and efficient transportation and utility systems

Evaluation of Wet Infrastructure

Aggregate water and sewer requirements will be developed for each of the three (3) alternatives. A comparison will be provided indicating required capacity and potential infrastructure elements based on each alternative land use plan and the existing systems inventory.

Performance of transportation systems

Motor vehicle transportation system for each of three alternatives will be evaluated including the development of future year 2035 PM peak hour volumes using a focus-area travel demand model. Intersection operation analysis (level of service and v/c ratios) based on the forecasted 2035 PM volumes will be conducted using Synchro.

Internal water consumption and Landscaping water consumption

Water consumption has a major impact both financially and environmentally. Water bills can make up a large proportion of household or business utility costs, and excessive water consumption can put a strain on water supplies and infrastructure, especially in regions with water scarcity. Anticipated domestic and irrigation water consumption by residential households and commercial or industrial businesses will be estimated based on existing usage patterns within Tualatin and Wilsonville."

8. Maximize assessed property value

Building value and local revenue

Adding new housing and employment space to a community brings additional tax revenue that can be used for new infrastructure and services to support new and existing residents and businesses. Different scenarios can produce different amounts of tax

revenue (property tax, sales tax and transportation impact fee (TIF)) due to the differing values of particular building types and locations. .

9. Incorporate natural resource areas and provide recreational opportunities as community amenities and assets

Percent of Natural Area Protected within the planning area

Types of natural areas to be considered for protection from development include:

- Wetlands and Floodplains
- Metro Title 3 Lands
- Metro Title 13 Lands

Some development may occur in these areas. However, the proportion of total development planned for non-environmentally sensitive areas should be maximized in order to preserve habitat, ecosystem services, open space, and recreation opportunities in the planning area.

Environmentally sensitive lands are identified and described in the Basalt Creek Existing Conditions Report.

Total jobs allocated to prime flat industrial lands within the planning area

The largest proportion possible of new jobs forecasted for the planning area should be allocated to lands identified as suitable for industrial and/or office development, one factor of which is the absence of sensitive environmental features and constraints.

Land suitable for industrial and/or office development is identified and described in the Basalt Creek Existing Conditions Report.

Acres of impervious surface

Impervious surface can have a negative impact on the health of a region's waterways. Instead of soaking in and filtering through the soil, rainwater runs off impervious surfaces, washing many polluting substances such as pesticides and oils into streams and other aqueous habitats. Increasing impervious surface runoff also increases the volume of runoff, and the speed which the water is delivered to streams, resulting in higher peak flows.



City of Tualatin

www.tualatinoregon.gov

REPLY BRIEF ON LAND DESIGNATION

Tualatin reasserts the arguments presented in *Tualatin's Brief*. Tualatin replies to *Wilsonville's Brief* to correct the multiple inaccuracies asserted by Wilsonville and to respond to Wilsonville's arguments.

1. Metro Should Designate the Subarea for Housing with the Parkway as a Buffer.

Metro Ordinance 04-1040B requires all areas north of the Basalt Creek Parkway to be designated "Outer Neighborhood." See, Exhibit 101 (Metro Ordinance No. 04-1040B, Exhibit F, page 3). The purpose of the condition of approval, as stated in the findings, was for the Parkway "[to] serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)." See, Exhibit 101 (Metro Ordinance No. 04-1040B, Exhibit G). The Subarea is north of the Basalt Creek Parkway and, therefore, must be designated "Outer Neighborhood."

A. Designating the Subarea for Housing is Consistent with the Parties' Guiding Principles.

To implement the Ordinance, Wilsonville and Tualatin agreed on a set of planning principles called the *Basalt Creek: Guiding Principles and Evaluation Criteria*. These *Guiding Principles* provided for the parties to "integrat[e] residential and employment land uses to create more high quality living and working environments" while at the same time ensuring a "physical separation between uses that might negatively impact one another." Exhibit 125, p. 2 (Basalt Creek Guiding Principles and Evaluation Criteria). Wilsonville now wants to eliminate the physical buffer of the Parkway in violation of the Ordinance and the parties' *Guiding Principles*.

Wilsonville agrees housing and industrial/employment lands should be sufficiently separated. See, Exhibit 125, p. 2 (Basalt Creek Guiding Principles and Evaluation Criteria). Wilsonville also agrees "incompatibility issues [] arise when industrial land and traffic is located in close proximity to residential neighborhoods." *Wilsonville Brief*, p. 4. Wilsonville also states,

Planners study adjacency to ensure compatible uses and prevent negative consequences. Development patterns that place residential neighborhoods in close proximity to industrial land more often than not result in significant complaints from residents concerning noise, pollution, and safety. *Wilsonville Brief*, p. 4.

Despite Wilsonville’s statements about the need for separation and compatibility, Wilsonville argues for placing housing directly adjacent to industrial/employment uses. Wilsonville’s logic is incongruent. Somehow, placing incompatible uses immediately adjacent to one another makes these uses more compatible? Eliminating the Parkway as a physical buffer between housing and industrial/employment uses would not assist with compatibility. Placing housing and industrial/employment directly adjacent to each other increases the impacts industrial/employment lands have on housing, including “noise, pollution, and safety.” See, *Wilsonville Brief*, p. 4. The logical basis for Wilsonville’s argument supports the Subarea being designated for housing.

Metro should take Wilsonville’s statements at face value that appropriate physical barriers are needed between housing and industrial/employment uses. As a result, Metro should declare the Subarea for housing and utilize the Parkway as a clear buffer between housing and industrial/employment uses. Again, this is consistent with both the Ordinance and the parties *Guiding Principles*.

B. Wilsonville’s Plan Map and Development Patterns Support Designating the Subarea for Housing.

Wilsonville also claims that designating the Subarea for housing will have “a dramatic detrimental impact on the industrial development this Basalt Creek Planning Area was aimed at achieving” and “detract[s] from the industrial viability of the entire Basalt Creek area.” See, *Wilsonville Brief*, p. 6. However, Wilsonville’s own Planning Map and development pattern proves a physical buffer at the Parkway is an effective means to ensure compatible transition from housing to industrial/employment development, as contemplated by the Ordinance.

Within Wilsonville today, there are multiple examples of housing separated by a physical buffer from industrial/employment uses. See, Exhibit 127 (Wilsonville Comprehensive Plan Map). These areas include:

- Road Buffer
 - Xerox - SW Canyon Creek Road
 - RevMedX - SW Canyon Creek Road
 - ADI - SW Canyon Creek Road
 - Fortes Laboratories - SW Canyon Creek Road
 - Mentor Graphics – Boeckman Rd/SW Parkway Avenue/SW Canyon Road

- Natural Buffer
 - tna North America – Coffee Creek
 - Braber Equipment – Coffee Creek
 - US Crane and Hoist– Coffee Creek
 - Marten Transport– Coffee Creek

These examples prove a physical buffer, such as the Parkway, will not “detrimentally impact” the industrial/employment development, but actually enhance that development. The Parkway buffer will be even more substantial than the buffer that currently exists at these Wilsonville properties. Metro should declare the Subarea for housing and make the Parkway the buffer between the north housing areas and south industrial/employment areas. This is consistent with the Ordinance, its conditions of approval and findings, and even Wilsonville’s own development patterns.

2. No Agreement Existed Regarding the Land Use for the Subarea.

Wilsonville repeatedly claims throughout its brief there was an “agreement” on the land use designation for the Subarea. See, *Wilsonville Brief*. Wilsonville’s statements are legally and factually incorrect and contradict Wilsonville’s own records.

A. No Land Use Agreement Occurred at the December 2015 Joint Council Meeting.

Wilsonville does not cite meeting minutes, votes, or intergovernmental agreements to prove the existence of this claimed “agreement.” The closest Wilsonville comes is a statement that the December 2015 Joint Council Work Session meeting is where the agreement occurred. See, *Wilsonville Brief*, p. 2. However, the December 2015 Joint Work Session was not focused on land uses at all, but about the location of a jurisdictional boundary, which the parties selected as the Parkway. See, Exhibit 128 (Agenda and Materials of Joint Council Meeting, December 16, 2015).¹ See, also Exhibit 129, p. 2 (Wilsonville Planning Commission Meeting Minutes, January 13, 2016); Exhibit 130 (Basalt Creek Planning Website). And, since the December 2015 Joint Work Session meeting was a Work Session, no agreement could have been made. See, *Wilsonville Council Protocol Manual*.²

The records from the December 2015 Joint Work Session proves no agreement on land uses occurred. The *Agenda* for the December 2015 Joint Council Meeting lists the discussion topics as the “Preferred Boundary Option” and “Concept Plan Function Elements & Essential Agreements.” Exhibit 126 (Agenda and Materials of Joint Council Meeting, December 16, 2015). Furthermore, the PowerPoint presentation focused on the jurisdictional boundary issue. See, Exhibit 128 (Agenda and Materials of Joint Council Meeting, December 16, 2015). Additionally, after the December 2015 meeting, the parties’ jointly posted to the *Basalt Creek Website* that the December 2015 Joint Meeting resulted in a settled jurisdiction boundary. See, Exhibit 130 (Basalt Creek Planning Website).

Wilsonville’s claim that an agreement on land uses occurred at the December 2015 Joint Council meeting is simply incorrect and completely contradicts the Joint Council Work Session records.

¹ Available at <http://www.ci.wilsonville.or.us/DocumentCenter/View/9486>

² Available at <https://www.ci.wilsonville.or.us/DocumentCenter/View/12134>

B. The So-Called “Option 5” Was Not Even Presented at the December 2015 Council Meeting.

Wilsonville claims the December 2015 meeting included an agreement on a so-called “Option 5.” See, *Wilsonville Brief*, p. 2; *Wilsonville Exhibit C*. Again, the evidence proves Wilsonville is mistaken.

The records of the December 2015 Joint Work Session prove the so-called “Option 5” was not even presented to the two Councils. See, Exhibit 128 (Agenda and Materials of Joint Council Meeting, December 16, 2015). As stated previously, this meeting discussed the jurisdictional boundary. This so-called “Option 5” was not discussed at all. Exhibit 128 (Agenda and Materials of Joint Council Meeting, December 16, 2015). Wilsonville’s claim that an “Option 5” was presented at the December 2015 Joint Council Meeting, let alone agreed to, is untrue.

C. Wilsonville’s Claims that an Agreement on Land Uses was made in December 2015 Contradicts its Own Documents.

Wilsonville’s claim that an “agreement” was made in December of 2015 not only contradicts the evidence and records from the meeting, but even what Wilsonville told its own Planning Commission. On January 13, 2016, Wilsonville staff provided an update about the December 2015 Joint Council meeting to the Wilsonville Planning Commission. The Wilsonville staff explained the purpose of the December 2015 Joint Council Meeting was to discuss a boundary line, which was chosen at the Parkway. See, Exhibit 129, p. 2 (Wilsonville Planning Commission Meeting Minutes, January 13, 2016). Specifically, the Wilsonville Planning Commission meeting minutes state:

Miranda Bateschell, Long-Range Planning Manager, presented the update on the Basalt Creek Concept Plan Update and Next Steps via PowerPoint, noting that in December, the Joint City Council of the Cities of Tualatin and Wilsonville identified a preferred jurisdictional boundary for the Basalt Creek Planning area. See, Exhibit 129, p. 2 (Wilsonville Planning Commission Meeting Minutes, January 13, 2016) (emphasis added).

The Wilsonville Planning Commission meeting minutes also state:

Next steps included working with the consultant team to scope out how to get to a preferred or final concept plan. One of the first things to be done would be to get public input on the land use and concept plan around the Preferred Jurisdictional Boundary. Exhibit 129, p. 4. (Wilsonville Planning Commission Meeting Minutes, January 13, 2016) (emphasis added)

Wilsonville's own records prove no agreement occurred at the December 2015 Joint Council Meeting. The records also show the parties contemplated future "public input" on land uses. See, Exhibit 129, p. 4. (Wilsonville Planning Commission Meeting Minutes, January 13, 2016). Wilsonville's repetitive statements in its brief that in December 2015 there was an "agreement" on the land uses is completely inaccurate.

3. Wilsonville Mistakenly Claims the Basalt Creek Planning Area is Designated RSIA.

Wilsonville repeatedly makes the mistaken assertion that the Basalt Creek Planning Area is a Regionally Significant Industrial Area (RSIA). See, *Wilsonville Brief*, p. 4, 5, and 8. None of the Basalt Creek Area is designated RSIA. See, Exhibit 101 (Ordinance 04-1040B); see also Title 4 Map.³ It is unknown why Wilsonville makes this mistaken claim throughout its brief. Regardless, any argument Wilsonville makes that the current Title 4 designation prevents the Subarea from being developed for housing purposes is completely without merit. See, Metro Title 4; see also, Exhibit 131 (Email of Brian Harper, August 9, 2016).

4. The Only Evidence that Exists Proves the Subarea is Feasible for Housing.

Wilsonville argues the Subarea is not suitable for housing development. See, *Wilsonville Brief*, p. 5-6. In support of its argument, Wilsonville relies completely on its commissioned KPFF study and the Mackenzie study commissioned by Washington County. See, *Wilsonville Brief*, p. 5-6. However, neither report studied housing feasibility at all.

Wilsonville's KPFF study purposely avoided analyzing the area for residential uses. See, Exhibit 117, p. 2 (KPFF Report). And, Mackenzie did not analyze the area for housing either. See, Exhibit 116 (Mackenzie Report). Wilsonville's reliance on these studies to prove infeasibility of housing is meritless and not based on evidence.

What the evidence does show is that housing is feasible. All of the experts and studies that analyzed housing feasibility concluded the area was feasible for housing, including both single family and multifamily development. See, Exhibit 119 (Real Estate Development Group, Letter of November 21, 2016) ("[it] is my opinion that the highest and best use for this site are single family homes buffered along the frontage with multifamily housing."). Exhibit 115 (PacTrust Letter, November 14, 2016)("[w]e believe housing would be a more appropriate use for the site."); Exhibit 124 (Herb Koss Letter, November 28, 2016)("housing supply for the surrounding employment land is the highest and best use of the land."); Exhibit 126 (Peter Watts Email, February 12, 2017.) These studies also examined housing in comparison to industrial/employment use and concluded housing was the more appropriate use for the Subarea due to cost and slopes. See, Exhibit 119 (Real Estate Development Group, Letter of November 21, 2016); Exhibit 115 (PacTrust Letter, November 14, 2016); Exhibit 124 (Herb Koss Letter, November 28, 2016); Exhibit 126 (Peter Watts Email, February 12, 2017.).

³ Available at <https://databasin.org/maps/new#datasets=78d6517f3c1a4fc39f9c14be54d8d811>

Contrary to Wilsonville's claims, the only evidence that exists shows the Subarea is feasible for housing.

5. The Experts Concluded the Subarea is Not Feasible for Industrial/Employment Use.

Wilsonville claims the Subarea is feasible for industrial/employment and relies on the KPFF and Mackenzie reports. See, *Wilsonville Brief*, p. 5-6. As discussed in *Tualatin's Brief*, the KPFF study is severely flawed and the Mackenzie report relied on incorrect information. The significant problems with both studies are discussed in detail in *Tualatin's Brief*, and revisited briefly below.

First, to the extent Wilsonville relies on the Fregonese Report, that report was an "Existing Conditions Report" as required by the Concept Plan process. The report does not analyze the actual feasibility of the Subarea for industrial/employment development at all. See, *Wilsonville Exhibit E*.

The KPFF study, relied upon by Wilsonville, is flawed. Wilsonville specifically commissioned the study to show industrial/development was feasible and KPFF ignored the possibility of residential development on the site. Exhibit 117, p. 2 (KPFF Report). As such, the report is biased. More importantly, however, is what KPFF ignored in its analysis. KPFF did not analyze cost feasibility of any of its "schemes" and ignored both the topography and the law. All of KPFF's "schemes" show an internal cul de sac or t-road that traverses slopes from 10% to over 20%, which is in violation of the Oregon Fire Code. See, Exhibit 117, p. 7, 11, 16, and 20 (KPFF Report); See also, Oregon Fire Code, D103.2 and D104.2. KPFF's analysis completely ignores construction costs and the navigational reality of industrial truck traffic ascending and descending steep slopes. The slope constraints, along with the blatant omissions in KPFF's report, show the report cannot be relied upon for its conclusion that the Subarea is feasible for industrial/employment.

Similarly, the Mackenzie report's conclusion that the site was feasible for industrial/employment was based on flawed information. The "site" examined by Mackenzie included flat land outside of the Subarea. Mackenzie also showed road connections that will not occur, including the direct access onto Basalt Creek Parkway and the north-south Kinsman road extension. Additionally, the Mackenzie report showed industrial access through a residential neighborhood to the north that cannot handle industrial traffic. Mackenzie was not aware of these realities and Washington County did not authorize Mackenzie to conduct a site visit. See, Exhibit 126 (Peter Watts Email, February 12, 2017). The Mackenzie analysis relied on flawed assumptions and insufficient information and its conclusion that the site is feasible for industrial/employment development is unreliable.

All of the reliable evidence points to the area not being feasible for industrial/employment development. Wilsonville attacks this evidence as "paid consultant[s] of the developer." See,

Wilsonville Brief, p. 6. If being paid somehow eliminates the reliability of the conclusion, under Wilsonville's logic, no study is reliable.⁴ Regardless of who "paid the bill," the evidence shows the property owners' consultants actually conducted a site visit and thoroughly analyzed the site conditions, unlike the KPFF and Mackenzie reports. The overwhelming evidence, as discussed and submitted in *Tualatin's Brief*, shows the Subarea is not feasible for industrial/employment development. This includes:

- Metro's own analysis of industrial/employment lands shows that tax lots with slopes over 25% are "deemed unbuildable." Exhibit 110, p 2 (Appendix 9);
- Metro's statement that properties with slopes over 7% as "an impediment to industrial uses with larger development footprints." Exhibit 110, p. 2 (Appendix);
- CES/NW's conclusion that "[t]he southerly plateau area is not well suited for employment land. This is due to access constraints, surrounding steep slopes, lack of secondary access and grading costs." Exhibit 112 (CES/NW Letter, February 10, 2017);
- PacTrust's conclusion that "the topography of [the Subarea] makes development of industrial or flex buildings uneconomic." Exhibit 115 (PacTrust Letter, November 14, 2016);
- Mackenzie's conclusion that "[n]early a third of this site, approximately 22 acres, contain slopes greater than 10% or are surrounded by 10% and greater slopes, which is extremely difficult to develop for industrial/employment uses." See, Exhibit 116, p. 3 (Mackenzie Report);
- Ken Leahy Construction Inc.'s conclusion that site preparation will exceed \$5.00 per foot. See, Exhibit 118 (Ken Leahy Construction Letter, February 10, 2017);
- CES/NW's conclusion that the cost of grading will be \$10.5 million and \$1.5 million for retaining walls. Exhibit 114 (CES/NW Letter, July 20, 2017);
- OTAK Engineering's conclusion that "[t]he hard costs [provided by CES/NW] are actually on the low side for grading the site based on [] recent experience on similar sites." See, Exhibit 109 (OTAK Letter, May 19, 2017); and
- Real Estate Development Group's conclusion that "[t]he topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use." Exhibit 119 (Real Estate Development Group Letter, November 21, 2016).

In sum, the Subarea contains slopes in excess of 25% and over one-third of the site is constrained by slopes over 7%. The costs of site preparation will be more than \$10.5 million, and

⁴ KPFF was paid by Wilsonville and Mackenzie was paid by Washington County.

the area would be immediately adjacent to housing without a buffer. As such, the Subarea is not feasible as an industrial/employment site and should be designated for housing.

6. The Transportation Impacts are the Same Regardless of the Land Designation.

Wilsonville argues the Subarea should be designated for industrial/employment because “[t]he road was not build for, and was never intended to be compatible with, residential use.” *Wilsonville Brief*, p. 5. As stated in *Tualatin’s Brief*, the trip impacts to the area will remain unchanged regardless of the land designation. *Tualatin’s Brief*, p. 12-13. Furthermore, there will be no direct access from the Subarea to the Parkway no matter what Metro selects as the land designation. Therefore, the Parkway remains unaffected by the land designation decision. Additionally, the Parkway is quite simply “a road” that can accommodate all types of vehicle traffic, including passenger vehicles and buses. To say differently defies transportation engineering and design reason.

7. Tualatin did not “Unilaterally” designate the Subarea for Housing or “Thwart” the Process.

Wilsonville claims Tualatin somehow “unilaterally” declared the Subarea for housing and “thwarted” the process. *Wilsonville Brief*, p. 1-2. Wilsonville also claims Tualatin’s position of advocating housing in the Subarea is “disingenuous.” *Wilsonville Brief*, p. 4. Like Wilsonville’s other claims, these claims are also incorrect.

A Concept Plan has not been agreed to by the parties, and is not finalized. Therefore, Tualatin could not “unilaterally” decide anything. If it could, this dispute resolution process would not be needed. Needless to say, Tualatin worked diligently with Wilsonville on the land use designation for the Subarea, accepted public feedback, reviewed the intent of the Metro Ordinance, and made a determination of Tualatin’s position to advocate for housing as the land use designation for the Subarea. The fact that the parties do not agree on the designation for the Subarea does not mean either party acted “unilaterally,” “thwarted” the process, or is “disingenuous.” Wilsonville’s characterization of Tualatin’s motives is inaccurate and unfortunate.

8. Property Owners Should be Heard.

Wilsonville claims declaring the Subarea for housing violates “environmental justice and social equity” and one paragraph later advocates for Metro to ignore the voices of the property owners who currently own the land. See, *Wilsonville Brief*, p. 5. This is completely contradictory. Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.⁵ Social

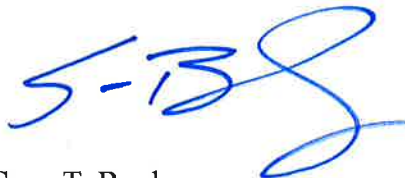
⁵ <https://www.epa.gov/environmentaljustice>

equity promises to hear the voices of all people, regardless of status. Rather than ignore voices, as advocated by Wilsonville, environmental justice and social equity demand hearing all voices, including current property owners. The current property owners are the people most at risk and most impacted by this decision. Rather than ignore voices, Metro should acknowledge the property owners' voices, as they are completely consistent with the Ordinance's intent and the planning principles adopted by Wilsonville and Tualatin.

9. Conclusion

For the reasons stated in *Tualatin's Brief*, as well as this reply, the Subarea must be designated for housing. Designating the Subarea for housing is consistent with the original intent of Metro Ordinance No. 04-1040B, its conditions of approval, and its adopted findings. It is also consistent with the parties' *Guiding Principles*. Furthermore, the evidence shows the Subarea is not economically feasible for industrial/employment development due to topography and costs. Additionally, as stated in *Tualatin's Brief*, the Metro region is in a housing crisis. Both the City of Tualatin and the Basalt Creek area need housing lands to accommodate the housing needs of the region and the housing needs within Basalt Creek. Metro should designate the Subarea for housing and retain the Parkway as the buffer between housing to the north and industrial/employment to the south. Doing so is consistent with Ordinance and the parties *Guiding Principles*, consistent with development feasibility of the property, and consistent with the housing goals for the region.

Respectfully Submitted,



Sean T. Brady,
Tualatin City Attorney

**CITY OF TUALATIN
BASALT CREEK
SUPPLEMENTAL EXHIBIT LIST**

Exhibit 127 – Wilsonville Comprehensive Plan Map

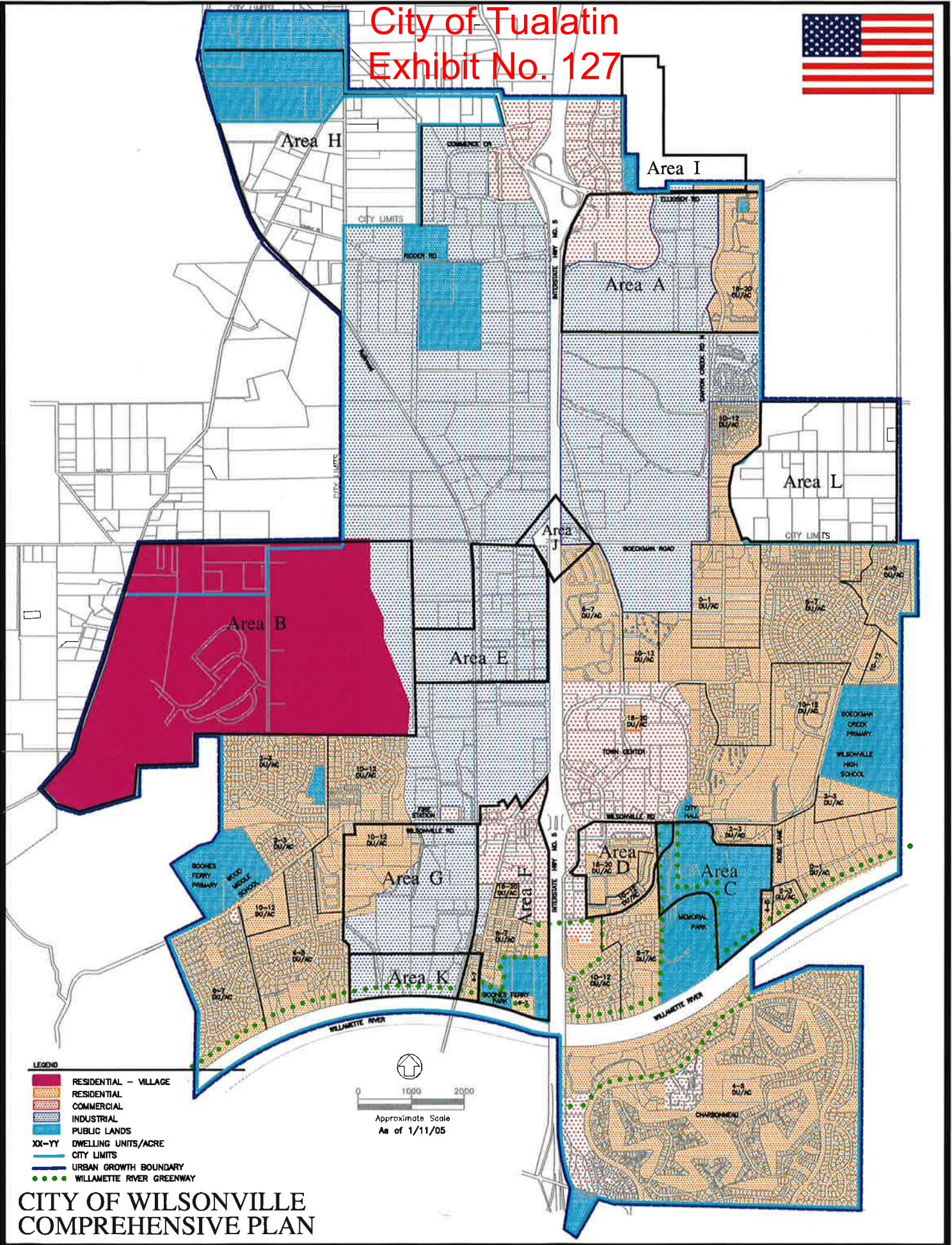
Exhibit 128 – Agenda and Materials of Joint Council Meeting, December 16, 2015

Exhibit 129 – Wilsonville Planning Commission Meeting Minutes, January 13, 2016

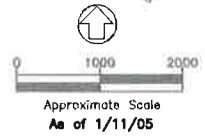
Exhibit 130 – Basalt Creek Planning Website

Exhibit 131 – Email of Brian Harper, August 9, 2016

City of Tualatin Exhibit No. 127



- LEGEND**
- RESIDENTIAL - VILLAGE
 - RESIDENTIAL
 - COMMERCIAL
 - INDUSTRIAL
 - PUBLIC LANDS
 - XX-YY DWELLING UNITS/ACRE
 - CITY LIMITS
 - URBAN GROWTH BOUNDARY
 - WILLAMETTE RIVER GREENWAY



**CITY OF WILSONVILLE
COMPREHENSIVE PLAN**

City of Tualatin Exhibit No. 128

12/10/2015 8:16 AM Last Updated



JOINT WILSONVILLE CITY COUNCIL AND TUALATIN CITY COUNCIL MEETING



City of Tualatin

BASALT CREEK CONCEPT PLAN MEETING NOTICE AND AGENDA

**DECEMBER 16, 2015
6 P.M.**

**CITY HALL
29799 SW TOWN CENTER LOOP
WILSONVILLE, OREGON**

The Wilsonville City Council will meet with the City of Tualatin City Council on Wednesday, December 16, 2015 starting at 6 p.m. The meeting is open to the public.

The purpose of the joint meeting is to:

1. Hear about the continued Basalt Creek Planning efforts.
2. Provide direction on the latest boundary option and functional elements of the Basalt Creek Concept Plan.

6:00 P.M.	CALL TO ORDER (Mayor Knapp, Mayor Ogden)	[10 min.]
6:10 P.M.	WELCOME & INTRODUCTIONS (Councils)	[5 min.]
6:15 P.M.	PRESENTATION (Fregonese)	[15 min.]
6:30 P.M.	DISCUSSION (Fregonese, Councils) A. Preferred Boundary Option B. Concept Plan Functional Elements & Essential Agreements	[75 min.]
7:45 P.M.	SUMMARY & NEXT STEPS (Fregonese)	[15 min.]

City of Tualatin Exhibit No. 128



JOINT CITY COUNCIL MEETING STAFF REPORT

Meeting Date: December 16, 2015	Subject: Basalt Creek Concept Plan Staff Members: Miranda Bateschell, Wilsonville Cindy Hahn & Aquilla Hurd-Ravich, Tualatin
Action Required	Advisory Board/Commission Recommendation
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda	<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments:
Staff Recommendation: Staff recommends the City Councils provide direction to staff on a jurisdictional boundary and essential agreements for functional elements of the Basalt Creek Concept Plan.	
Recommended Language for Motion: N/A	
Project / Issue Relates To: <i>[Identify which goal(s), master plans(s) your issue relates to.]</i>	
<input checked="" type="checkbox"/> Council Goals/Priorities Basalt Creek Concept Plan	<input type="checkbox"/> Adopted Master Plan(s)
<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Staff will provide Council with an update on the Basalt Creek Concept Plan and seek direction on next steps for the project.

EXECUTIVE SUMMARY:

At the Joint Council meeting, the project team will briefly summarize all land use and boundary options considered to date (presentation included as Attachment A). The Joint Councils will then be asked to discuss priorities for the planning area, agreed upon elements of the plan, and remaining issues needing resolution in the Concept Plan. Staff seeks direction on a boundary option to present as a preferred alternative for public input and what essential agreements need to

City of Tualatin

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be part of the functional elements of the Concept Plan (such as land uses, transportation, stormwater, etc.). If a preferred alternative is not reached at the December Joint Council meeting, staff seeks direction on next steps and a list of expectations toward achieving that goal.

BACKGROUND:

The Basalt Creek Concept Plan will establish a vision and jurisdictional boundary for the 847 acres between the cities of Wilsonville and Tualatin. At the Wilsonville-Tualatin Joint Council meeting in June, the project team presented two boundary and land use alternatives (Boundary Options 1 and 2) to the base-case scenario (originally presented December 2014). The Joint Council directed staff to develop a third alternative addressing interests and concerns discussed at the meeting. Staff developed Boundary Option 3 as a response to the Joint Council input and presented this option at individual work sessions in August. The Tualatin City Council expressed concerns about the limited employment land opportunities for the City of Tualatin and directed city staff to prepare information for a Boundary Option 4, which would follow Tonquin Road west of the Basalt Creek Canyon area. In total, five boundary options have been developed during the planning process (Attachment B).

The land use scenario in all options is conceived to complement existing development patterns in both cities, have robust and efficient infrastructure systems that are not cost prohibitive and generally, development “pays its way.” Performance indicators were generated using Envision Tomorrow modeling software to evaluate the Boundary Options and a summary is included as Attachment C.

POTENTIAL IMPACT or BENEFIT TO THE COMMUNITY:

The Basalt Creek area is important for the long-term growth of Tualatin, Wilsonville, and the Metro region. Conducting a thorough and thoughtful planning process will identify and resolve each city’s vision for the area and potential impacts on the community. The Basalt Creek area presents an opportunity to maximize assessed property value, integrate jobs and housing, develop efficient transportation and utility systems, create an attractive residential and business community, incorporate natural resource areas, and provide recreational opportunities as community amenities and assets.

EXPECTED RESULTS:

At the Joint Council meeting, the project team is seeking direction on a preferred jurisdictional boundary and essential agreements that will be part of the Basalt Creek Concept Plan.

TIMELINE:

The Joint Council meeting on December 16, 2015, will be the fourth Wilsonville and Tualatin Joint Council Meeting for the Basalt Creek Concept Plan. Based on the discussion and guidance received at the upcoming Joint Council meeting, the project team will refine a preferred land use alternative for the Basalt Creek Concept Plan. That preferred alternative will be presented at a Public Open House and drafting of the Concept Plan will begin with expected completion in 2016.

COMMUNITY INVOLVEMENT PROCESS:

The project includes participation from affected residents, businesses, and property owners. Citizens will be asked to share ideas about the preferred land use alternative at a Public Open House. Additionally, the website is updated to reflect the most recent work and staff sends out monthly updates to an interested parties list and property owners via email and U.S. postal mail.

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ATTACHMENTS:

- A. December 16, 2015 Joint Council Presentation
- B. Basalt Creek Plan Area Boundary Options
- C. Performance Indicators Summary for all Boundary Options

Basalt Creek
C O N C E P T P L A N



Boundary Options

Tualatin and Wilsonville Joint City Council Meeting
December 16, 2015

Attachment A

What is the Purpose of Tonight's Meeting?

- Discuss priorities for each City
- Discuss alternatives for achieving those goals
- Agree on a preferred boundary option





Agenda for Tonight:

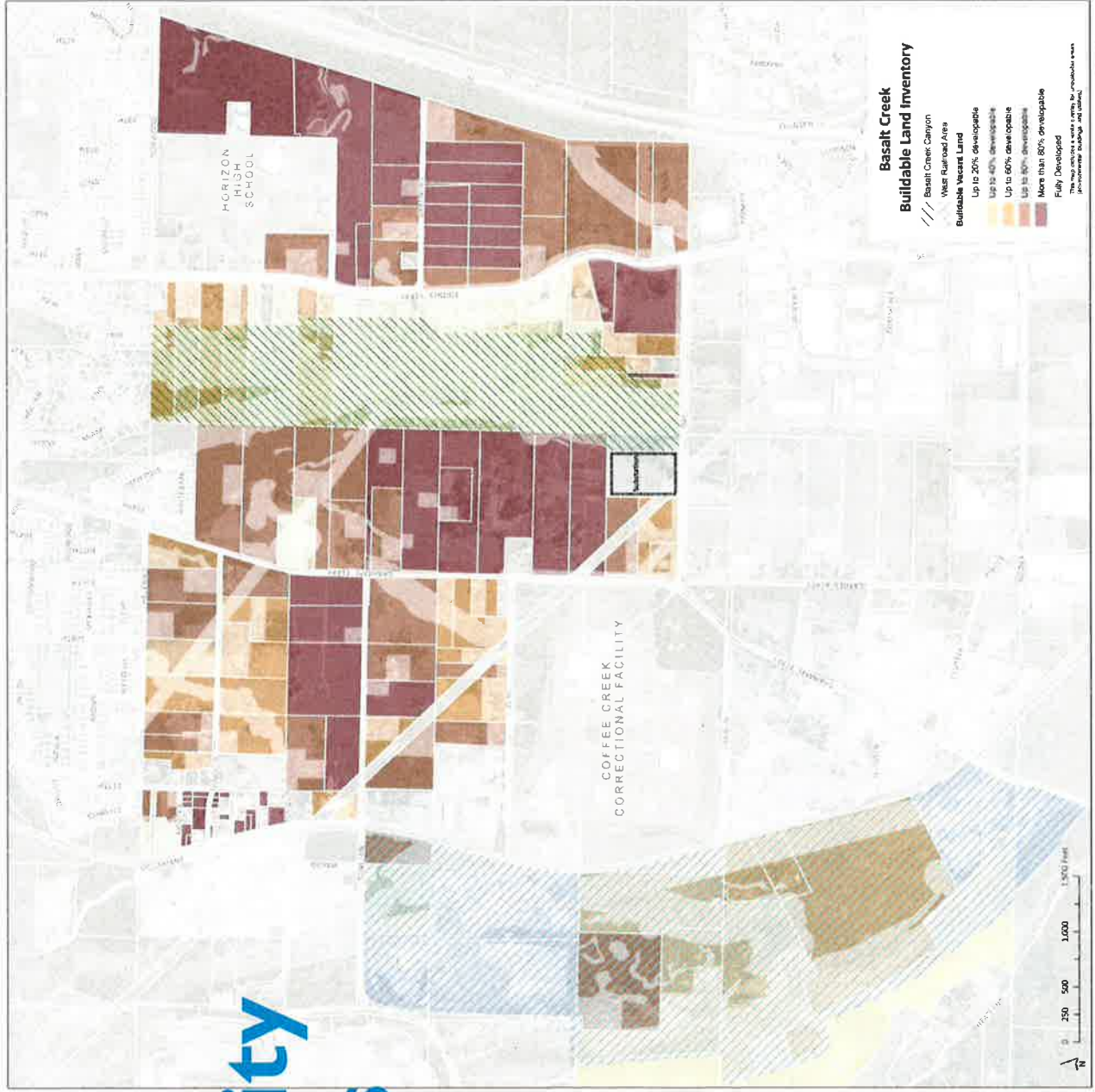
- Review boundary options evaluated to date
- Facilitated discussion
- Identify next steps



Where Have We Been?

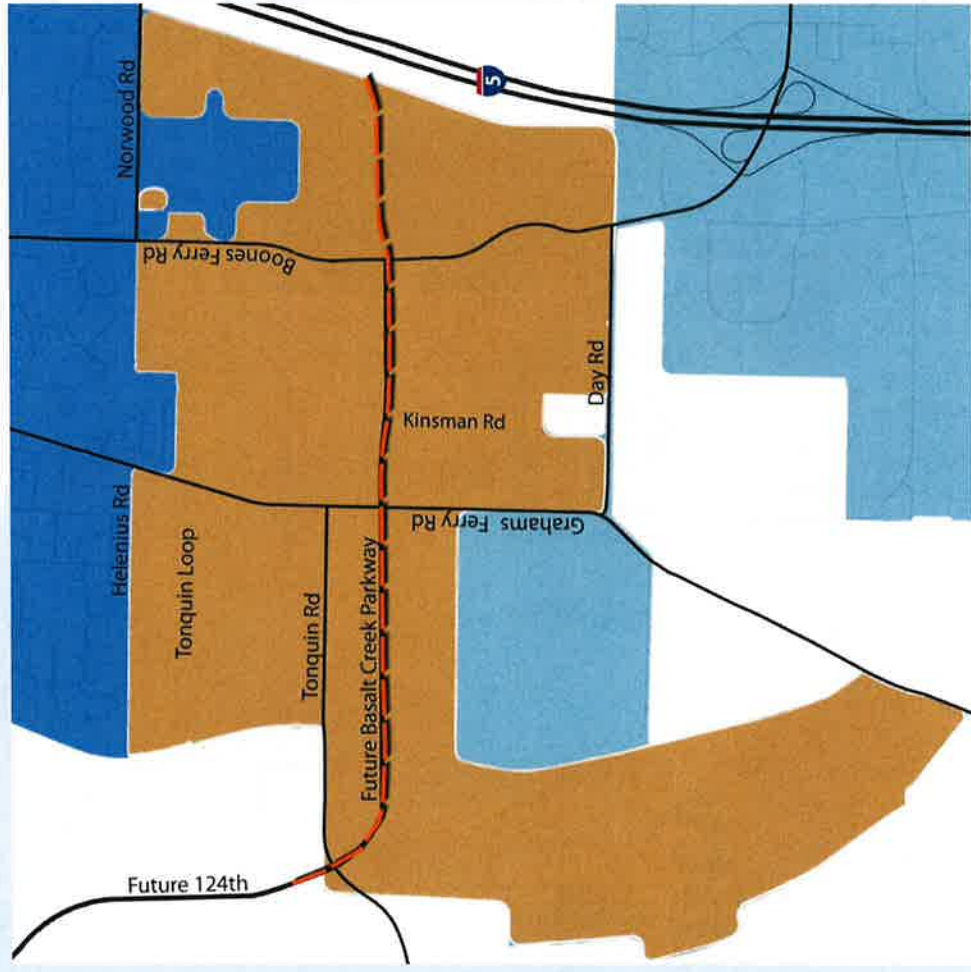
- Land Suitability
- Guiding Principles
- Base Case
- Utility Design
- Evaluations
- 4 Options Plus Base Case Studied

Land Suitability Analysis



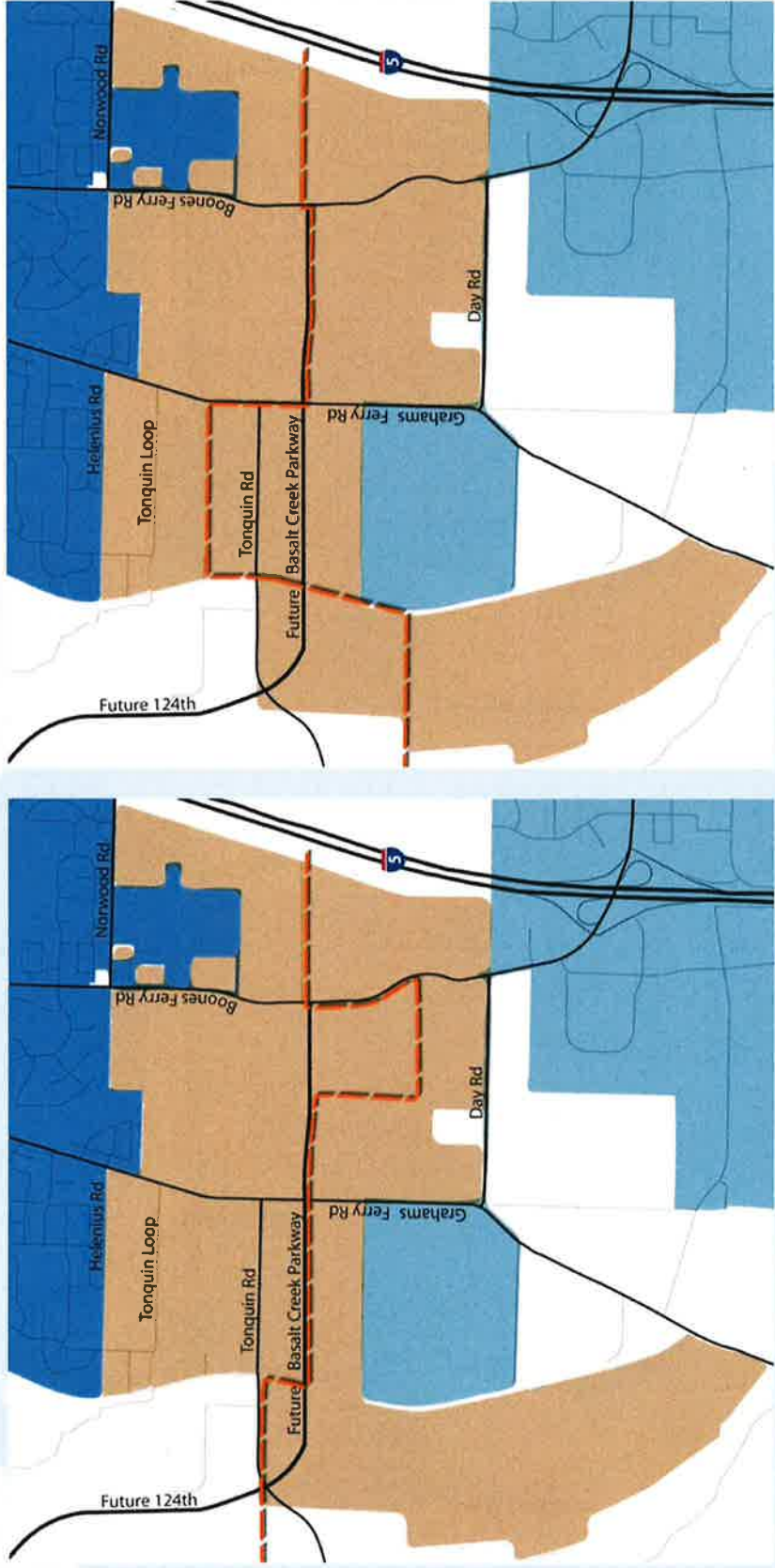
Base Case Boundary Option

December 2, 2014 Joint Council Meeting



Boundary Options 1 and 2

June 17, 2015 Joint Council Meeting



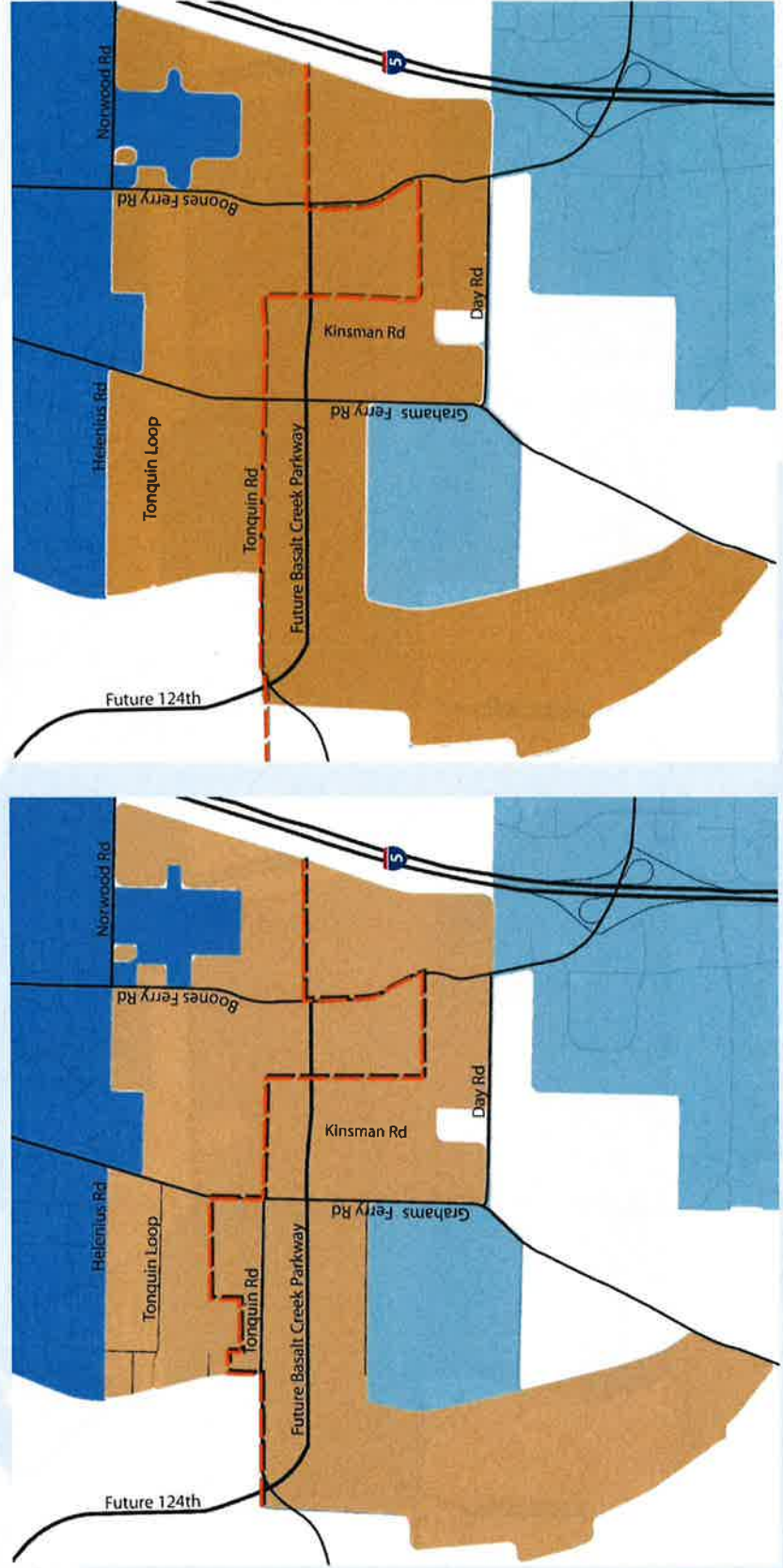
Boundary Option 1

Boundary Option 2



Boundary Options 3 and 4

August 2015 Individual Work Sessions

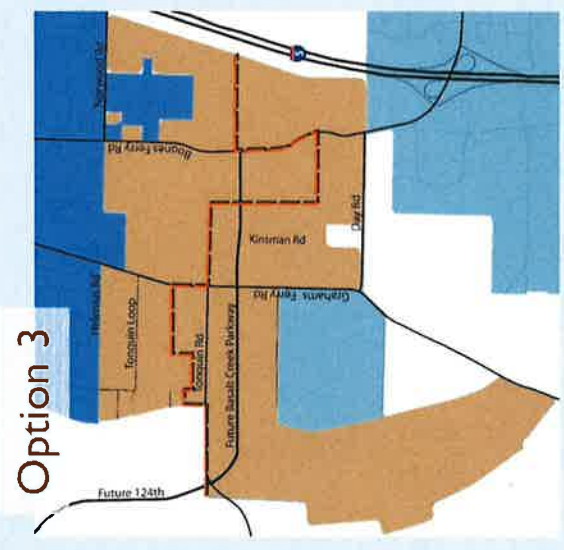
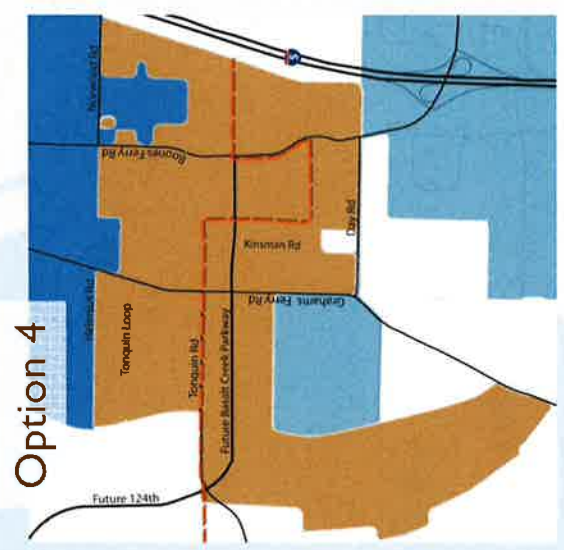
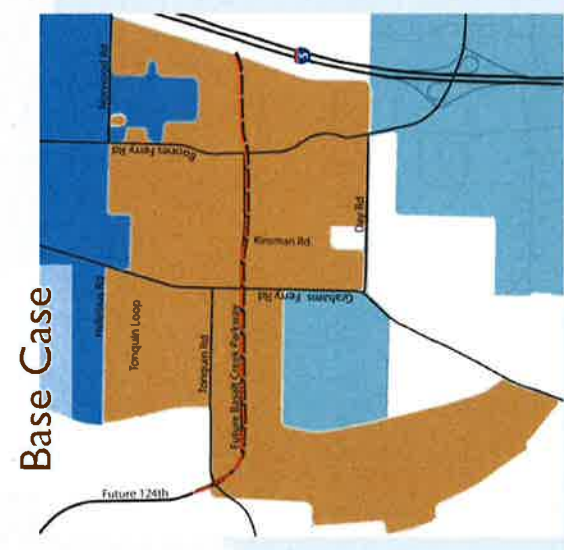
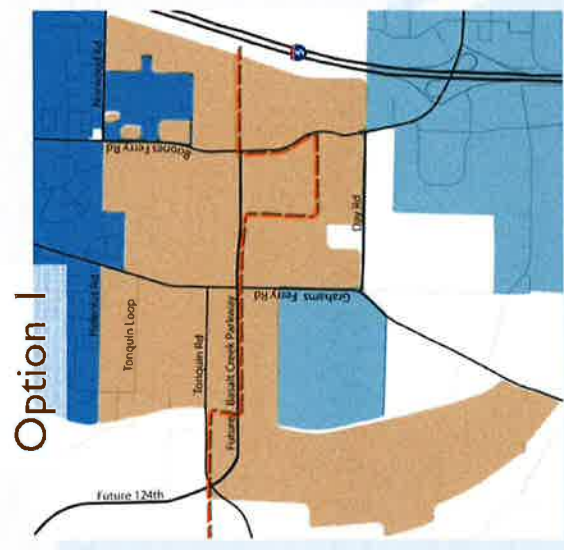
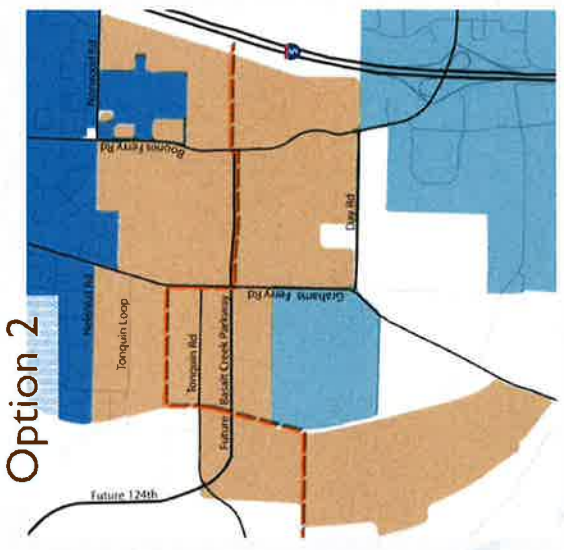


Boundary Option 3

Boundary Option 4



Boundary Options



How Do We Move Forward?

- Focus on project deliverables
- Look at what has been decided (no longer controversial)
- Look at what remains to be decided (remaining items of controversy)
- Lay out a process to reach consensus and finalize project



Project Deliverables/Next Steps

- Concept Plan (summary of planning process)
- Title 11 memo (findings to comply with Metro's Regional Framework Plan)
- Draft Comprehensive Plan Amendment for Wilsonville
- Draft Comprehensive Plan Amendment for Tualatin
- Amendments are processed by individual Cities independently, with coordination

Contents of the Concept Plan

- Process documentation
- Land Use Plan
- Services Plan
- Transportation plan
- Implementation Strategies
 - Agreements between Cities
 - Metro Title 11
 - Urban Planning Area Agreements with Washington County
 - Other Agreements

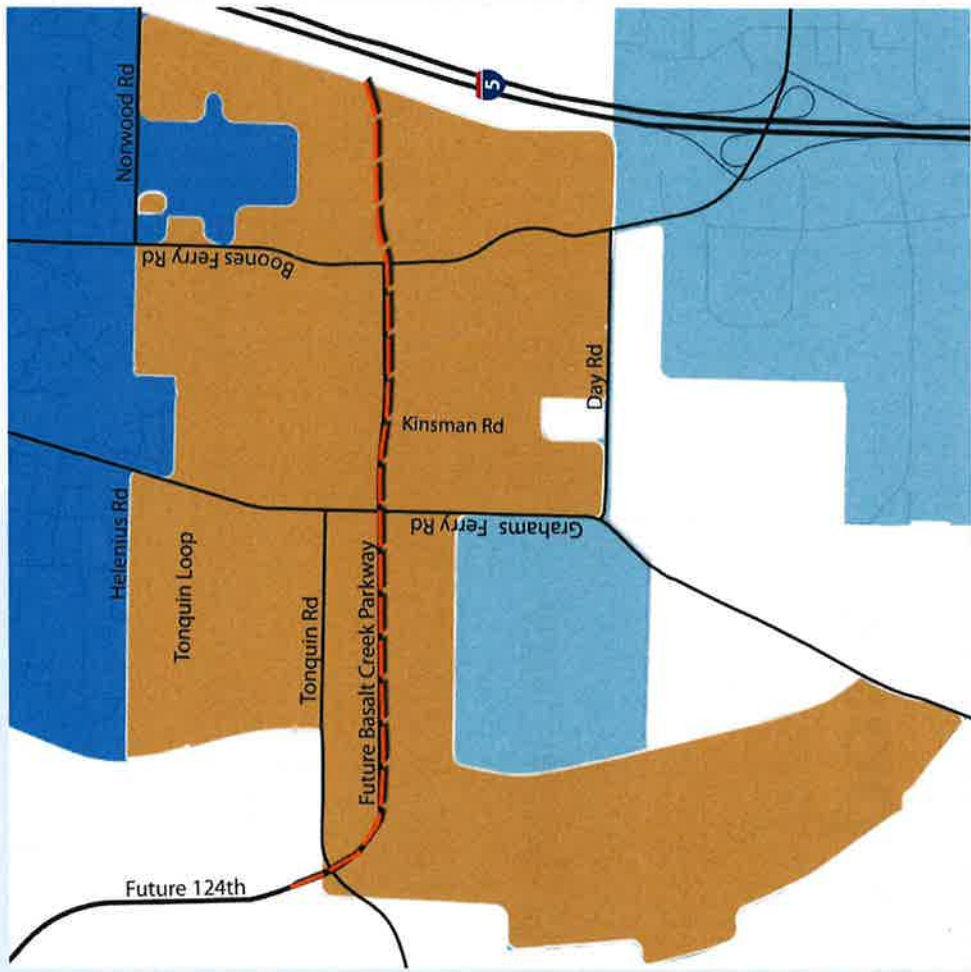


Joint Proposal

1. Proposed Boundary
2. Essential Agreements



Proposed Boundary





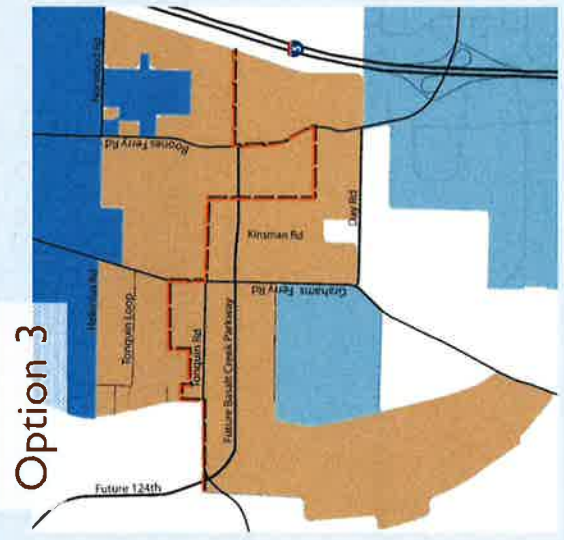
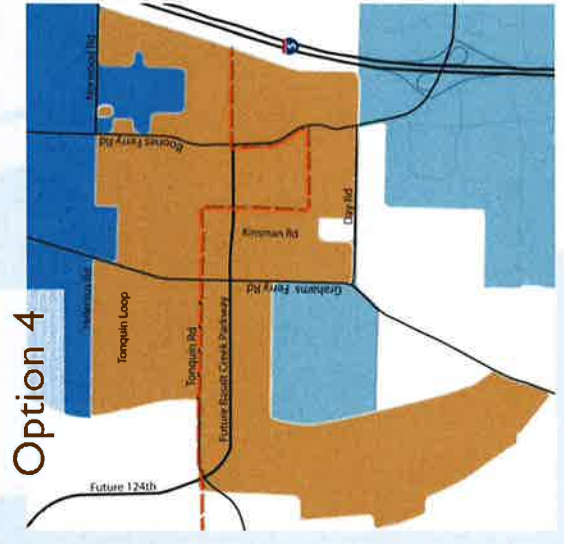
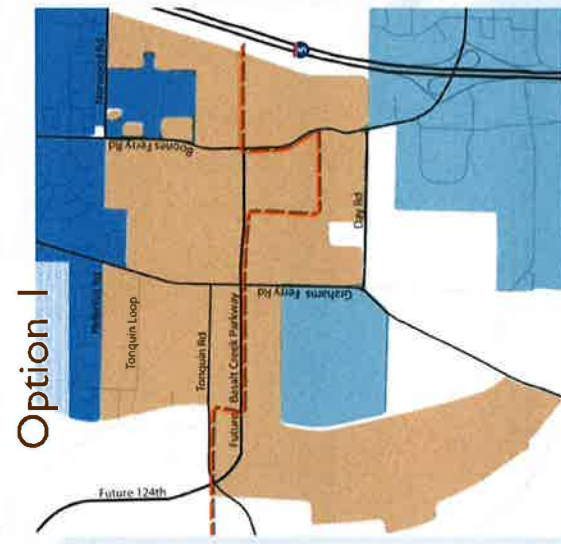
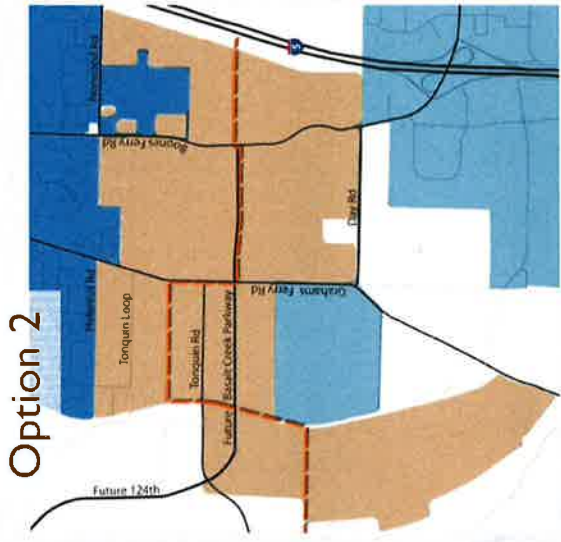
Essential Agreements

- Land Use Plan
- Transportation Financing
- Sanitary Sewer
- Stormwater Management
- Transit
- Basalt Creek Canyon



Discussion

Boundary Options



Attachment B





Performance Indicators Summary for all Boundary Options

COMPARISON BY BOUNDARY OPTION

INDICATORS	BASE CASE			OPTION 1			OPTION 2			OPTION 3			OPTION 4		
	Tualatin Base Case	Wilsonville Base Case	Total Base Case	Tualatin Option 1	Wilsonville Option 1	Total Option 1	Tualatin Option 2	Wilsonville Option 2	Total Option 2	Tualatin Option 3	Wilsonville Option 3	Total Option 3	Tualatin Option 4	Wilsonville Option 4	Total Option 4
Developable Acres	194 ac	137 ac	331 ac	201 ac	190 ac	391 ac	155 ac	236 ac	391 ac	144 ac	188 ac	332 ac	168 ac	163 ac	331 ac
WRR & BCC Acres*	10 ac	6 ac	16 ac	10 ac	63 ac	73 ac	12 ac	61 ac	73 ac	13 ac	3 ac	16 ac	13 ac	3 ac	16 ac
Unconstrained Dev. Acres	184 ac	131 ac	315 ac	191 ac	127 ac	318 ac	143 ac	175 ac	318 ac	131 ac	185 ac	316 ac	155 ac	160 ac	315 ac
Households	640	6	646	906	36	942	755	75	830	800	80	880	647	37	683
Jobs	2,281	2,064	4,345	1,600	2,000	3,600	1,000	2,800	3,800	400	2,900	3,300	1,576	2,475	4,051
Trips (TRP trip cap = 1,989)	1,274	781	2,055	1,137	777	1,914	832	1,132	1,964	664	1,178	1,842	1,008	967	1,975
Assessed Value	not available	not available	not available	\$483 M	\$305 M	\$788 M	\$371 M	\$423 M	\$754 M	\$398 M	\$420 M	\$758 M	not available	not available	not available

COMPARISON BY JURISDICTION (same data)

INDICATORS	TUALATIN				WILSONVILLE				COMBINED BASALT CREEK AREA						
	Tualatin Base Case	Tualatin Option 1	Tualatin Option 2	Tualatin Option 3	Tualatin Option 4	Wilsonville Base Case	Wilsonville Option 1	Wilsonville Option 2	Wilsonville Option 3	Wilsonville Option 4	Total Base Case	Total Option 1	Total Option 2	Total Option 3	Total Option 4
Developable Acres	194 ac	201 ac	155 ac	144 ac	168 ac	137 ac	190 ac	236 ac	188 ac	163 ac	331 ac	391 ac	391 ac	352 ac	331 ac
WRR & BCC Acres*	10 ac	10 ac	12 ac	13 ac	13 ac	6 ac	63 ac	61 ac	3 ac	3 ac	16 ac	73 ac	73 ac	16 ac	16 ac
Unconstrained Dev. Acres	184 ac	191 ac	143 ac	131 ac	155 ac	131 ac	127 ac	175 ac	185 ac	160 ac	315 ac	318 ac	318 ac	316 ac	315 ac
Households	640	906	755	800	647	6	36	75	80	37	646	942	830	880	683
Jobs	2,281	1,600	1,000	400	1,576	2,064	2,000	2,800	2,900	2,475	4,345	3,600	3,800	3,300	4,051
Trips (TRP trip cap = 1,989)	1,274	1,137	832	564	1,008	781	777	1,132	1,178	967	2,055	1,914	1,964	1,842	1,975
Assessed Value	not available	\$483 M	\$371 M	\$338 M	not available	not available	\$305 M	\$423 M	\$420 M	not available	not available	\$788 M	\$794 M	\$758 M	not available

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PLANNING COMMISSION
WEDNESDAY, JANUARY 13, 2016
6:00 P.M.

Wilsonville City Hall
29799 SW Town Center Loop East
Wilsonville, Oregon

2/10/2016
Approved as
Presented

Minutes

I. CALL TO ORDER - ROLL CALL

Acting Chair Greenfield called the meeting to order at 6:00 p.m. Those present:

Planning Commission: Jerry Greenfield, Eric Postma, Al Levit, Peter Hurley, Simon Springall, and Phyllis Millan.
City Councilor Charlotte Lehan was absent.

City Staff: Chris Neamtzu, Michael Kohlhoff, Miranda Bateschell

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

III. ELECTION OF CHAIR AND VICE CHAIR 2016

Al Levit nominated Jerry Greenfield as the 2016 Planning Commission Chair. Phyllis Millan seconded.

Peter Hurley moved to close nominations for Chair. Eric Postma seconded and the motion passed unanimously.

Jerry Greenfield was unanimously elected as the 2016 Planning Commission Chair.

Phyllis Millan nominated Eric Postma as the 2016 Planning Commission Vice Chair. Simon Springall seconded.

Peter Hurley moved to close nominations for Vice Chair. Al Levit seconded and the motion passed unanimously.

Eric Postma was unanimously elected as the 2016 Planning Commission Vice Chair.

IV. CITIZEN'S INPUT - This is an opportunity for visitors to address the Planning Commission on items not on the agenda. There was none.

V. CITY COUNCIL LIAISON REPORT

There was no City Council Liaison Report due to Councilor Lehan's absence.

Commissioner Millan asked Staff for a brief update on where things stood with regard to the City Council's vote on the Frog Pond Master Plan, and where the City was with that process.

Chris Neamtzu, Planning Director, said at the November 16, 2015 meeting, Council deliberated based upon several hours of testimony at the prior meeting and asked many questions of Staff. The item was continued at that time to ensure maximum City Councilor exposure. Staff proposed additional modifications to the Frog Pond Master Plan to enhance some of the recommendations from the Planning Commission hearing. Specific language was added to revisit the density of the attached row home product and the specific location of the retail center as part of master planning. Additionally, the Grange site was to have specific reference to arts

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and culture rather than just environmental types of uses. The Council was comfortable adding more specificity and detail into the concept plan as placeholders. The text was very clear that this was not a unanimous position and that different points of view existed amongst the community members. Because the process was many years into the future, it made sense to try to codify that in specific language that anyone could pick up, read, understand, and then address when the time was more appropriate. The vote was 4 to 1 with Councilor Starr dissenting and the final document had been reposted on the project web page.

Commissioner Millan said she had read the information on the web page, but wanted to make sure she was reading it correctly, especially with regard to the density issue with which the Commission had struggled.

Chair Greenfield believed the changes made the recommendation stronger than the Commission had been comfortable with in its initial recommendation to City Council and he was pleased with the result.

VI. CONSIDERATION OF THE MINUTES

A. Consideration of the December 9, 2015 Planning Commission minutes

Chair Greenfield cited Robert's Rules of Order regarding the approval of minutes, noting that the minutes could be approved as distributed with any noted corrections without a formal motion. He confirmed the Commissioners did not object to implementing this change of procedure.

The December 9, 2015 Planning Commission minutes were approved as presented.

VII. WORK SESSION

A. Basalt Creek Concept Planning Update (Bateschell)

Miranda Bateschell, Long-Range Planning Manager, presented the update on the Basalt Creek Concept Plan Update and Next Steps via PowerPoint, noting that in December, the Joint City Council of the Cities of Tualatin and Wilsonville identified a preferred jurisdictional boundary for the Basalt Creek Planning Area.

Discussion and feedback from the Planning Commission was as follows with responses by Staff to various Commissioner questions, as noted:

- TDT was the acronym for Transportation Development Tax, and TLT was the Transit Lodging Tax; both were referenced in the Considerations for Success document (Page 4 of 5 of the Staff report). Mayor Knapp presented the Considerations for Success at December 16, 2015 Joint Council meeting and the Joint Council agreed to the document at that meeting. The Transit Lodging Tax was not specifically discussed at that meeting, but would likely be considered. Most of that tax was supposed to go to tourism.
- Item 5 in the Considerations for Success document stated that any substantial additional traffic loads from external locations would likely overload the system. A lot of regional traffic was expected from the development of 124th Ave in addition to the parkway. Traffic loads were projected in the study for the 124th Ave Extension, but the external locations mentioned in Item 5 regarded the issue of other regional facilities potentially connecting to 124th Ave, and the regional impacts that might create to this planning area.
 - The Joint Council wanted the Planning Commission to be attentive and aware of this in the event that those discussions took place because it would directly impact the planning area. The Joint Council wanted to be unified on those issues to ensure the planning area was protected moving forward.
 - A transportation model had been done for the planning area with the development projected in terms of the land uses. That study was available for the Commission. Traffic from the planning area was pretty well split between those traveling north and south. Impacts were definitely seen in the 20-year horizon from the 124th Ave Extension that would require upgrades to the City's intersections and to Grahams Ferry Rd, Boones Ferry Rd, and Day Rd.
 - The 124th Ave Extension would pass through the Sherwood industrial area. All the areas adjacent to Basalt Creek had master plans in place, including the Tonquin Employment Area, Southwest Tualatin

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Concept Plan, and Coffee Creek Basalt Creek would be the last to be master planned. The entire area was approximately 2,000 cumulative acres.

- The study done was done in the spring of 2015, so to avoid the traffic congestion around the new Cabela's shopping area development.
- The 124th Ave Connector was a big concern for Wilsonville. They were intending to route traffic off the Tualatin/Sherwood Hwy south towards I-5 at the Elligsen junction. Including that in the model would be pertinent to the Basalt Creek development because the parkway and 124th Ave Extension went directly through the subject area. The 124th Ave Extension was to relieve traffic through the congested downtown area of Tualatin, not traffic on Tonquin Rd. Having a unified approach between Tualatin and Wilsonville was a challenge due to the Cities' opposing interests in the area with regard to traffic. It would be important to be specific with the traffic caps, although that might not be enough.
- Washington County's role in the traffic routing was important because Tonquin Rd was a local road and the parkway would be a County road. The County is the lead on the 124th Ave Extension and Basalt Creek Parkway and had the modeling completed and shared the results with the City. The County sits on the Basalt Creek Technical Advisory Board.
- There was a long-term plan for an overpass, enabling the Basalt Creek Parkway to cross over I-5 at Greenhill Lane. The overpass was not shown on the Preferred Jurisdictional Boundary Map, as it was along the planning horizon at Greenhill on the current map's printed boundaries.
- The future Basalt Creek Parkway would split Frontage Road along Boones Ferry Rd and will serve as the dividing line, requiring two access points for the both sides of the residential community.
 - The residential area along Boones Ferry Rd south would remain Wilsonville residential. The City's long-term vision for the area was employment and industrial uses, so the area was anticipated to be some type of employment use. Residential property owners would remain in the County and when they wanted the opportunity to develop into something else that change would occur with a City of Wilsonville annexation.
 - The residential area east of Boones Ferry was pretty small. The full parcel appeared larger, but most of the back sides of the parcels were in the Basalt Creek Canyon and what would be the sensitive resource overlay. The frontage was about 10 acres.
- Staff clarified the locations of the prison, Coffee Creek Area, and Horizon School property, which was in the City of Tualatin on the Preferred Jurisdictional Boundary map (Slide 11). The teal color represented existing City of Wilsonville lands and the white between the teal areas indicated the Coffee Creek Area.
 - Staff reviewed the boundary options discussed to date, confirming the dividing line east of Boones Ferry Rd remained the same throughout the discussion, which was to follow Greenhill Ln, partly due to the anticipated overpass and because it seemed to be a clear dividing line.
- The elevation of the parkway coming over the railroad in the western portion of the planning area would be about 30 ft high. The parkway would return to grade shortly and then rise to about 5 to 10 feet above grade at the BPA easement. The parkway would be about 5 to 10 feet above grade, but would rise to about 20 or 25 feet above grade on a low grade property with drainage, and then return to grade when it hit the Basalt Creek Parkway/Grahams Ferry intersection.
 - Once the parkway was at full build-out, there would be vertical retaining walls on the west side of Grahams Ferry Rd, but for now, it would have side slopes. The parkway would affect the view from either side, almost like a massive berm. Envisioning the road profile in three dimensions and recognizing what a physical barrier the parkway would be in the interim and at final build-out was a turning point for both City Councils with regard to what made sense as a boundary. There was no relationship across it from one side of the other.
- Noting Consideration for Success Item 3, concern was expressed about the City finding some way to have a consistent industrial look on both sides of the parkway; otherwise it would be detrimental to the community. The assumption was that the Form-based Code planning being done on Day Rd would likely to shift to Basalt Creek, so coordinating with the City of Tualatin on look, design, feel, and a concept plan similar to the Form-based Code, even if Tualatin mimicked some of Wilsonville's concepts, would be beneficial to ensure a consistent look. . Even with similar aesthetics, each side of the road could have very different developments.

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- With regard to SMART, there was no intention to combine efforts or integrate SMART into Tualatin; however, expanding SMART past the existing Wilsonville city limit was important to Wilsonville for the success of the Basalt Creek area. The City wanted to ensure employers in Basalt Creek received the services promised to other Wilsonville employers.
 - Expanding SMART would require a proposal to TriMet. The two Councils discussed the City of Tualatin willingness to support efforts to work with TriMet or any other entities to get SMART's service expanded in Wilsonville. The City of Tualatin would be responsible for determining TriMet or their own local service within their jurisdictional boundary. Stephan Lashbrook, SMART Director would discuss the process to expand SMART at the next City Council meeting.
 - Michael Kohlhoff, City Attorney, explained the petition and withdrawal process involved with TriMet being removed from a territory, which property owners had to support by State statute. TriMet could only be petitioned to be removed from a territory once every five years and this was the fifth year, so the horizon to do the petition fell into the latter part of this summer and fall. Mr. Lashbrook would be presenting that process and timing to City Council. As stated, if Tualatin supported the withdrawal, they would have to consider what that would mean for their city. For businesses in Basalt Creek, there would be a different rate structure because SMART's rate structure was less than TriMet. Although, TriMet would be able to compensate for that, TriMet would need to look at the service currently being provided, what service they could provide in the future, and the subsequent impacts on TriMet's rate base.
 - The prospect of TriMet providing service to SMART's central locations was one of many considerations being discussed in determining how the two transit entities could best cooperate and work toward a complete strategy and plan.
 - TriMet was trying to determine whether to have bus service into Portland, and Wilsonville already had a TriMet bus not coming to the transit center. The least expensive option seemed to be for TriMet to continue the route from Commerce Circle to the transit center, rather than SMART coming up with a new bus line.
 - Mr. Kohlhoff noted there were many issues to consider when trying to determine the best approach, such as the prison did not contribute to SMART, and yet TriMet was not serving the prison at all. Mr. Lashbrook was working diligently with respect to all the issues, legislation, etc.
- Considering that the parkway was projected to be dead ended for a while, all the traffic on the parkway would come down Boones Ferry Rd and possibly Grahams Ferry Rd resulting in a huge amount of traffic, especially with the southwest connector. Even if the parkway crossed I-5, there would be no reason to go over I-5 and people would still come south to get onto I-5. A few might use the parkway to access shopping if they could not get through the short way.
 - The Grahams Ferry Rd and Day Rd improvements outlined in the Basalt Creek Transportation Refinement Plan were connected to concerns about that extra traffic and were in the planning horizon.
 - The improvements were part of the concept plan's implementation, which was partly why the City was talking with its partners to the north about getting additional funds directed to Basalt Creek for those improvements. The City wanted to see the majority of the County's TDT directed to those specific projects in the Basalt Creek planning area.
- The extension to Tonquin Rd was omitted from the plan in favor of improvements to Grahams Ferry Rd. Staff was uncertain of the extent of the planned improvements and make the Basalt Creek report available to the Commission. Grahams Ferry Rd would become a major arterial to Day Rd.
- Improvements to the railroad underpass were also identified as projects in the concept plan.
- Staff confirmed the Preferred Boundary would not require the City to install a pumping station in Basalt Creek.
- Next steps included working with the consultant team to scope out how to get to a preferred or final concept plan. One of the first things to be done would be to get public input on the land use and concept plan around the Preferred Jurisdictional Boundary. Additionally, the project team would begin refining the ideas, tools, and implementation actions needed to address the ten considerations to ensure they were integrated into the final concept plan as well as the implementation actions for both cities and other potential parties, for example, if the City pursued using the County's TDT.

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- Staff planned to return in the fall for the adoption of a single concept plan. Both cities would adopt the same Concept Plan, which was expected in the fall, and then each City would have its own implementing regulations since each city had different existing development codes, so the implementing ordinances and language in each city's code would be unique per city.
- The role of the Planning Commission was still being discussed as Staff worked with the City's partners on rescoping how the concept plan would be adopted. Wilsonville's City Staff envisioned that the Planning Commission would review the Concept Plan in a work session and hold a hearing on the draft Concept Plan prior to City Council's work sessions and hearings.
- Ground had already been broken on the first phase of the Basalt Creek Parkway, and the section from 124th Ave to Grahams Ferry Rd was envisioned being completed in the summer of 2018. Some additional improvements to Grahams Ferry Rd and Tonquin Rd would be part of that project. The County's goal was to finish the section between Grahams Ferry Rd and Boones Ferry Rd in 10 years, and they were currently working on a proposal for the environmental work on that phase.
- The City of Tualatin was the proposer for the project with Metro and received a substantial grant for the Basalt Creek planning, but an intergovernmental agreement was in place between Metro, both cities, and the County, that all the entities would work together on the concept planning and that both cities were responsible for the concept plan. Tualatin was also contributing Staff time.

VIII. INFORMATIONAL

A. Town Center Master Plan (Bateschell)

Miranda Bateschell, Long-Range Planning Manager, explained that considering a redevelopment plan for Town Center was identified as a project in the Urban Renewal Plan and had been set as a Council priority when City Council set its goals last spring. The City was awarded a \$320,000 Community Development Planning Grant (CDPG) to do the Town Center Master Plan with a City match of \$100,000 from the Urban Renewal Fund. The goal was to build on the vision established through the pilot project done by the City a few years ago with Portland State University. She read the vision from the Project Narrative, provided on Page 4 of 20 of the Staff report, and reviewed the diagram on Page 5 that identified the key outcomes of the Master Plan.

- Staff envisioned having a strong, innovative and highly engaged public involvement plan and wanted the master planning process to be exciting for the community. Everyone used Town Center and Staff wanted that tie to Town Center not only to continue, but be further enhanced and strengthened.
- An important piece resulting from the process would be an identified strategy and outline of action items to implement the Master Plan. To make Town Center a successful place, Staff envisioned having implementation actions for various interested parties in the community. As a first step, the City would likely have actions to implement, but actions were also envisioned for local businesses, and perhaps, a phase two demonstration project, but it all depended on how the master planning project took shape.
- The timeline for completing the project was expected to be about two years, perhaps longer.
- Staff would like to present the project to the public this summer to begin discussions about how Town Center functioned and what citizens wanted or would like to see, and get them excited and engaged on a regular basis with new communication tools.
- First steps included developing an RFP for consultant services to provide needed expertise and to develop a scope of work for the master planning project. The City had received a lot of interest about the project and hoped to get innovative ideas about how to engage the public and create the Master Plan.
- Staff anticipated returning to the Planning Commission in May to discuss and get input on the public involvement plan. Tonight, Staff sought ideas about events or methods to best engage Wilsonville's residents and business owners, as well as input about what results the Commission would like to see from project.

Comments from the Commission and discussion continued as follows:

- During the recent public meetings for Frog Pond, there was a lot of frustration because the public did not feel like they were being heard. The City needed to be careful to respect and acknowledge even opposing

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views. The public input process seemed to fall apart because there were a couple meetings and then the process was over without any type of wrap up session in that forum to indicate what would happen next and provide closure, which was frustrating for many citizens who attended those meetings. There were some skeptical citizens now.

- It was important to acknowledge everyone's input and not just those on a task force because some citizens were shut down when making comments on Frog Pond because they were not on the task force. Keeping the lines of communication open was important.
 - One thing to consider was whether to have a task force or use different alternatives for public engagement and how you get advisory input. Being early in the process, choosing those methods was still open to conversation. With a task force, certain members were often perceived as being appointed, resulting in questions as to why they were chosen. Though voicing their own opinions, task force members are often expected in some ways to represent many other voices.
 - One alternative model focused on mass public engagement, which involved a lot more social media and web-based platforms that track people's comments so people could respond to one another's suggestions or project ideas. This model promoted more interaction and helped facilitate conversation about those ideas that would not occur otherwise.
 - Other models included focus groups of 10 to 15 people; hosting bigger, more charrette-based events for people to provide input; and setting up a storefront. For example, a tenant space in Town Center could be rented two or three times during the process where the consultants would be available so people could stop by when they could, such as on a lunch or coffee break, to get an update or provide input into the process.
 - Staff was exploring what public engagement options might be available and looking to get a lot of input and ideas from those responding to the RFP about what was working now. The world of communication and engagement was shifting drastically and the City sought input about how to best engage the community so the Master Plan would be successful, which would integrate input from the citizens and interested parties. The City needed to acknowledge all that input and figure out how to work in as much as possible in a balanced way to create a Master Plan about which everyone could be excited.
- The Memorial Park planning process seemed to go very well using mostly open houses to get grass roots input, and no task force. The process felt open and the mass meeting with the display boards seemed to be very engaging for people. The open houses were also a short term commitment, which was another issue with community involvement as no one had time to commit to weeks of planning. Providing opportunities for shorter time commitments would be better for a lot of Wilsonville's citizens.
- The Project Narrative mentioned getting input from a diversity of the community, which was extremely important but also a challenge, so it would be interesting to see what the consultants would suggest.
- Renting a storefront was a good idea and would draw in people who currently frequented Town Center.
- From the Chamber of Commerce's perspective, businesses were very interested in participating on a two-fold front. While the tendency was to focus on the land owners, many people had invested extensively in being long-term tenants, even well into the future, and they needed to be engaged as well as the land owners to have a successful process.
 - While diversity was certainly needed, one thing that was concerning about this approach from the business front was that business owners could not be as open as they wanted and may fear negative reactions from the citizenry who may have different interests or a different approach for Town Center. The City might want to consider opportunities for businesses to provide input in a different forum where they could speak openly. Businesses in the Town Center area were extremely interested in having a voice in the process, but they might not be overly honest about their business concerns if they believed it might negatively impact business.
 - There was no way to gauge or involve potential business tenants, but there must be a way to create excitement about what might happen in Town Center to attract potential businesses.
 - Citizens might want certain businesses in Town Center, but people did not realize the City could not force someone to open a particular business.

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- Landlords of multi-tenant units tend to promote or work to attract certain businesses because the mix of business tenants was extremely important. Landlords spend a lot of money on consultants to figure out the right mix of businesses to have in a particular area.
- Given the overlay of Town Center, it was hard to imagine how achieve a grid pattern without massive reconstruction.
 - Per recent travel opportunities, it was witnessed that successful city centers had grid patterns that created a lot of vitality. A pedestrian-only section also seemed to work in successful places with parking toward the periphery.
 - Getting the right businesses with the right physical features to attract people was a consideration. For example, Kansas City had a strip mall with a beautiful walking area and water features but one restaurant had a dinosaur theme the emitted amplified dinosaur sounds, which were not appealing.
- Ms. Bateschell clarified that when the Project Narrative was written, the Regal Cinema structure was listed for sale, which was why Page 5 discussed it being recently vacated. She understood it had been taken off the market.
- Having Clackamas Community College involved in the process was important. The City should find a way to leverage the college, which was a great resource that many people were unaware of.
 - Clackamas Community College was definitely included on the list of people/entities the City would engage in this project, as well as OIT, especially with regard to the newer, more creative approaches using technology as part of the City's public engagement plan. The City would contact the college to determine how they wanted to be engaged, which also depended on the format used for public involvement. The formats might change based on who was engaged. For example, the tendency was to have smaller, more private focus groups for business owners.
- A task force format locked the City in, but not having a task force would enable the City to try a lot of different approaches for public involvement depending on the stage of the project.
 - Given the diverse uses of the land, the focus group approach would seem to be very appropriate and productive.
- If the storefront concept was utilized, architectural renderings, street plans, and other concepts could be displayed via video when the office was closed. A digital display could be changed as more information and public input was received. Providing flyers or a QR Code to enable cell phone users to be added to an email distribution list was also suggested.
 - During the Frog Pond process, people were required to attend meetings and make their comments at that time. In the end, when no closure was provided, people used social media to vent their frustrations.
 - Being able to insert an idea and have conversations about that specific idea without mixing or competing with other ideas for Town Center would be helpful.
 - Having tangible museum-like displays in a storefront would not necessarily require the storefront to be staffed by the consultants; even Planning Commissioners or other board members could volunteer to be at the storefront.
- The Parks and Recreation building could be an option for the storefront concept, but it would be out of the traffic loop and having the storefront in Town Center would be most beneficial. Perhaps, one of the vacant Town Center spaces could be donated.
- Ms. Bateschell added some of Staff's ideas for this summer included tapping into existing community events to spread the word and get people engaged, whether through some type of social media outlet, storefront, farmers market, etc. that would evolve over the time of the project.
 - The City also had the opportunity to use other events to launch the project unlike a standard hearing or public open house, such as tactical urbanism which put ideas and concepts of the master plan on the ground temporarily to give people a sense of what they might feel like and enable citizens to engage and respond to the concept. One example was creating a temporary greenway solely for pedestrians and bikes, where AstroTurf was laid out to reflect potential designs. All kinds of events were planned on this temporary greenway with balloons and activities and people in the community were able to give real feedback about what felt good, what seemed to fit the environment, what they liked and would not like to see in the area. Such concepts provide the opportunity to be creative and play out the types of

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potential changes in Town Center so people had the opportunity to engage with these potential concepts and respond accordingly.

- Providing people an opportunity to see how different features or ideas, like an amphitheater or meandering creek, might look virtually would also be beneficial. Examples would not have to be tactical, but providing a virtual rendition of how certain concepts and features might look would help because people may not be good at envisioning certain features.
 - Ms. Bateschell assured \$420,000 was a decent budget and visualization was discussed in the grant proposal, so with technology evolving so quickly, Staff would be able to execute some cool ideas at the right moments in the project, but obviously, it could not be done with every iteration.
- Portable digital terminals were to be used to get input for the Transit Master Plan which would enable the consultants to poll people immediately with specific questions no matter the location. This would provide another way to receive input from different locations.
 - Reaching out through social media would not reach everyone, but talking to people on the ground and collecting data would be very valuable, and would possibly get people involved in businesses at the ground level as well. Land owners and tenants had been mentioned, but employees would provide another perspective that had not really been discussed.
- No official tally had been taken of the landowners in this area, but the significant property owners in the 100-acre Town Center area included the community college, post office, shopping center, Fry's, and the apartment complex.
- The technical boundary for the Master Plan was Town Center Loop and Wilsonville Rd, but the grant application also discussed influence areas, so adjacent properties, such as those south of Wilsonville Rd and possibly farther, as well as the Art Tech School and City Community Center, were included to really understand the impacts. The City wanted to see more connections between both sides of Wilsonville Rd.
- The open land in the planning area was owned by Kaiser and the City.
- Portions of Town Center did fall within the urban renewal zone. The matching funds were coming from the East Side Urban Renewal District, which was scheduled to close in 2020, so the concept was that a new urban renewal area would likely be created if that was an appropriate funding mechanism to use.
- Having built new business areas like Fred Meyer and Argyle Square, the process should also include finding opportunities for businesses in Town Center to upgrade as well. The Development Code should be reviewed to ensure it included things that encourage redevelopment, not just on a macro level, but at micro levels as well to encourage tenant improvements and not just new developments with new buildings.
- Concern was expressed about development, like the three-story storage building being built opposite the post office, conflicting with the future vision of Town Center.
 - One way to prevent development outside the preferred scope would be to impose a planning moratorium for the area; however, the rationale for such a policy would have to be very solid. A moratorium would stop development during the master planning process, but given the past recessionary and new market times such a policy could be very difficult to implement and might not be practical.
 - Generally speaking, land owners who wanted to develop would probably want to wait and see how the master plan developed because it would affect the marketability of their land and the type of development they could bring in. On the other hand, people do make their own decisions on such things.

IX. OTHER BUSINESS

A. 2016 Planning Commission Work Program

Chris Neamtzu, Long-Range Planning Manager, noted a partial work program was included in the packet, but he and Ms. Bateschell had completed a 12-month work program that was quite robust. He noted an informational item regarding directional bike signage had been added to next month's agenda and that additional items were being added daily.

- He confirmed the Commission would begin work on the Frog Pond Area Plan in February, discussing different concepts, diagrams, and urban form with regard to developing the West Neighborhood. He was uncertain what the consultant would be presenting, but a presentation was scheduled for next month.

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- The Citywide signage and wayfinding program was a high priority project on the work program, but it had not started partly because the City logo had not been finalized yet.
- With regard to the Old Town Bypass, Community Development Director Nancy Kraushaar had been talking with consultants about a corridor plan for that road. Determining which railroad crossing to use would be an important part of the corridor plan, but the project had not reached that point yet so the City did not know which crossing ODOT Rail preferred. The Old Town Bypass was listed on the yearlong work program.
- The Kinsman Road project between Boeckman Rd and Barber Rd was at about 90 percent design.

Michael Kohlhoff, City Attorney, added the Kinsman Road project was still on schedule to begin this summer. The City was currently considering a three-party utility provider agreement with Tualatin Valley Water District, the City of Hillsboro and ODOT to allow the Tualatin Valley/Hillsboro pipeline to be put in at the same time as the Kinsman Road project to avoid having to tear up a segment of Kinsman Rd in another couple years. That agreement was subject to some other cost and payment negotiations the City hoped to complete by May. The project was scheduled to go out to bid in April with construction to begin in May.

Staff had no further updates regarding the French Prairie Bridge but anticipated launching the public involvement plan in the summer, with an initial Planning Commission work session on the alternatives and a public open house likely in October.

X. ADJOURNMENT

Chair Greenfield adjourned the regular meeting of the Wilsonville Planning Commission at 7:50 p.m.

Respectfully submitted,

By Paula Pinyerd of ABC Transcription Services, Inc. for
Tami Bergeron, Administrative Assistant - Planning

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Navigation



Joint Councils Settle on Proposed Jurisdictional Boundary

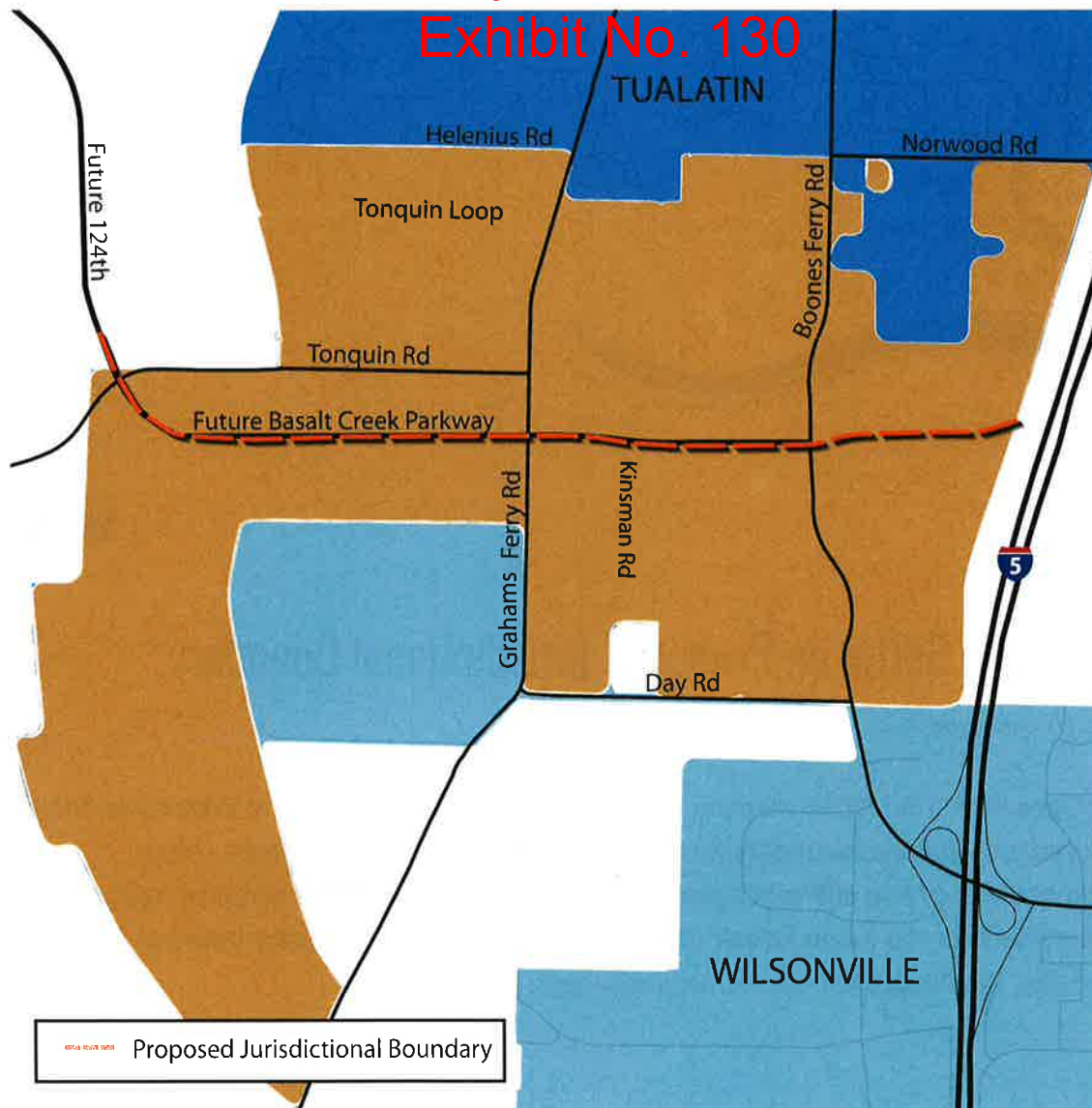
February 11, 2016 in [News](#)

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During its December 16th, 2015 meeting, the Joint Councils of Tualatin and Wilsonville settled on a preferred jurisdictional boundary for the Basalt Creek Concept Plan area. After considering analysis of five different options, consensus was reached to propose using the planned alignment for the future Basalt Creek Parkway road as a boundary between Tualatin and Wilsonville. Meeting materials are available [here](#).

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Proposed jurisdictional boundary between cities of Tualatin and Wilsonville along the future Basalt Creek Parkway alignment

The proposed land use plan for the area, in addition to correlating utilities and infrastructure plans, will be finalized following a public open house to be held April 28th at the [Juanita Pohl Center](#) in Tualatin at 5:30 pm. More [event details](#) will be announced shortly.

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Related Posts:

- [April 28, 2016 Public Open House](#)

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Exhibit No. 131

From: [Brian Harper](#)
To: [Aquilla Hurd-Ravich](#)
Cc: [Karen Perl Fox](#); [Bateschell, Miranda](#)
Subject: RE: Confirming Title 4 requirements
Date: Tuesday, August 09, 2016 11:20:32 AM

No problem, Aquilla. Your assessment below is pretty spot on.

I can confirm that there is no portion of Title 4 that expressly prohibits residential uses. Title 4 was meant to protect important Industrial and Employment lands from large scale retail uses that would have a negative impact on traffic and movement of goods and services from areas that were deemed critical for regional employment outcomes. Changing your underlying zoning in these areas to Residential will not trigger any need to change the Title 4 map, assuming you place the necessary retail sq ft. restrictions in those zoning districts.

Let me know if you have any other questions about the Functional Plan as it applies to the area. Looking forward to moving this project along and getting both jurisdictions closer to breaking ground in the area.

Brian Harper
Planning & Development Department
Metro
600 NE Grand Ave
Portland, OR 97232
Office: 503-797-1833
Fax: 503-797-1930

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From: Aquilla Hurd-Ravich [<mailto:AHURD-RAVICH@ci.tualatin.or.us>]
Sent: Tuesday, August 09, 2016 11:01 AM
To: Brian Harper
Cc: Karen Perl Fox; Bateschell, Miranda
Subject: Confirming Title 4 requirements

Hi Brian,

Thanks for talking with me this morning about Title 4: Industrial and Other Employment Areas. This email is to confirm our conversation and loop in Karen and Miranda.

Title 4 does not preclude residential uses and the ordinance that brought Basalt Creek into the UGB anticipated some residential uses in the area; therefore there is no need to change the designation from Title 4 to something else. Also, Basalt Creek falls into the Industrial Areas designation of Title 4 (3.07.430 Industrial Areas) which does place limits on the size of commercial uses.

“...new buildings for stores, branches, agencies or other outlets for these retail uses and services shall not occupy more than **5,000 square feet of sales or service area in a single outlet**, or **multiple outlets that occupy more than 20,000 square feet** of sales or service

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area in a single building or in multiple buildings that are part of the same development project...”

The above limitations are reflected elsewhere in Tualatin’s Development Code governing industrial land.

In conclusion, at this time there is no need to make a change to the Title 4 designation to allow residential uses. Additionally, the concept plan and future implementing ordinances will have to comply with size limitations on commercial uses. Tualatin intends to provide neighborhood commercial nodes that will meet Metro’s code requirements.

Please confirm if the above is accurate.

Thanks again,

Aquilla Hurd-Ravich, AICP


Planning Manager

City of Tualatin | Community Development Department

503.691.3028 | www.tualatinoregon.gov

CITY OF WILSONVILLE REBUTTAL TO TUALATIN'S BRIEF

TO: Arbitrator Martha Bennett, Metro Chief Operating Officer
FROM: Barbara Jacobson, City Attorney for the City of Wilsonville
DATE: March 14, 2018
RE: City of Wilsonville Rebuttal Brief
Central Subarea, Basalt Creek Planning Area



Wilsonville's rebuttal to Tualatin's Brief, in the order presented:

1. Tualatin Assertion: The Parkway Serves as a Buffer Between the Residential Areas to the North and Industrial Areas to the South.

Wilsonville Response: A busy freight arterial located adjacent to a residential neighborhood is not a buffer.

Tualatin claims that the Basalt Creek Parkway ("Parkway") should serve as the natural dividing line between residential development to the north and industrial development to the south. If that were the case then, by implication, everything north of the Parkway, i.e. everything on the Tualatin side of the Parkway, should be reclassified as residential. That is clearly not what either city is proposing and it is not the case in any of the concept plan land use options considered during the planning process. In fact, Tualatin advocated to move the jurisdictional boundary south to the Parkway location, not as a buffer between industrial and residential, but as a dividing line between Wilsonville and Tualatin as a means to give Tualatin more industrial property within its boundary, consisting of all land north of the Parkway.

At the August 24, 2015 Tualatin City Council work session (see Minutes pages 1-2 of 5, attached hereto as **Exhibit A**), Mayor Ogden stated that he did not believe the mix of residential and industrial in the proposed Boundary **Option 3** was a good value for the people of Tualatin. He further stated that the proposed mix of residential and industrial creates more trips and, in turn, more congestion. While he understands the need for residential capacity, he stated it should not be achieved at the expense of other options and recommended moving the boundary line further down to accommodate for more job-producing land options for Tualatin, thereby "*creating a more balanced growth option.*" Boundary **Option 3**, referred to by Mayor Ogden, is attached hereto as **Exhibit B**. It should be noted that **Option 3** showed the portion of the Central Subarea within the Tualatin boundary as residential and the portion within the Wilsonville boundary as industrial.

At that same meeting, Council President Beikman expressed dissatisfaction with Boundary **Option 3**, noting that, for Tualatin, **Option 3** removes all industrial land and converts it to residential, leaving no room for job growth. (See **Exhibit A** Minutes, pp. 1-5.)

Throughout the planning process, Tualatin's Mayor Lou Ogden fought for more industrial land, not for residential land. In fact, following that August 24, 2015 meeting, his argument, along with Council President Beikman's, was Tualatin's motivation to move the jurisdictional boundary further south in order to give Tualatin more industrial land, immediately adjacent to and directly north of the Parkway. While the planners for Tualatin and Wilsonville (with support from Washington County and Metro planners through the Agency Review Team) had worked on three different options and boundaries, Tualatin, on its own, came up with what has become known as **Option 4** after that August 2015 meeting (attached hereto as **Exhibit C**). Boundary **Option 4** moves the boundary to the south and clearly shows all of the Central Subarea exclusively within Tualatin's boundary and designated by Tualatin exclusively as industrial land.

In a 2015 Tualatin staff report prepared for the December 16, 2015 Joint City Council meeting (rescheduled from September 8, 2015), staff states, on page 2 of 3 of the staff report: "*The Tualatin City Council expressed concerns about the limited employment land opportunities for the City of Tualatin and directed city staff to prepare information for a boundary **Option 4**....*" (See Tualatin staff report and Joint City Council minutes attached hereto as **Exhibit D**.) **Option 4** was then presented by Tualatin as the preferred alternative, but was not agreed to by the other parties.

Ultimately, **Option 5** (attached hereto as **Exhibit E**), was negotiated and agreed upon by both Wilsonville and Tualatin at the Joint City Council meeting held December 16, 2015. At that meeting, Mayor Ogden stated: "*We recognize an arterial with limited access will be moving traffic from Tualatin and Wilsonville in both directions; however, it is not a major arterial that will emulate the I-5/99W connector.... By default, we are precluding a future for a 99W connector, so all the more important to recognize the transportation piece has to work there and it cannot be overloaded nor can Basalt Creek Parkway be overloaded.*" Supporting that comment, on pages 5-6 of the **Exhibit D** Minutes, Council President Beikman stated that funding was limited and it was important for the two cities to work out plans for SDCs and TDTs and to emphasize this area "*is a regionally significant industrial area and that the regional government needs to recognize that significance with adequate dollars for the infrastructure so that the project can function properly.*" At the conclusion of that meeting, Wilsonville City Council unanimously voiced support of **Option 5**, and Tualatin City Council, with only one dissenting voice by Councilor Joelle Davis, also voiced full support of **Option 5**. (See **Exhibit D**.) **Option 5** shows the movement of the jurisdictional boundary to the Basalt Creek Parkway to the south, giving more land to Tualatin, placing all of the Central Subarea within Tualatin, and making all of the Central Subarea industrial.

As noted in the Metro staff report and Wilsonville's Arbitration Brief ("Wilsonville Brief"), the sole purpose of the annexation and development of the Basalt Creek Area was to allow for the development of land that had been identified as regionally significant industrial land, not residential land. In Tualatin's Brief, much is made of the fact that the Metro 2040 Plan showed the I-5/99W connector road, which might have served as a buffer between industrial and

residential land. This road never came to be and no public process was held to adopt plans supporting that concept. The reality is that former conceptual alignment for the connector road would have been located to the north of the Central Subarea and would have allowed approximately 110 acres above the line to be designated as “outer neighborhood,” including some additional residential plus buffer between the existing residential and future industrial and employment uses to the south.

Given where the Parkway is now located, according to Tualatin’s argument, that residential acreage number would now expand to approximately 380 acres (adding an additional 270 acres) – far exceeding what was anticipated for residential in an area that was being planned primarily as regionally significant industrial lands. Not only is the Parkway not the connector that was then anticipated, but the Parkway is not the “approximate course” of the connector, as depicted on the map included in Metro’s Ordinance, as argued in Tualatin’s Brief. Adding an additional 270 acres of land to the originally proposed 110 acres (for a total of 380 acres) is well beyond the acreage limits to qualify for a Metro minor UGB adjustment. Additionally, moving a potential road alignment over 1,500 feet, under any city project, would not be seen as a minor adjustment and, as such, would require new analysis and a new notification process and public outreach process. No public meetings or open houses ever occurred showing 380 acres of the Basalt Creek Industrial Area as residential. (See overlay map, showing both road locations, attached hereto as **Exhibit F** – see two maps).

Contrary to the position now being taken by Tualatin concerning the Parkway as a “natural buffer,” in its November 28, 2016 staff report to the Tualatin City Council, staff wrote: “*While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses. In addition, bringing residential further south in this subarea than shown on the October 2016 Land Use Concept Map will create buffering issues with industrial land in Wilsonville as they work to market property south of the future Basalt Parkway.*” (See staff report, **Exhibit G.**) This statement directly contradicts Tualatin’s Position 2 in its brief that the Central Subarea is not suitable for industrial/employment park development.

Finally, if Tualatin’s argument that the Parkway should be the natural buffer area between residential and industrial is taken at face value, then all of Tualatin’s nearly 200 acres of Basalt Creek, including the one remaining manufacturing parcel of approximately 96 acres immediately north of and adjacent to the Parkway and immediately west of and adjacent to the Central Subarea (now re-designated by Tualatin as residential land), should also be re-designated as residential land. Along with that re-designation, Tualatin’s Concept Plan could aptly be entitled the *Basalt Creek Residentially Significant Planning Area*. (See hypothetical map showing all land above the Parkway “natural buffer” as residential, attached as **Exhibit H.**)

2. Tualatin Assertion: The Subarea is Not Suitable for Industrial/Employment Development.

Wilsonville Response: This area is well suited for “Industrial/Employment Development.”

Tualatin’s assertions are based on statements from those few developers who will profit from the residential designation, in lieu of the industrial designation, with no professional study or analysis to back up such assertions.

A March 21, 2017 newspaper article appearing in the *Portland Tribune* (attached hereto as **Exhibit I**), summed up Tualatin’s sudden change of heart with respect to what the Central Subarea was suitable for:

“The debate over whether to reclassify the central subarea between Victoria Garden and the future Basalt Creek Parkway as residential found Ogden in an odd position. The mayor had been the leading advocate on the Tualatin City Council throughout the planning process to maximize the share of land on Tualatin’s side of the line to be developed as industrial. But despite advice from Tualatin city planners that the subarea could support industrial development at some point in the future, and an analysis commissioned by Washington County suggesting the same, he said in February he had come to strongly believe the land is unsuitable for it.”

What Mayor Ogden failed to state in that meeting or to the reporter was how or why he had come to suddenly change his mind so dramatically.

The Wilsonville Brief already offers numerous strong arguments and studies as to why the Central Subarea is well suited to an industrial designation. If slopes had stopped industrial/commercial developers, the numerous highly successful projects Wilsonville has already cited in its Brief would never have happened. If there is any doubt slope cannot be overcome at a reasonable cost, one only need make a site visit to the new Beaverton High School (aptly named Mountainside High School), where even the football field is located on what was a severe slope that had to be cut, retained, and filled.

With respect to rock, with industrial development, fewer sewer and water lines need to be installed and can be strategically located to avoid areas of high rock concentration. With residential development, every single house needs its own service lateral. Wilsonville therefore submits that the overall site geology may be far more conducive to industrial development than it is to residential development.

Tualatin challenges two of the professional studies conducted regarding the viability of the Central Subarea for industrial development because they both support industrial development. Tualatin, however, fails to discuss other earlier studies that also supported industrial development for the Central Subarea or to commission its own study. With respect to the Mackenzie study, commissioned by Washington County in 2016, Tualatin takes one sentence out of context to state that Mackenzie found that nearly a third of the site contains slopes greater than

10%, or are surrounded by slopes greater than 10%, which are extremely difficult to develop for industrial/employment uses. What Tualatin fails to point out is that most of the highly sloped areas are contained in the canyon, which is not planned for industrial or residential development.

What Tualatin also fails to acknowledge is that, after looking at all factors, the Mackenzie report concludes:

“The site is certainly feasible for employment, and given the existing site conditions and subject site location, the following employment uses may be suitable for this site:

- *Flex business park (health services, professional services, support services, administration/back office support operations, incubator space)*
- *Office or office campus*
- *Manufacturing (food processing, metals, chemicals, equipment, machinery, product/components assembly)*
- *Commercial support services (restaurants, coffee shops, print shops) along the future Basalt Creek Parkway” (See **Exhibit J**, Mackenzie Conclusion.)*

As noted in the Wilsonville Brief and the November 28, 2016 Tualatin staff report, while the site may not be suitable for one large industrial warehouse complex, that is not the type of industrial use primarily envisioned for the Basalt Creek Planning Area. Basalt Creek planning is looking toward new cutting edge industrial development that offers more jobs at higher wages than the run-of-the mill industrial warehouse development. As also noted in the Wilsonville Brief, as well as in the Mackenzie and KPFF reports, while this site does have slope and rock in certain locations, the perfect flat industrial land parcel near freeway access is an endangered, if not extinct, species. Developers have therefore adapted well to more challenging topography, especially in locations with excellent I-5 access, transportation infrastructure, larger parcels, and complementary surrounding uses.

After attempts to rebut the Mackenzie study, Tualatin next turns its attention to the KPFF study, commissioned by Wilsonville in 2017, claiming that KPFF’s analysis completely ignores the need to comply with the Oregon Fire Code. This is not true. Attached as **Exhibit K** is the response from KPFF Engineer Matt Dolan. In **Exhibit K**, Mr. Dolan responds to all of the false and faulty assertions made by Tualatin. Without repeating everything contained in **Exhibit K**, highlights include: KPFF disagrees with Tualatin’s assertion that *“the area is useful, at best for ‘split elevation’ office use.”* To the contrary, KPFF asserts that the study suggests a different building type could be utilized in areas with steeper slopes and does not suggest this approach for the entire area. *“All of the scenarios and building typologies imagined in the study support employment opportunities within the study area and are creative/adaptive solutions for modern development in a robust metro environment.”*

With respect to ignoring the fire code, Mr. Dolan wrote: *“The Oregon Fire Code was not ignored.”* He goes on to state: *“The site lies within the Tualatin Valley Fire & Rescue (TVFR) Service Area. ORS 368.039 allows road standards adopted by local government to supersede standards in the fire codes and requires consultation with the local fire agency. Per the TVFR*

'New Construction Fire Code Applications Guide for Commercial and Multi-Family Development,' revised 10/26/2017, Version 3.5, Fire Apparatus Access Roadway grades shall not exceed 15%. With respect to a secondary access, there are a multitude of ways to satisfy the requirement." The need for secondary access will be dependent on the actual development ultimately proposed and, like with any new development projects, TVFR will be consulted.

Finally, Mr. Dolan summed up the principals of any development and long range planning efforts: *"The study completed by KPPF was intended to demonstrate that it is feasible to develop the study area in a manner that supports employment opportunities. It was not intended to be definitive as to how the development would actually occur.... The discussion regarding economic feasibility does not seem pertinent or relevant to the determination of long range planning goals for the area."*

Without repeating what is already contained in the Wilsonville Brief, numerous studies were conducted throughout the Basalt Creek planning process to determine that this land was suitable for industrial development. In addition to the Mackenzie and KPPF studies, there were also the Industrial Needs Analysis conducted by Metro when the area was brought in for industrial development planning; the Leland Consulting Group Market Analysis; and the Fregonese Existing Conditions Report, which included the buildable lands inventory map, which shows the Central Subarea as some of the most developable land and well-suited for industrial development (ranked just behind the property already designated by Tualatin as residential along I-5 and the Koss property that is located in the Central Subarea). (See **Exhibit L**.) In development, one can always look toward the worst-case scenario, i.e., the hardest and most expensive way to do something, but that is not how successful site planning is done. To the contrary, experienced developers will always look for the easiest and most economical alternative and, when a location is desirable, for all of the reasons listed above, they tend to get creative and find successful paths forward, even if the cost might be higher.

3. Tualatin Assertion: Designating the Subarea for Housing Responds to the Housing Crisis.

Wilsonville Response: No, it does not.

The housing crisis discussion at Metro is about affordable housing. It is not about an overall shortage of housing. In fact, in the last UGB cycle, Metro did not add land to the UGB for residential need. While there is a shortage of affordable housing in the Metro area, Wilsonville has seen nothing in any Tualatin designation for the Central Subarea or any of the lands in Tualatin already designated as residential to require any percentage of that housing to be "affordable." Moreover, significant other land exists for residential development in Tualatin. Stafford is an area clearly designated exclusively for housing for Tualatin. No industrial designation is planned for any of this area. The Stafford Urban Reserve Area 4E (north of Frobase and west of 65th to I-5, bound by I-205 to the north) also has over 800 acres of possible residential land, and the nearby Area 4D consists of approximately 1,600 acres.

Although Tualatin's Stafford community has historically been an area marketed more for the affluent buyer, definitely not those seeking affordable housing, attempting to market the Basalt Creek Central Subarea as affordable housing (despite no evidence of what the housing type and

price will be) is the opposite of what Tualatin should be offering as an affordable housing alternative. The Central Subarea is located next to a freight arterial on the south, industrial land on the west, in close proximity to a prison to the southwest, and across the Parkway from all industrial land. This location brings with it the typical concerns of truck noise, air pollution, traffic congestion, safety issues, and the fact that the children will be required to be bussed or driven a long distance to schools in Sherwood, which is the Central Subarea's designated school district.

Rather than helping solve a "housing crisis," this feels like a future social equity and environmental justice issue. As an alternative, Wilsonville would like to offer an already master planned and shovel ready new housing development that is an easy commute from the Basalt Creek Area and Tualatin, called Frog Pond. Frog Pond West and its potential future East and South neighborhoods will offer a variety of economic housing types and is in close proximity to services, schools, and significant open space and park. It is not near any industrial lands, prisons, or truck routes, and is in walking distance to the designated schools.

At Item D in Tualatin's Brief, Tualatin argues that it has more than enough industrial land. This argument directly contradicts Tualatin's insistence for more industrial land in August 2015, and its consensus on the Concept Plan Land Use Map on November 28, 2016. (See November 28, 2016 Minutes, pages 2-3, attached hereto as **Exhibit M.**)

Tualatin's argument that there is a need for more residential land in Tualatin, specifically in the Basalt Creek Planning Area and Central Subarea, is unsubstantiated. Evidence of an acknowledged Goal 10 Housing Needs Analysis has not been provided by Tualatin. A Housing Needs Analysis outlines a city's supply and demand for housing and provides the basis for understanding future planning efforts related to residential growth.

Tualatin's argument in Item E, stating that the Central Subarea should be reclassified as residential because "*The Property Owners want the Subarea Designated for Housing,*" can only be summarized as astounding yet obvious. To that argument Wilsonville can only reply, "*Of course they do.*" Residential land is worth substantially more than industrial land. Residential land is more marketable and quickly developable. To that end, it should also be noted that the developer who retained OTAK to convince Tualatin Councilors to change their position on the Central Subarea owns a parcel of land located within the Central Subarea and adjacent to the Parkway. Surely this developer knows, as do Tualatin officials, that Washington County must acquire a substantial portion of his Central Subarea land in the near future in order to complete the Basalt Creek Parkway. If this developer can succeed in having his land designated as residential, he stands to obtain a much higher appraised value that Washington County will be forced to pay for that land at the expense of the Washington County taxpayers, a large number of whom reside in Tualatin (and a few in Wilsonville). As noted in the Wilsonville Brief, what matters here is not higher profits for a handful of people whose property would otherwise remain primarily agricultural, but rather preservation of Title 4's primary goal to protect regionally significant and dwindling industrial land that brings jobs to the region and betters the overall economy of Tualatin, Wilsonville, Washington County, the Metro region, and the State of Oregon as a whole.

4. Tualatin Assertion: Tualatin Did Not Agree to a Land Use Designation for the Subarea.

Wilsonville Response: We all thought you did, but apparently you did not.

Metro, Washington County, Wilsonville, and Tualatin have been working on the Basalt Creek planning project since 2014. All negotiation and planning for the area culminated when, at a Joint City Council meeting in December of 2015, both Tualatin and Wilsonville City Councils voiced overwhelming support and commitment to **Option 5**.

Many months later, due to heavy lobbying efforts by a few and a turnover in some Tualatin Council members, Tualatin's resolve to adopt **Option 5** appeared to falter and then correct at Tualatin's November 28, 2016 work session. According to those work session minutes, Councilor Davis stated she would like to see more residential land and less industrial land, to address citizen concerns. Councilor Bubenik, on the other hand, stated he supported staff's recommendation to retain the manufacturing designation for the Central Subarea. Councilor Grimes concurred with Councilor Bubenik, stating staff had created an equitable balance with room for growth. Mayor Ogden spoke in support of flipping the designation to residential over concerns with the area "*being able to develop manufacturing.*" Council President Truax stated that if Council did not accept staff's recommendation, he feared there would be no end to the process. At the end of the work session, Council consensus was reached to adopt staff's recommendation to retain the manufacturing designation. (See **Exhibit M**.)

In Tualatin's November 28, 2016 staff report, staff had concluded that, despite the OTAK report, staff continued to believe that the Central Subarea could be developed for employment land over the long term and, therefore, staff's position was to accept the Land Use Concept Map as presented on October 10, 2016. That presented map was the **Option 5** map. (See **Exhibit G**.)

Unfortunately, less than three months later, on February 13, 2017, a different Tualatin City Council consensus was reached, without consultation with any of its partners of many years, to unilaterally re-designate the Central Subarea to residential.

As noted in the March 21, 2017 *Portland Tribune* article:

"Throughout the process Wilsonville has largely stuck to its vision of having almost all development on its side of the line be industrial.... Tualatin has seesawed between the proposals, including varying mixes of residential and industrial lands.

"The map had appeared settled as of last October, but after three new city councilors came aboard in Tualatin after the November election, the Tualatin City Council decided to change its designation for the central subarea in spite of warnings from Washington County Chairman Andy Dyke and other intergovernmental partners."

Finally, under Item C, Tualatin makes the broad assertion that "*The Metro Staff Conclusions Are Not Supported by the Evidence.*" To the contrary, as already outlined in detail in the Wilsonville Brief, Metro's conclusions are well supported. What is not supported by any evidence is

Tualatin's eleventh hour flip-flop on the Central Subarea designation, to the detriment of Wilsonville, Washington County, and the region, in order to benefit a few influential developers and landowners.

To the extent Wilsonville has not addressed any other assertions by Tualatin under Item C, all responses are already well documented in the Wilsonville Brief, which fully supports the Metro staff report.

Conclusion:

Tualatin's unilateral decision, after years of cooperative work among Metro, Washington County, Wilsonville, and Tualatin staff, is without reason or merit. Tualatin's decision can only be summarized as a last minute attempt to designate the Central Subarea as residential for the direct financial benefit of a few, at a great cost to the region. The decision is inconsistent with the Metro Ordinance, the Transportation Refinement Plan, Title 4 and Title 11 of the Urban Growth Management Functional Plan, the joint Council conclusions, and the recommendations and decisions made throughout the extensive public process. This last minute about-face in the land use designation of the Central Subarea by Tualatin creates profound uncertainty as to the viability of any portion of the Basalt Creek Area as an employment district. The Central Subarea should remain designated as industrial/employment land.

Attachments:

- Exhibit A: August 24, 2015 Tualatin City Council Work Session Minutes
- Exhibit B: Boundary Option 3
- Exhibit C: Boundary Option 4
- Exhibit D: December 16, 2015 Tualatin Staff Report and Joint City Council Minutes
- Exhibit E: Boundary Option 5
- Exhibit F: Basalt Creek Area Road Overlay Map (concept road and Basalt Creek Parkway overlay)
- Exhibit G: November 28, 2016 Tualatin Staff Report
- Exhibit H: Map showing all land above the "natural buffer" as residential
- Exhibit I: March 21, 2017 *Portland Tribune* newspaper articles
- Exhibit J: Mackenzie Conclusion
- Exhibit K: March 9, 2018 Response from KPFF Engineer
- Exhibit L: Buildable Lands Map (Fregonese)
- Exhibit M: November 28, 2016 Tualatin City Council Work Session Minutes



Present: Mayor Lou Ogden; Council President Monique Beikman; Councilor Frank Bubenik; Councilor Joelle Davis; Councilor Nancy Grimes; Councilor Ed Truax

Absent: Councilor Wade Brooksby

Staff Present: City Manager Sherilyn Lombos; City Attorney Sean Brady; Police Chief Kent Barker; Deputy City Manager Sara Singer; Planning Manager Aquilla Hurd-Ravich; Deputy City Recorder Nicole Morris; Information Services Manager Lance Harris; Economic Development Manager Ben Bryant; Assistant City Manager Alice Cannon; Management Analyst II Zoe Monahan; Public Works Director Jerry Postema

CALL TO ORDER

Mayor Ogden called the meeting to order at 5:05 p.m.

1. **Basalt Creek Concept Plan Briefing.**

Assistant City Manager Alice Cannon and Planning Manager Aquilla Hurd-Ravich briefed the Council on the Basalt Creek Concept Plan project updates. Manager Hurd-Ravich presented boundary option three and preliminary analysis results for consideration. Key points from the last joint meeting with Wilsonville were recapped. It was noted boundary option three was created in response to the feedback from the meeting. Boundary option three was presented and transition areas along the boundary for buffering were highlighted. The next steps for decisions regarding the new boundary will occur at the next joint meeting on September 8. Future decision points for the fall include the refinement of preferred land use alternatives followed by open houses and the preparation of the draft Basalt Creek Concept Plan.

Manager Hurd-Ravich presented additional information including three boundary options total developable acres, land use mixes, total number of jobs and households, total trips, assessed value at buildout, and annual property tax at buildout. The consultant team summary was briefly reviewed.

Councilor Truax referenced a letter sent from Mr. Cross. He asked about Mr. Cross's concerns regarding his properties being split between cities. Manager Hurd-Ravich stated Mr. Cross's properties are located solely in Wilsonville. Manager Cannon noted boundary option three does not split any property lines.

Manager Hurd-Ravich recapped the difference between the three boundary options.

Mayor Ogden stated he did not believe the mix of residential and industrial in this option is a good value for the people who live in Tualatin. This mix creates more trips in turn creating more congestion. He understands the need for residential capacity but does not believe it should be done at the exclusivity of other options. His

recommendation would be to move the boundary line further down to accommodate for job producing land options creating a more balanced growth option.

Councilor Grimes entered the meeting at 5:33 p.m

Councilor Bubenik would like to see more land in this option converted to light industrial.

Council President Beikman expressed dissatisfaction with boundary option three. She stated boundary option three removes all industrial land and converts it to residential leaving no room for job growth.

Councilor Bubenik added he does not feel option three is equitable or balanced equally.

Councilor Davis stated boundary option 3 gives Wilsonville everything they wanted while excluding Tualatin's requests. She believes the road should be placed further to the south as its current placement is limiting everyone's options. She added the road should be placed outside of residential and wetland areas.

Council President Beikman wants to ensure Tualatin is given the proper amount of land to buffer the transition between residential and industrial.

Assistant City Manager Cannon asked if it was Council's desire to see the road dropped down to Tonquin Road. Councilor Davis stated it would be the natural decision for citizens to understand the boundary.

Councilor Grimes asked if moving the boundary to Tonquin Road would split property lines. Manager Hurd-Ravich stated she did not believe it would split any property lines.

Mayor Ogden referenced the land suitability map that was presented at a previous meeting. He stated he would like to see the boundary drawn based upon that map.

Manager Cannon stated staff is getting close to the end of the budget for this project so it is important to find resolution to this plan relatively soon.

2. Election Ordinance Discussion.

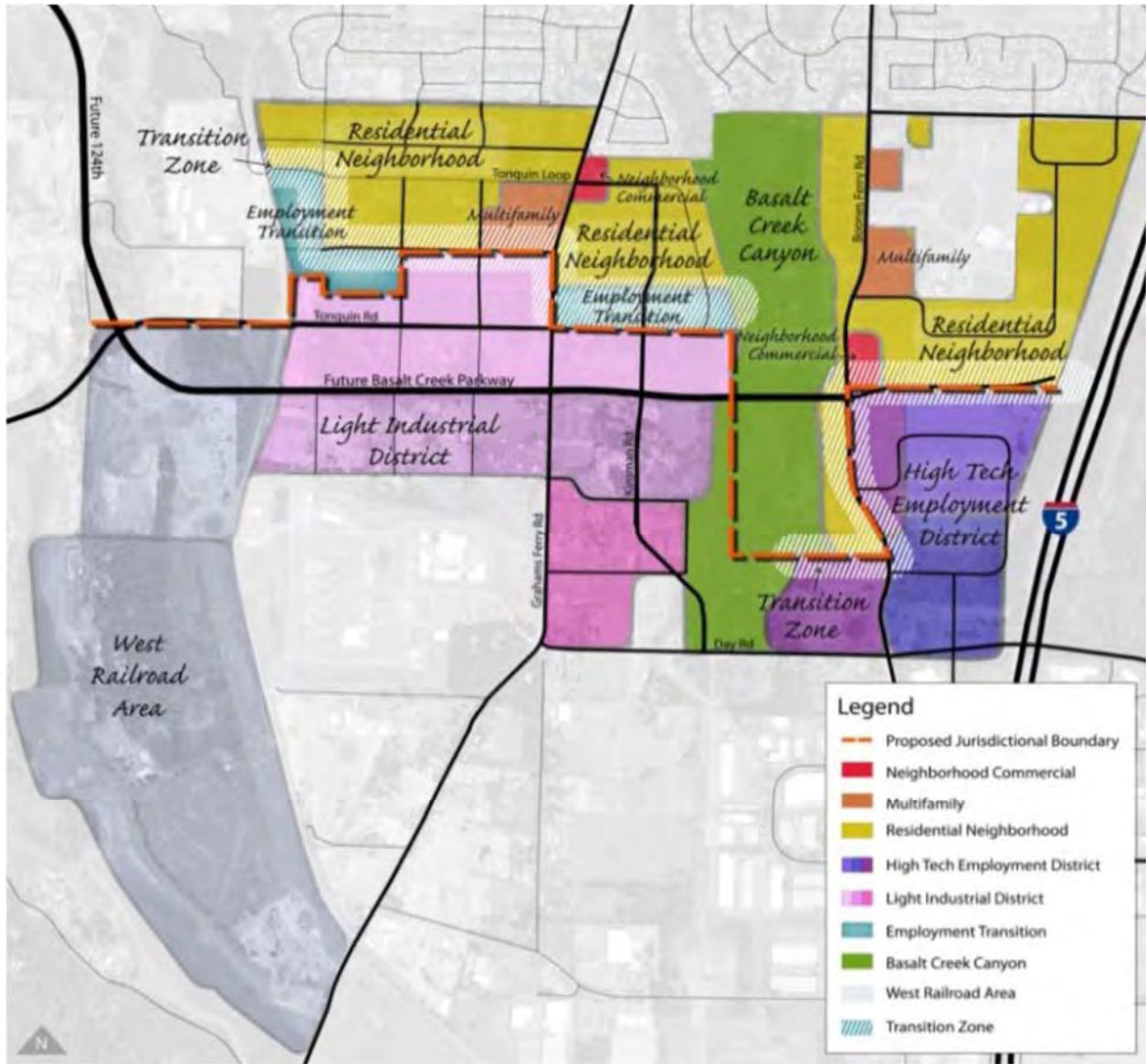
Councilor Brooksby was phoned into the meeting.

Councilor Davis stated Councilor Bubenik and herself would like to correct what they feel was a lack of public comment allotted for Ordinance No. 1381-15. They are requesting an additional public comment period be opened to allow citizens to make further public comment.

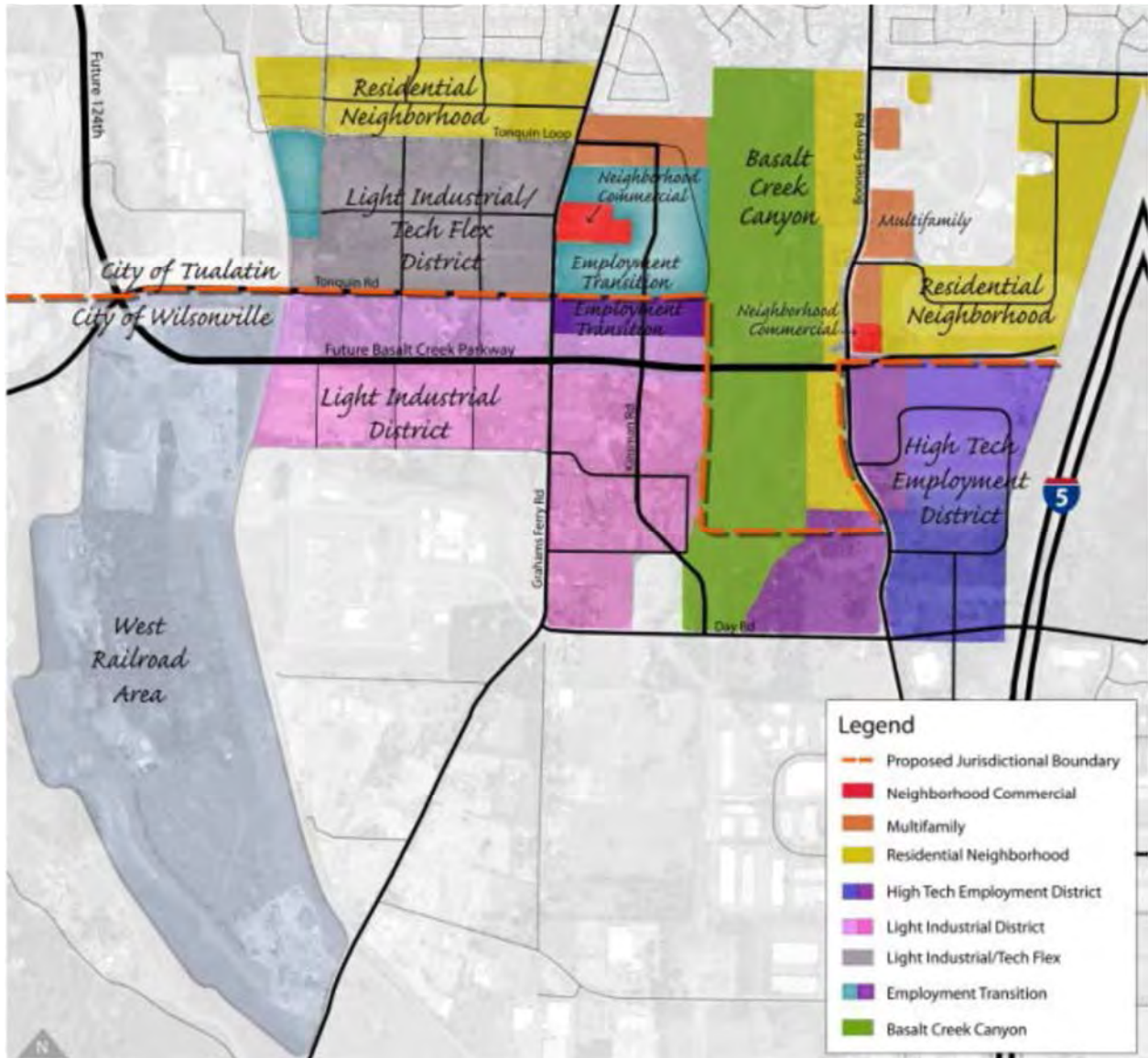
Councilor Bubenik stated the extended citizen comment period would be a time where citizens could make suggestions to Council regarding the ordinance. After the comment period then Council could then consider potential amendments if appropriate.

Mayor Ogden stated he feels only those who feel negatively toward the ordinance

OPTION 3



OPTION 4





JOINT CITY COUNCIL MEETING STAFF REPORT

Meeting Date: December 16, 2015	Subject: Basalt Creek Concept Plan Staff Members: Miranda Bateschell, Wilsonville Cindy Hahn & Aquilla Hurd-Ravich, Tualatin	
Action Required <input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda	Advisory Board/Commission Recommendation <input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: 	
Staff Recommendation: Staff recommends the City Councils provide direction to staff on a jurisdictional boundary and essential agreements for functional elements of the Basalt Creek Concept Plan.		
Recommended Language for Motion: N/A		
Project / Issue Relates To: <i>[Identify which goal(s), master plans(s) your issue relates to.]</i>		
<input checked="" type="checkbox"/> Council Goals/Priorities Basalt Creek Concept Plan	<input type="checkbox"/> Adopted Master Plan(s)	<input type="checkbox"/> Not Applicable

ISSUE BEFORE COUNCIL:

Staff will provide Council with an update on the Basalt Creek Concept Plan and seek direction on next steps for the project.

EXECUTIVE SUMMARY:

At the Joint Council meeting, the project team will briefly summarize all land use and boundary options considered to date (presentation included as Attachment A). The Joint Councils will then be asked to discuss priorities for the planning area, agreed upon elements of the plan, and remaining issues needing resolution in the Concept Plan. Staff seeks direction on a boundary option to present as a preferred alternative for public input and what essential agreements need to

be part of the functional elements of the Concept Plan (such as land uses, transportation, stormwater, etc.). If a preferred alternative is not reached at the December Joint Council meeting, staff seeks direction on next steps and a list of expectations toward achieving that goal.

BACKGROUND:

The Basalt Creek Concept Plan will establish a vision and jurisdictional boundary for the 847 acres between the cities of Wilsonville and Tualatin. At the Wilsonville-Tualatin Joint Council meeting in June, the project team presented two boundary and land use alternatives (Boundary Options 1 and 2) to the base-case scenario (originally presented December 2014). The Joint Council directed staff to develop a third alternative addressing interests and concerns discussed at the meeting. Staff developed Boundary Option 3 as a response to the Joint Council input and presented this option at individual work sessions in August. **The Tualatin City Council expressed concerns about the limited employment land opportunities for the City of Tualatin and directed city staff to prepare information for a Boundary Option 4, which would follow Tonquin Road west of the Basalt Creek Canyon area. In total, five boundary options have been developed during the planning process (Attachment B).**

The land use scenario in all options is conceived to complement existing development patterns in both cities, have robust and efficient infrastructure systems that are not cost prohibitive and generally, development “pays its way.” Performance indicators were generated using Envision Tomorrow modeling software to evaluate the Boundary Options and a summary is included as Attachment C.

POTENTIAL IMPACT or BENEFIT TO THE COMMUNITY:

The Basalt Creek area is important for the long-term growth of Tualatin, Wilsonville, and the Metro region. Conducting a thorough and thoughtful planning process will identify and resolve each city’s vision for the area and potential impacts on the community. The Basalt Creek area presents an opportunity to maximize assessed property value, integrate jobs and housing, develop efficient transportation and utility systems, create an attractive residential and business community, incorporate natural resource areas, and provide recreational opportunities as community amenities and assets.

EXPECTED RESULTS:

At the Joint Council meeting, the project team is seeking direction on a preferred jurisdictional boundary and essential agreements that will be part of the Basalt Creek Concept Plan.

TIMELINE:

The Joint Council meeting on December 16, 2015, will be the fourth Wilsonville and Tualatin Joint Council Meeting for the Basalt Creek Concept Plan. Based on the discussion and guidance received at the upcoming Joint Council meeting, the project team will refine a preferred land use alternative for the Basalt Creek Concept Plan. That preferred alternative will be presented at a Public Open House and drafting of the Concept Plan will begin with expected completion in 2016.

COMMUNITY INVOLVEMENT PROCESS:

The project includes participation from affected residents, businesses, and property owners. Citizens will be asked to share ideas about the preferred land use alternative at a Public Open House. Additionally, the website is updated to reflect the most recent work and staff sends out monthly updates to an interested parties list and property owners via email and U.S. postal mail.

ATTACHMENTS:

- A. December 16, 2015 Joint Council Presentation
- B. Basalt Creek Plan Area Boundary Options
- C. Performance Indicators Summary for all Boundary Options

**CITY OF WILSONVILLE
CITY COUNCIL MEETING MINUTES**

The Wilsonville City Council met with the City of Tualatin City Council on Wednesday, December 16, 2015 starting at 6 p.m. at the Wilsonville City Hall.

Wilsonville City Council members present:

Mayor Knapp
Council President Starr
Councilor Fitzgerald
Councilor Stevens
Councilor Lehan

Wilsonville Staff present:

Bryan Cosgrove, City Manager	Nancy Kraushaar, Community Development Director
Jeanna Troha, Assistant City Manager	Miranda Bateschell, Long Range Planner
Barbara Jacobson, City Attorney	Steve Adams, Engineering Manager
Mike Kohlhoff, Special Projects Attorney	Susan Cole, Finance Director
Sandra King, City Recorder	

City Councilors from the City of Tualatin included:

Lou Ogden, Mayor
Monique Beikman, Council President
Wade Brooksby, Councilor
Frank Bubenik, Councilor
Joelle Davis, Councilor
Nancy Grimes, Councilor
Ed Truax, Councilor

Staff representing Tualatin:

Sherilyn Lombos, City Manager	Cindy Hahn, Associate Planner
Alice Cannon, Assistant City Manager	Jeff Fuchs, City Engineer
Colin Cortes, Assistant Planner	

Consultants involved in the work effort:

Jon Fregonese, President, Fregonese Associates
Andy Cotugno, Metro Planning Director

The purpose of the joint meeting is to:

1. Hear about the continued Basalt Creek Planning efforts.
2. Provide direction on the latest boundary option and functional elements of the Basalt Creek Concept Plan.

CALL TO ORDER

Mayor Knapp called the joint Council meeting to order at 6:05 p.m. Roll call was completed via self-introductions.

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PRESENTATION (Fregonese)

John Fregonese commented the purpose of the meeting was to review the boundary option evaluations since the cities were at the point where agreement on the boundary was critical, and to review the next steps. Over the past two years work has been done to evaluate land suitability, guiding principles, a number of scenarios were considered and many issues worked out to where he was confident about the ability to move forward.

Mr. Fregonese identified the base case and four boundary options that had been considered, analyzed, and evaluated. Through that evaluation process service provisions and transportation issues have been worked out. The project was at the point where a decision had to be made on the boundary to move ahead in the process.

Andy Cotugno discussed the history of Basalt Creek and the regional significance of the area. Thirty years ago discussion began about the possibility of an I-5/99W connector, which led to talk about building a “western bypass” freeway to Hillsboro. Although the western bypass was not built, the I-5/99W connector idea remains on the table. When Metro added land to the UGB, one of the conditions was to figure out where that road was to be located and not to allow urbanization in this area until the location of this road was identified to insure the possibility of the connector was not precluded because of urbanization.

That led to the examination of the I-5/99W connector with the proposal on the table at the time for a freeway connection; however, it was concluded this was not the best idea for organization of the land in Tualatin and Wilsonville and Sherwood. Rather, an arterial based approach would be a better option. This arterial based approach was included in the regional plan although the location of the road was not identified. The process with Basalt Creek presented a good solution for the transportation system plan for the area while recognizing future extensions to the west and east may be possible.

When the area was added to the UGB Metro was looking for additional job lands, but heard concerns about neighborhoods from Tualatin and the incompatible development being alongside Tualatin’s boarder. The challenge is to determine land uses while recognizing what is already built and taking into consideration the natural features and neighborhood conflict areas.

Mr. Fregonese stated it was important to understand how significant the barrier Basalt Creek Parkway will be.

Mayor Knapp added staff felt the elected officials needed to understand the Parkway concept better, what is it going to look like and how it will interface with the surrounding properties and how it will affect the flow of traffic and industry in that vicinity.

Miranda Bateschell, Long Range Planning Manager, explained staff had met with Washington County about what the Parkway would look like, and in particular the elevation changes and the profile of the Parkway. Ms. Bateschell described the elevation changes from the western edge to Grahams Ferry for the phase one design plan.

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Mayor Knapp commented it was clear that the Parkway is a significant physical feature that will frame interaction. Three intersections were planned for the parkway: Tonquin Road, Grahams Ferry and eventually at Boones Ferry. He noted no driveways will be coming onto the Parkway; all driveways will be oriented to the north on Tonquin, and on the south Clay Street. Grahams Ferry Road will become a significant route with industry facing onto Grahams Ferry. When the Transportation Refinement Plan was being addressed one of the things discussed was the need to be sure the existing transportation facilities on the ground are capable of accepting the impact of the traffic that will be on the Parkway and he felt it was critical that it is developed in a way that enables the area to be successful.

The Mayor referred to the handout titled “Basalt Creek Development – Considerations for Success” which listed nine elements. He noted the Mayors and Council Presidents of both cities along with staff from both cities, met and talked about the nine items listed on the handout as matters that needed to be kept in mind if the area is to be successful economically and meet the needs of the region. The Considerations for Success talks about some of the things that need to happen for the area to be a success.

Mayor Knapp addressed the nine items:

1. Sewer – each city serve its own area, as much as possible. This will help each city operate independently, without needing to coordinate on each development in their jurisdictional part of Basalt.
2. Stormwater – all flows received by Wilsonville to be guided by Wilsonville protocols and design standards. Wilsonville must meet the standards for discharge under the Wilsonville permits.
3. Recognize Regional need for industrial lands drove the Basalt designation in 2004. Consider Regional all Title 4 designations on the Basalt lands best suited and concept planned for industrial in both cities. Assurance of consistent follow through on industrial/employment development in both cities will be of joint benefit, and help such development to be successful.
4. Recognize the critical need for receiving roadways to be improved BEFORE the Parkway sends transportation load onto them. Invest SDC’s, TDT (transportation development tax), and potential supplemental SDCs generated by Basalt development in both cities, INTO Basalt improvements. (Past Washington County precedent has been to spend 75% of such supplemental SDC’s and TDT in the originating area.)

Mayor Knapp would like to see 100% of the SDC’s and TDT funds go to the transportation improvement in Basalt Creek, and for both cities to agree to that.

5. Recognize that the transportation improvements agreed to and planned (in the Basalt Creek Transportation Refinement Plan) are based on projected loads from the identified system. Any substantial additional traffic loads from external locations will likely overload the system and cause it to fail. Therefore major re-evaluation and additional system capacity improvements will be necessary in the event the Region decides to direct other traffic through Basalt.

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6. It is important that both cities respect the trip cap for the area and find a way to preserve each city's share. Additional review of trip caps with land uses should occur moving forward.
7. Recognize the need for both cities to be jointly committed to seeking Regional investment in future I-5 crossings. Those crossings will become critical to allowing industrial/employment growth in Basalt, thereby meeting Regional objectives. Without Regional involvement, the crossings will never get built.
8. Strongly consider not building Kinsman Road north of Day. Constraints on its intersection location with Day, high cost of new construction, and fact it would serve only development on its west side all indicate a poor return for the investment. Invest in Grahams Ferry Road improvements instead, which will serve the same lands.
9. Plan on having a joint city agreement on managing the Natural Area along Basalt Canyon. Development is eventually expected along the west side of the canyon which would then be an appropriate location for a bike/pedestrian trail connecting the cities. Such connection would be an asset to both residents and employees in the area, if thoughtfully planned and connected to "through" trails on both north and south.

Mayor Knapp indicated these nine items were the focus of the discussion that took place a week and a half ago. He felt the participants had a good understanding and agreement on why these considerations were important to the overall project. Mayor Knapp asked Council Presidents Starr and Beikman if they had any comments.

Council President Beikman said that transit was talked about. And that it was in both of the jurisdictions interests to lobby Tri-Met and any other regional provider to provide transit services to the area since it was a significant regional industrial area.

Council President Starr added if the funds the businesses pay to Tri-Met could go to SMART that would make the most sense. He noted number three and number six, and that there was substantial discussion about protecting the integrity of the plan so it would stand from election to election and not be changed to protect the amount of money invested in developing the plan, and that each city would find success in the plan as it is built out. Regarding number six both cities agreed it was vital that both cities find a way the trip cap remains in place so the transportation plan will not fail.

Mayor Ogden echoed Council President Beikman's comments that the ideals presented here are important. For the area to function as planned with respect to the land use and transportation capacity that is likely to be in place, and the ability to serve that area and recognizing the transportation system that Washington County is putting into place that facility is really there to serve the region of Tualatin east, Sherwood, and north Wilsonville. **We recognize an arterial with limited access will be moving traffic from Tualatin, and Wilsonville in both directions; however it is not a major arterial that will emulate the I-5/99W connector.** To the extent that anything like that is considered in the future it will have to honor the land use and planning that is in place here and we're not going to be providing a corridor for that. **By default we are precluding a future for a 99W connector, so all the more important to recognize that the transportation piece has to work there and it cannot be overloaded nor can Basalt Creek Parkway be overloaded.** Mayor Ogden supported the ideals.

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Regarding transit Mayor Ogden recognized a system will be needed to serve the area, and serve it “blind” to the user. It should be a transit system that works regardless of the provider, and is efficient from a tax and return standpoint. A detailed discussion would be necessary in the future on transit services.

Mayor Knapp stated Wilsonville reoriented its entire SMART system toward the WES Station and committed to meet every train and promised Wilsonville employers that their employees would be at their place of employment in ten minutes from when the train arrived. Wilsonville is committed to continuing to provide that type of service to the Basalt Creek area employers. Details regarding transit providers will need to be worked out since Tri-Met controls some of that decision. If the two cities speak jointly to Tri-Met there may be a higher possibility of success.

Mayor Ogden responded whatever is the best solution as long as the two cities are in concert with each other there is a better chance of success in dealing with TriMet. That needs to be the motto on whatever we are doing in that area with extraterritorial money. There should be a coordinated effort between the two jurisdictions, to represent the best interests of our citizens. As we lay the foundation for the mutual agreements we lay the underpinnings of how we proceed in the future on the needs in that area.

Mayor Knapp wanted to know if the councilors had questions or comments.

Councilor Truax expressed his pleasure in the nine Considerations of Success, and the willingness for the two adjoining jurisdictions to enter into an agreement dealing with sewer and stormwater was unique. He applauded the participants of the small group meeting, and with the positive tone that runs through this and felt they were close to having the framework.

Councilor Lehan seconded Councilor Truax’s remarks. She thought the small group players distilled out the essential pieces, and while they are not agreed to in detail it clearly states what the cities are intending to do in a general sense, and what the goals are. She was glad to see the commitment, in particular numbers three and six, about the trip caps and the need for the land use piece to follow along. Councilor Lehan pointed out the other partner necessary was the regional government, Metro, to rise to this level of commitment in terms of the trip caps and in terms of the land uses. This whole development grew out of the industrial lands study of 2004, and at that time she recalled Tualatin and Wilsonville were always vying for the most land zoned industrial. Both cities were at 31-32% of land zoned industrial while no other city in the region was close to 30%. Tualatin and Wilsonville lead in terms of industrial percentage and capacity for the size of the cities. What we are looking for besides recognizing that Tualatin and Wilsonville are carrying the region in terms of industrial land, is that regional recognition in terms of trip caps and further industrial and to back up the cities in terms of making this project work.

Councilor Beikman felt funding is limited and it was important for the two cities to work out plans for the SDCs and TDTs and emphasize this area is a regionally significant industrial area and that the regional government needs to recognize that with dollars for the infrastructure so the

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project can function properly. Regarding item number six and the traffic trip cap, the city of Tualatin had no interest in adding additional traffic to areas that are not planned for; it was important to buffer the neighborhoods in Tualatin.

Councilor Davis expressed her disagreement with the location of Basalt Creek Parkway in that it should not cut across the canyon, it is too far north, the boundary will split the neighborhood and the responsibility for caring for and maintaining the canyon. The neighborhood on the Wilsonville side will become an island when Wilsonville has been clear its intent for Basalt Creek is industrial and not residential. Councilor Davis' intent is to maintain the area around the east side of the canyon, and to protect the canyon and insure the neighborhood is saved as a cohesive piece on the Tualatin side.

Councilor Lehan said she would not have chosen the current boundary until she realized the elevation of the Parkway and how access to the Parkway was limited. When a road is between 5-30 feet in the air it becomes a significant barrier.

Mayor Knapp stated because of the physical constraints of the Parkway and because of the need to have development clustered around roads that at will serve the nodes of industrialization, overlaid by the physical characteristics of the Parkway have led to the decision that the Parkway location is the most logical jurisdictional boundary line between the two cities. The slide showing the jurisdictional boundary line between the two cities was displayed again.

Mayor Knapp said the direction to staff would incorporate the Considerations for Success, including the addition of number ten which mentions transit service, as drafted the language reads, "Cities will work jointly to secure transit service for business and residents of Basalt Creek through SMART or Tri-Met."

Mr. Cosgrove recommended councilors to state their general support or raise their concerns, and direct staff to bring back a resolution on what they have seen this evening.

Regarding the transit issue Mayor Ogden felt the language should be less specific; rather the language could suggest something that is jurisdictionally blind to the user, cost effective, and has some mutual relationship to both districts.

Mayor Knapp did not want the transit service to be locked into only one possible provider. He understood if Wilsonville expanded its boundary to the Parkway and annexed that area the City would still not have a right to not collect Tri-Met taxes in the new expansion area.

Mayor Ogden did not want to walk away with any conceptions that may come back and be a surprise. For example, the notion of 75% of the SDCs or TDT money going to the district but that will not be enough for transportation and additional financing tools will need to be found. He thought the shortage of transportation funding and the need for transportation should be expressed and that all of the money raised in this area should benefit the area; but placing a number on it tonight may be restrictive.

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CITY COUNCIL MEETING MINUTES

Mayor Knapp did not think what was written contradicted that, it recognizes the need and investing those funds generated in the district back into the district is what it says in concept. The other is a footnote regarding the Washington County's past precedent. The Mayor asked each council member to provide their thoughts.

Councilor Bubenik shared some of the concerns raised by Councilor Davis about Basalt Creek being two jurisdictions and the neighborhoods split into two different cities. Other than that he thought the plan was good. Consideration number nine protects the canyon to insure it is maintained. He was in support of moving forward in the process and the Considerations for Success and the boundary proposal.

Councilor Lehan saw the logic in the boundary being Parkway. She was comfortable with the Considerations for Success. Regarding the canyon she was committed to protecting the natural area. The Councilor noted Wilsonville's zoning did not put pressure on property owners to develop any faster than they wanted to. The Elligsen property south of Costco is an example, it is still being farmed and there is no pressure to change its use. She thought the canyon was a beautiful asset and having trails connecting the area to both cities was a good idea. Councilor Lehan supported the boundary.

Councilor Brooksby felt the same as Councilors Davis and Bubenik, he supported the current boundary as chosen reluctantly and thought it should be lower, he is concerned the Parkway could be further south to be more effective. The Councilor agreed that property owners should not be pressured to develop.

Councilor Fitzgerald supported the boundary and thought it was a good plan. She identified number eight as a good element to focus on Grahams Ferry Road rather than Kinsman. She supported the idea of the cities working together for regional transportation money for road improvements. Regarding transit, item number ten, the Councilor hoped an efficient and appealing system is developed that gets people to use it, alleviating congestion.

Councilor Beikman agreed.

Councilor Starr agreed and asked who decided to locate the Parkway where it is.

Mr. Cotugno said Washington County led the process but it was carried out through this joint city planning process.

Councilor Starr confirmed it was a neutral third party (Washington County) that determined where the road went. This is a deviation from where some may have remembered, the west side of the area and north of the Parkway is more land that was added into Tualatin with good industrial potential which is a 'win' recognizing Tualatin was giving up some of the canyon area. Referring to item four, the Councilor wanted 100% because there is never enough money for transportation. He supported the idea of jointly approaching the state and region for funding. Councilor Starr suggested wording item number ten to recognize and support SMART and/or another transportation service; however, in the Wilsonville boundary it would be SMART, and in

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Tualatin we would support what Tualatin wanted to do. He supported the placement of the boundary.

Councilor Truax indicated his support of the boundary. He was in general support of the whole proposal with the understanding that each item of consideration for success will merit a lot of work. Regarding transit, we should take SMART from the Parkway north; Tualatin will work to support servicing the area in the most efficient way, both from a service and economic standpoint.

Councilor Davis agreed with Councilor Truax's transit comments. There were elements of the Considerations for Success she agreed with, the sewer and stormwater pieces, the discussions around the SDCs and TDT is going in the right direction. The Councilor has fundamental disagreements with the project in terms of the canyon, the neighborhood to the east of the canyon and the alignment of the Basalt Creek Parkway.

Councilor Grimes was in general agreement for the proposed boundary. She was concerned about the canyon and the green space and the elevated bridge/roadway cutting across the canyon; however those concerns were mitigated to some degree by the commitments from both councils to protect the green space, which provides protection to the Tualatin neighborhood. The desire for jobs needs to be balanced with the need to protect Tualatin livability. Councilor Grimes appreciated the Considerations for Success and the framework as long as they are not viewed as narrow constraints.

Councilor Stevens would like the decisions to be memorialized quickly so funds will not be wasted should it be decided to do something differently in the future. Items that there is agreement on should be the first to be memorialized, an IGA to protect the canyon as a natural resource between the two cities; likewise the bike/ped pathway. Another element that can be memorialized is the decision not to build Kinsman Road. The Councilor liked the fact that the Parkway will be identified as the boundary between the two communities. She felt the Considerations for Success are close to being goals for success, and the document should be memorialized so that decisions are known in the future.

Mayor Knapp thought the two city managers had received clear direction from their councilors on what direction staff needs to take. He asked Mr. Fregonese how to take the general consensus and what to expect in way of documentation and how to build something that will memorialize the ideas expressed.

Mr. Fregonese explained a concept plan will memorialize these ideas in concept. He will prepare the concept plan for the two cities to adopt. A Title 11 memo to Metro governs the regional aspects of the concept plan. Each city will adopt a comprehensive plan amendment which will have implementation components to it. Agreements between the two cities outlining what each city will be responsible for need to be written. Both cities will have urban planning area agreements with Washington County. He thought both cities would want the area to remain rural and not develop until it has been annexed into each city. Additional agreements with Tri-Met, Clean Water Services may be necessary, and the concept plan will list those. The concept plan will have the foundation for each city to take on and sign the more formal agreement

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starting with the concept plan and IGA between the two cities in terms of where you go from here.

Councilors will see a draft of the concept plan that has all the ideas in one document with a list of how each item will be implemented and be put into force.

Mayor Knapp thought there were a lot of things to be accomplished which falls to each city's staff. He asked if Washington County rules enabled things to happen that we don't want to happen, and how to keep that from happening; do we have control over that.

Mr. Fregonese said each city has an existing Urban Services Agreement with Washington County, and he thought the agreement could be review and a discussion held with the County.

Councilor Truax stated he was willing to have a discussion on the future of Kinsman Road.

Councilor Lehan wanted councilors from both cities to keep in mind I-5 is the life blood arterial for both cities, and nothing we do should cause the interchanges or I-5 to fail.

Mayor Ogden thanked Mayor Knapp for his leadership throughout the process. This was the first time there has been a jurisdictional planning effort addressing the concerns of both cities.

Mayor Knapp felt a good basis was in place for moving forward. He expressed appreciation to the staffs of both cities for their work. While there are concerns, they will try to mitigate those concerns and find the best way to handle them.

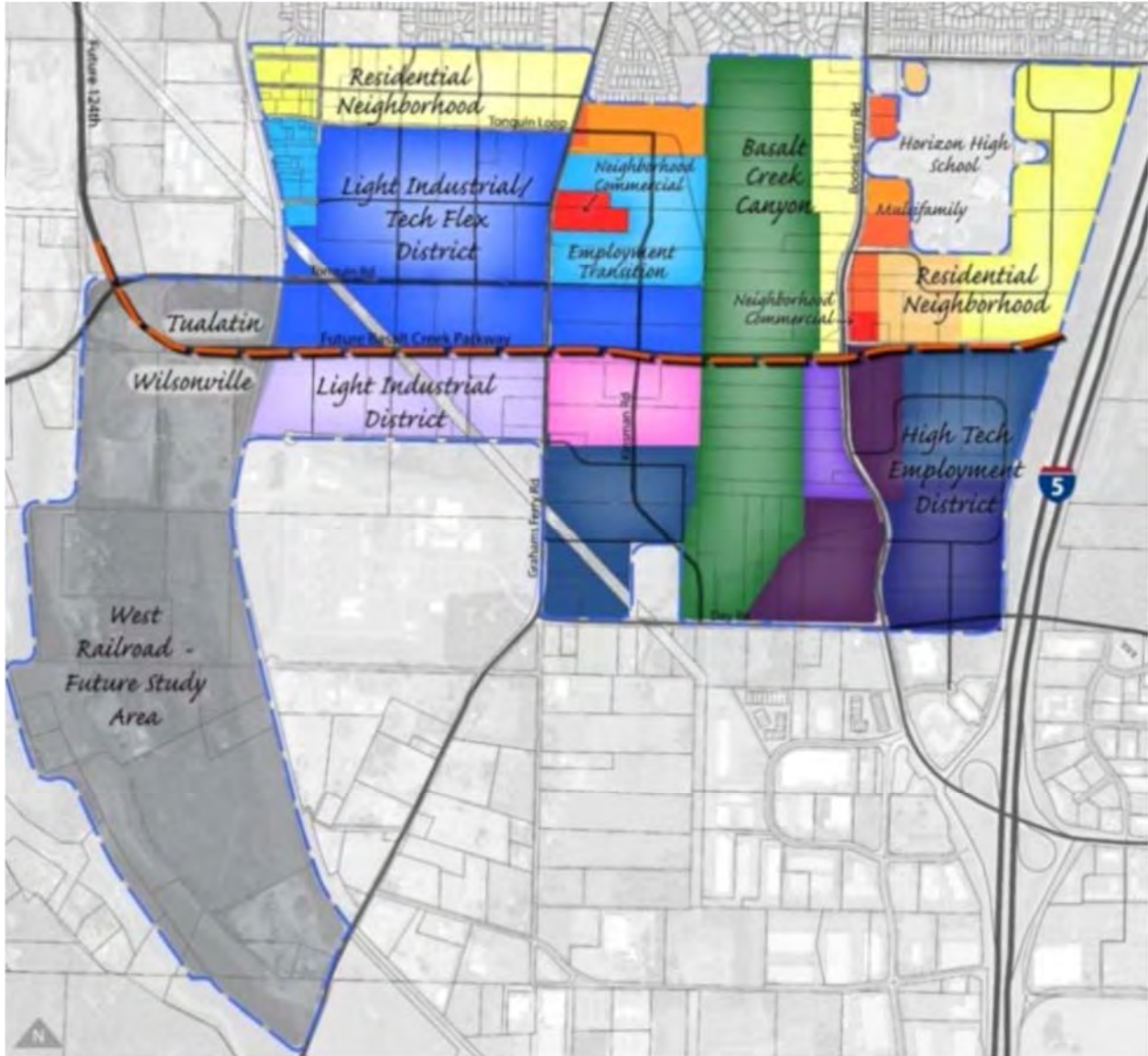
Mayor Knapp adjourned the meeting at 7:37 p.m.

Sandra C. King, MMC, City Recorder

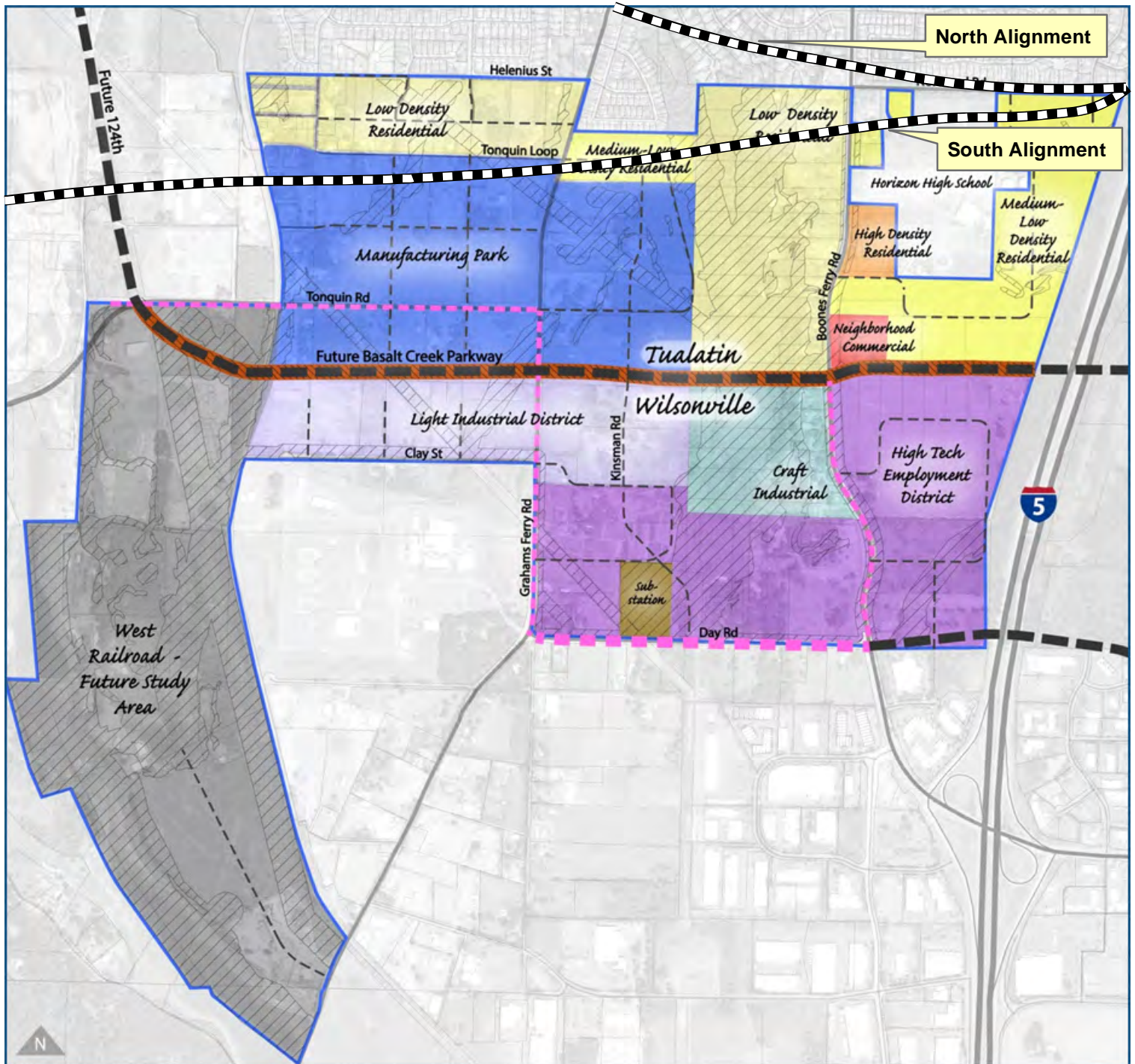
ATTEST:

Tim Knapp, Mayor

OPTION 5



Preferred Basalt Creek Land Use Map with North and South I-5/99W Connector Alignments



**Area North =
110 Gross Acres**

**1300 feet
.25 miles**

**1770 feet
.33 miles**

**1970 feet
.37 miles**

**Area between Parkway and South
Connector =
270 Gross Acres**



MEMORANDUM

CITY OF TUALATIN

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Karen Perl Fox, Senior Planner
Alice Cannon, Assistant City Manager

DATE: 11/28/2016

SUBJECT: Basalt Creek Land Use Concept Map. Confirmation of land uses.

ISSUE BEFORE THE COUNCIL:

At the Tualatin City Council work session on October 10, 2016, Council directed staff to undertake an exploration of a land use proposal for the central subarea of Basalt Creek on the Tualatin side that was prepared by OTAK on behalf of a property owner.

Subsequently, staff carried out the exploration of the central subarea and will report back to Council at the November 28th work session.

POLICY CONSIDERATIONS:

Staff seeks Council's confirmation on the Basalt Creek Concept Land Use Map originally presented at Council work session on October 10, 2016.

EXECUTIVE SUMMARY:

At the Tualatin City Council work session on October 10, 2016, staff provided Council with a refinement of the draft Land Use Concept Map following a period of feedback from the public, Council and the project partners under the Intergovernmental Agreement for the Basalt Creek Planning Area. At that work session, Council directed staff to undertake an exploration of a land use proposal for the central subarea of Basalt Creek on the Tualatin side that was prepared by OTAK on behalf of a property owner, referred to as OTAK Proposal C. The OTAK proposal departs from what staff prepared in that it included substantially more residential land uses in the central subarea.

Staff met with OTAK and the property owner and discussed OTAK's Proposal C including land use opportunities and constraints as well as sanitary sewer needed to serve the area. In addition, staff considered the following major factors:

- The Basalt Creek Planning Area was brought into the UGB as employment land
- The proposed Land Use Concept Map:
 - Represents a balanced approach to employment and residential land with majority of

- land designated for employment
- Has support from Tualatin's Intergovernmental Agreement partners
- Provides for a long-term supply of land

After consideration of OTAK's proposal and all of the above factors together, staff's believes the central subarea can be developed for employment over the long-term. While there are some hilly areas, the Manufacturing Park designation can be made flexible enough to include some smaller scale employment uses. In addition, bringing residential further south in this subarea than shown on the October 2016 Land Use Concept Map will create buffering issues with industrial land in Wilsonville as they work to market property south of the future Basalt Parkway.

Therefore, staff's position is to accept the Land Use Concept Map as presented on October 10, 2016.

DISCUSSION:

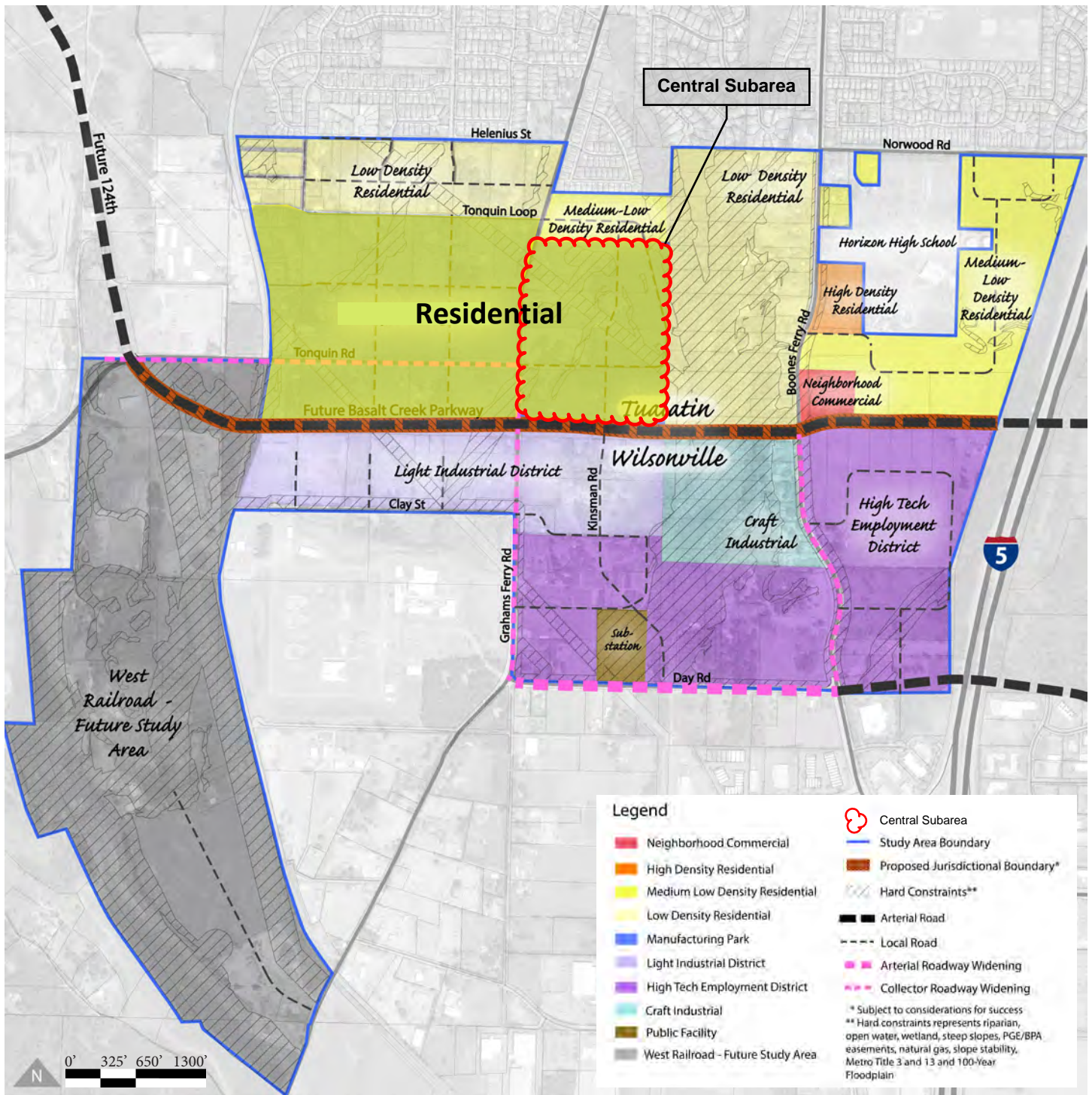
Staff has provided an extensive review of the land use progression of the Basalt Creek Planning project and provided points that support its position in the attached presentation.

Recently, the City has heard concerns from our Intergovernmental Agreement partners related to exchanging more employment land for residential land as was proposed in OTAK Proposal C. See attached letter from Washington County.

RECOMMENDATION:

Staff proposes that Council accept and confirm the Basalt Creek Land Use Concept Map originally presented on October 2016.

Attachments: Basalt Creek Land Use Map with Land Use Progression
 Letter from Washington Co. on Basalt Land Use. Duyck.10.28.16



Basalt Creek Parkway Serving as Buffer

Residential Uses North in Tualatin, Industrial Uses South in Wilsonville

depiction re-designating the Manufacturing Park land use to Residential on the agreed upon option 5 preferred alternative map
 March 12, 2018

<http://cni.pmgnews.com/ttt/89-news/351050-230714-basalt-creek-planning-efforts-could-be-headed-back-to-the-drawing-board>

Basalt Creek planning efforts could be headed 'back to the drawing board'

Created on Tuesday, 21 March 2017 | Written by [Claire Green and Mark Miller](#) |

[0 Comments](#)

The Wilsonville City Council was not happy with a change Tualatin made to its side of a draft land use concept map last month, suggesting it broke an agreement between the cities.



FILE - Mayor Lou Ogden, left, and Tim Knapp, right, of Tualatin and Wilsonville respectively, discuss Basalt Creek planning at a December 2015 meeting. Comity between the cities appears to have broken down, with Knapp forcefully rejecting an adjustment to the land use concept map sought by Tualatin this winter.

The future of joint planning on the Basalt Creek area between Tualatin and Wilsonville appears to be in serious jeopardy.

The Wilsonville City Council strongly rejected a change that the Tualatin City Council made to its side of the map, north of the future jurisdictional boundary that the cities [agreed to](#) in December 2015, at a work session Monday — with some council members, including Mayor Tim Knapp, suggesting that the boundary agreement could be voided by the change.

The Tualatin City Council decided in February to [redesignate](#) a 63-acre quadrangle previously slated for future industrial development as residential land, after local property-owners [complained](#) about the potential impact of industry on their neighborhood and argued that the terrain is too rugged to support

manufacturing parks anyway. That parcel is located just south of the Victoria Gardens neighborhood — and just north of the future route of Basalt Creek Parkway, an east-west road under construction through the area.

Knapp calls change in designation 'not acceptable'

Meeting in a fairly amicable joint session back in December 2015, the Tualatin and Wilsonville councils agreed that it made the most sense to consider the parkway as the dividing line between their shares of the Basalt Creek area, an 847-acre swath of unincorporated Washington County that lies between the two cities. The plan has been for each city to figure out what it wants to see developed on its side of the line, jointly approve a land use concept map and get approval from the county to start annexing land.

But on Monday, the Wilsonville City Council unanimously agreed to reject Tualatin's redesignation of the 63-acre "central subarea" on its side of the agreed-upon boundary, citing regional industrial needs and the desire not to "squander industrial lands" by choosing to use it for residential.

Miranda Bateschell, Wilsonville's long-range planning manager, told her City Council that Tualatin's proposal doesn't fit with the reason Metro established the area, which is meant to build a regionally beneficial economic and transportation-friendly area. The proposal also conflicts with guiding principles developed jointly before the project began, she said.

"My staff conclusion is that it's inconsistent with the Metro ordinance, the transportation refinement plan, the joint council conclusions, recommendations and decisions made throughout the process, and it could raise questions about the future of this area as an employment district," Bateschell said.

Knapp said he was "profoundly disappointed" by the Tualatin City Council's decision to change course and designate the subarea for residential development instead of industrial. He said the change, in his view, is "not acceptable."

The rest of the council mirrored Knapp's sentiments and added their concerns surrounding minimization of the employment-specific sections of the plan, the possibility of increased traffic and safety of the possible future residents on the Tualatin side.

"Our prior offer to set the boundary at the parkway is contingent on the rest of that agreement that has, apparently, disappeared," Knapp said. "So the proposal to put the boundary at the parkway is no longer operative."

"We did have a verbal agreement, as the mayor noted," Councilor Scott Starr said. "And the agreement was subsequently broken, and in my mind, now we have no agreement."

Balance between industrial, residential sought in Tualatin

The joint planning project has been ongoing for about three years. The area was originally added to the urban growth boundary by Metro in 2004 to accommodate increased development throughout the region for the next 20 years. The plan for the site includes creating new city limits for Tualatin and Wilsonville, land use codes for future development, improved transportation networks and provision for urban services.

Throughout the process, though, while Wilsonville has largely stuck to its vision of having almost all development on its side of the line be industrial in one form or another, Tualatin has seesawed between proposals including varying mixes of residential and industrial lands.

The map had appeared settled as of last October, but after three new city councilors came aboard in Tualatin after the November election, the Tualatin council decided to change its designation for the central subarea in spite of [warnings](#) from Washington County Chairman Andy Duyck and other intergovernmental partners.

That may have been the straw that broke the camel's back for Wilsonville.

"There's a regional need for jobs and a job area, and Metro designated that as Basalt Creek," Starr said. "For us to sign on as a joint partner for employment lands is one thing. For us to sign on and then, and this would be my opinion, be more than generous with how we split the land — I'm talking about the December 2015 meeting — to then (have Tualatin) turn around and have that land be used to create more traffic to ram right down our throat onto I-5 makes no sense. And I don't think that we'd be doing a very good service to the people of (Wilsonville) if that's the way that we operated."

"Wilsonville is competent and able to work with developing industrial employment land, and if our neighbors to the north don't have the ability to foster employment land there, then it would suggest that perhaps more of it should be Wilsonville's," Knapp said. "I doubt that that would be popular with them, yet that is the regional purpose of this land, and to drop a large chunk of residential right in the middle of the industrial is detrimental to the overall goals, the overall plans, and I don't see how we can agree to this."

Councilor Charlotte Lehan suggested that if Tualatin is unwilling to alter its mix again, "then we need to go back to the drawing board on a number of issues."

If the two cities can't come to an agreement, the issue will fall into the hands of Metro. Several members of the Wilsonville City Council agreed that if the project goes back to the drawing board, so be it, but Wilsonville will hold firm to its commitment to retain the area's status as an employment zone.

"I think that we have received some very clear direction," City Manager Bryan Cosgrove said.

Ogden: 'If someone feels aggrieved, let's figure out why and how to fix it'

Tualatin Mayor Lou Ogden was not at Monday's council work session in Wilsonville, but he said he had read the staff report.

The debate over whether to reclassify the central subarea between Victoria Gardens and the future Basalt Creek Parkway as residential found Ogden in an odd position. The mayor had been the leading advocate on the Tualatin City Council throughout the planning process to maximize the share of land on Tualatin's side of the line to be developed as industrial. But despite advice from Tualatin city planners that the subarea could support industrial development at some point in the future and an analysis commissioned by Washington County suggesting the same, he said in February he had come to strongly believe the land is unsuitable for it.

"I struggle to figure out how you can use it," he said at that Feb. 13 work session.

Ogden reiterated that Tuesday, speaking with The Times.

"I don't like that it's steep slopes and there's no access to the flat land, but it is. That's just what it is," he said, adding, "It's not unbuildable for residential. The land, it does have value. So it has a useful purpose. It's just not for a manufacturing or office space, or manufacturing park."

Ogden stressed that he would rather discuss the matter with his counterparts in Wilsonville than comment at length on what happened at Monday's work session.

"I've got a longstanding working relationship with the mayor and a couple of other folks on the city council, so I really don't want to have a debate in the newspaper," he said.

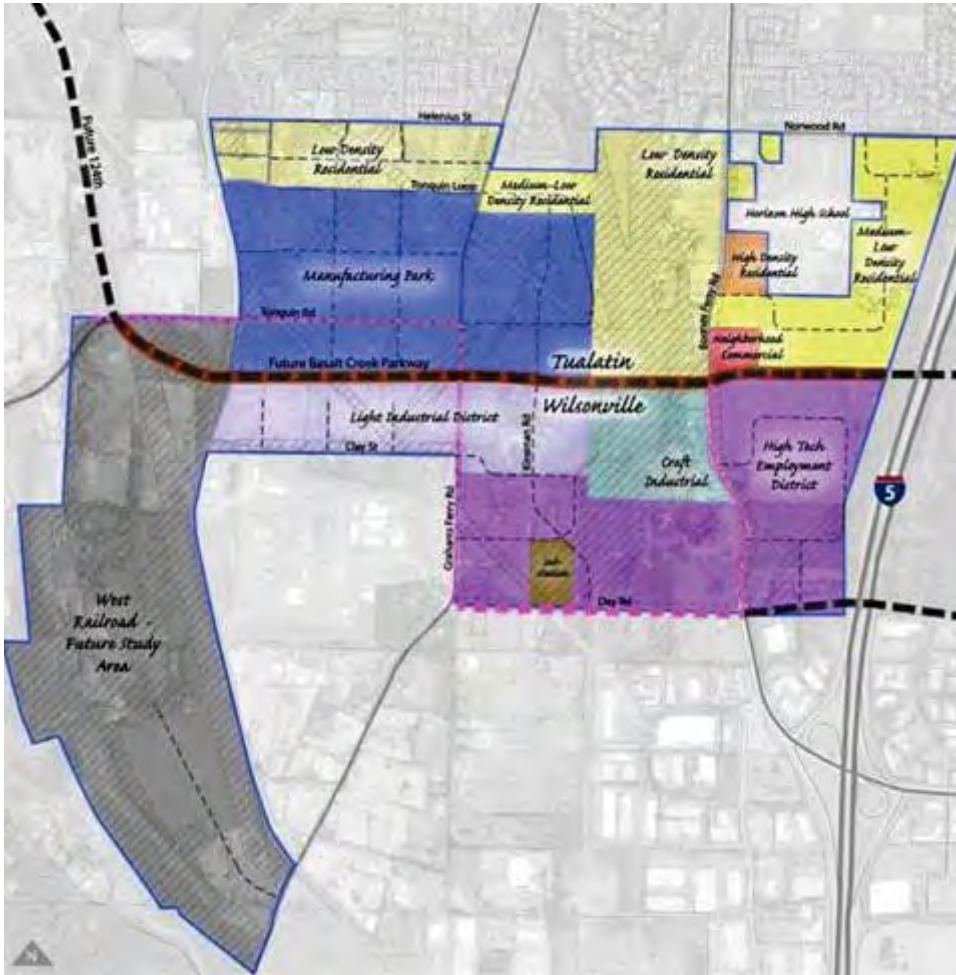
Asked for his thoughts on Knapp's suggestion that the boundary agreement may be inoperative due to Tualatin's change to the map, Ogden responded, "I hadn't heard that, but that surprises me."

Ogden noted that he has publicly expressed the sentiment that Knapp's leadership has been critical to the Basalt Creek planning process thus far.

"At this moment, the fact that there is a point of contention, I take that as a legitimate concern and I'm very interested in trying to work through it with a solution that Wilsonville feels good about ... reiterating that this is not a political decision on our part ... it's a physical reality of the site," Ogden said.

He added, "If Wilsonville feels that it has negative adverse impacts to them, we've got to figure out a way to address that and mitigate that. ... If someone feels aggrieved, let's figure out why and how to fix it."

Editor's note: This story has been updated with comments from Tualatin's mayor.



COURTESY OF THE CITY OF TUALATIN - Wilsonville city councilors are upset about a change in the 'preferred' draft land use concept map for Basalt Creek made by Tualatin, redesignating the easternmost section of its manufacturing park area (in blue) as residential.

Residential is designated to the north. Proximity to other industrial development will be important for industry synergies and future market growth.

CONCLUSION

The site is certainly feasible for employment, and given the existing site conditions and subject site location, the following employment uses may be suitable for this site:

- Flex business park (health services, professional services, support services, administration/back office support operations, incubator space)
- Office or office campus
- Manufacturing (food processing, metals, chemicals, equipment, machinery, product/components assembly)
- Commercial support services (restaurants, coffee shops, print shops) along the future Basalt Creek Parkway

NEXT STEPS

Significant transportation and utility planning must occur during the concept planning process to identify infrastructure needed to support the development of this site and adjacent uses. Infrastructure needs analysis, transportation analysis, and/or costing are not a part of this effort, however, we caution that this information is necessary along with a geotechnical report and ALTA survey to provide a complete analysis and recommendation.

Lastly, a market study to determine the need for employment uses and others (retail, commercial, residential, etc.) may assist the County and the cities of Wilsonville and Tualatin in determining the appropriate amount of industrial, employment, commercial, retail, and residential land requirements in the Basalt Creek Planning Area. The market study would further bring clarity to the market's ability to execute development across varying uses and determine the highest and best use of the subject property.

Sincerely,



Gabriela Frask
Land Use Planner, Associate
Assistant Department Head

Enclosure(s): Existing conditions map
Concept plan

c: Todd Johnson - Mackenzie

From: Matt Dolan <Matt.Dolan@kpff.com>
Sent: Friday, March 09, 2018 10:24 AM
To: Callaway, Tamara
Cc: Jacobson, Barbara
Subject: RE: Basalt Creek Central Subarea
Attachments: Basalt Creek Land Designation.docx

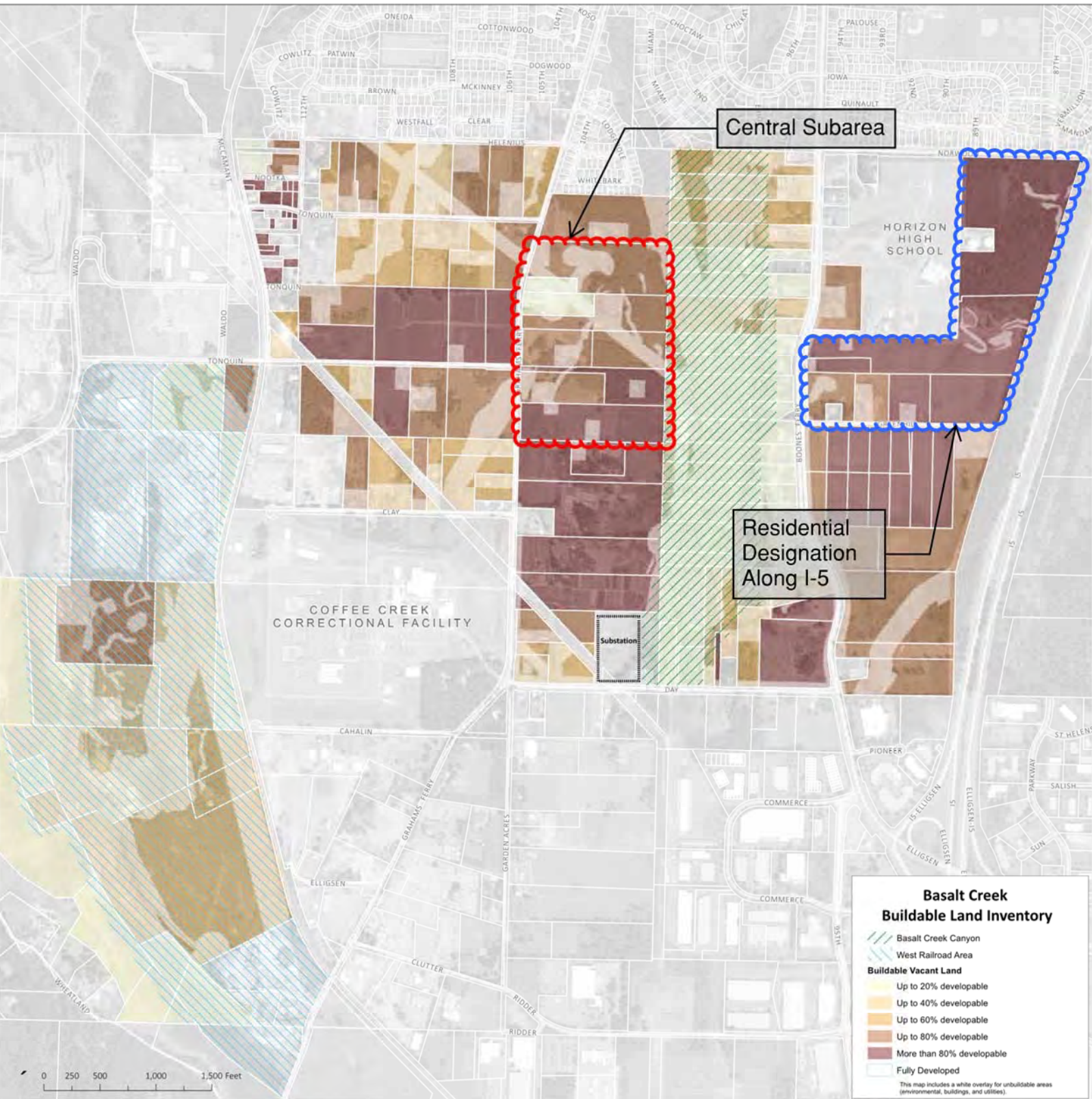
Hi Barbara/Tamara,

Attached are a few bullets/thoughts regarding the Tualatin memo. Please don't hesitate to call with any question, comments or additional needs.

Thanks,
Matt D.

Basalt Creek Land Designation – Response to Tualatin Memo

- A. In response to the City of Tualatin’s memo, it seems prudent to restate the purpose of the Basalt Creek Concept Plan – Feasibility Study. “The intent of this feasibility study is to take a further look at approximately 60 acres within the Basalt Creek Concept area to evaluate the potential to develop these properties to support increased employment opportunities in the region.” Page 1 of KPFF study.
- B. Page 5 of the Tualatin memo states “KPFF then concludes the area is useful, at best, for ‘split elevation’ office use.” To the contrary, the study suggests that a different building type could be utilized in areas with steeper slopes and does not suggest this approach for the entire area. All of the scenarios and building typologies imagined in the study support employment opportunities within the study area and are creative/adaptive solutions for modern development in a robust metro environment.
- C. With respect to the discussion around the Oregon Fire Code – The site lies within the Tualatin Valley Fire & Rescue (TVFR) Service Area. ORS 368.039 allows road standards adopted by local government to supersede standards in the fire codes and requires consultation with the local fire agency. Per the TVFR “New Construction Fire Code Applications Guide for Commercial and Multi-Family Development,” revised 10/26/2017, Version 3.5, Fire Apparatus Access Roadway grades shall not exceed 15%. With respect to a secondary access, there are a multitude of ways to satisfy the requirement. The need for secondary access will be dependent on the actual development being proposed and consultation with TVFR may be required. The Oregon Fire Code was not ignored.
- D. The study completed by KPFF was intended to demonstrate that it is feasible to develop the study area in a manner that supports employment opportunities. It was not intended to be definitive as to how the development would actually occur. There are many other factors that will ultimately determine how the property is developed at some future date.
- E. The discussion regarding economic feasibility does not seem pertinent or relevant to the determination of the long range planning goals for the area. If they are to be considered, a much more impartial and holistic approach would need to be applied to some sort of criteria that can equally evaluate long term economics for varying development scenarios. This is well beyond the scope of the feasibility study or any conclusions that could be extrapolated from the report and development scenarios envisioned.



Basalt Creek Buildable Land Inventory



Present: Mayor Lou Ogden; Council President Monique Beikman; Councilor Frank Bubenik; Councilor Joelle Davis; Councilor Nancy Grimes; Councilor Ed Truax

Staff Present: City Manager Sherilyn Lombos; City Attorney Sean Brady; Police Chief Bill Steele; Deputy City Recorder Nicole Morris; Assistant to the City Manager Tanya Williams; Assistant City Manager Alice Cannon

CALL TO ORDER

Mayor Ogden called the meeting to order at 5:36 p.m.

1. ***Metro Update with Councilor Craig Dirksen.***

Metro Councilor Craig Dirksen provided the Council with handouts on regional highlights on housing, jobs, transportation, and changing communities. He presented an update on the renewed Parks and Natural Areas Levy. The renewed levy will fund planning on the Chehalem Ridge, restoration on the River Island Natural Area, and allow the ability to award \$205,000 in community restoration grants. The Regional Leadership Forums was held and focused on transportation challenges and potential solutions. Metro was granted \$130 million in Regional Flexible Funds to be spent on active transportation and freight movement. JPACT will be making a decision in January on how the funds will be spent in 2019-21. Councilor Dirksen noted the Herman Road Project has been submitted as a priority project for funding.

Councilor Dirksen updated the Council on the Equitable Housing Grants. \$575,000 will be awarded to assess and reduce barriers to affordable housing in seven cities in the region. Metro has adopted the Strategic Plan for Racial Equity and Diversity. Design work on the River Walk at the Willamette Falls is still underway. An open house was held in November to review design options. The Convention Center Hotel design has been approved with an official groundbreaking to be held in the spring of next year.

2. ***Basalt Creek Land Use Map.***

Assistant City Manager Alice Cannon and Senior Planner Karen Fox presented an update on the Basalt Creek Concept Plan. Manager Cannon stated staff is looking for two actions from Council tonight: confirm land use concept map and accept staff recommendations. A brief overview of the project history was presented. A scenario progression from 2014 to concurrent was reviewed.

Planner Fox spoke to concept map refinements. Staff took feedback from the public, Council and Intergovernmental partners to make minor refinements. Staff

sought to achieve a balanced land use solution responsive to feedback and supported by IGA partners. A well balance approached was reached between employment and residential land: 93 acres of Manufacturing Park, 3 acres of Neighborhood Commercial, and 88 acres of Residential. Through further public input it prompted questions regarding the Basalt Creek central subarea and its zoning. Council direction on the issue was to match the same Planning District as Victoria Gardens and determine if land is suitable for employment uses.

Manager Cannon met with OTAK to further explore the property owner's proposal. She stated OTAK is supportive of the plan for the area remaining residential. It was also noted that Washington County does not support the change from industrial to residential. Planner Fox stated staff examined the South Center Complex as an example of similar topography and sanitary sewer restraints. The updated summary of acres and trips was presented. The trip capacity did not change significantly and fits within the margin of error. The most recent land use concept map was summarized.

Manager Cannon presented staff's position on the Basalt Central Subarea. She stated the budget is getting lean on the project and staff is looking for Council to move forward so work can begin on the concept plan.

Mayor Ogden asked about the power line easement. Manager Cannon stated the area could be used for commercial parking or storage units but the area is very restrictive towards residential use.

Mayor Ogden asked about the inability to meet ADA requirements in the area because of the grading. Manager Cannon stated excavation on the site would be challenging but she couldn't speculate further without having plans to review.

Councilor Davis stated she would like to see more residential in the area and less industrial to address citizen concerns.

Councilor Grimes would like to prevent the area from becoming land locked and not having the proper utilities to the area.

Councilor Davis asked for clarification on the projects budget. Manager Cannon stated the budget is running low and decisions need to be made on land uses to keep the project moving forward.

Councilor Grimes asked what would happen if the City changed direction on the zoning based on the letter the Council received from Washington County. Manager Cannon stated ultimately the County has to sign off on the agreement, so everyone has to be on the same page.

Councilor Truax asked what would happen if Washington County decided to not agree. Manager Cannon stated the City then runs the risk of not being able to urbanize the area.

Council President Beikman stated the letter they received stated the area needs to be zoned for employment land or they were going to hold up the process. Planner Fox stated Washington County feels they have made a huge investment into the infrastructure in the area and choosing something other than employment land

would be going against their expectation for the area.

Councilor Davis stated she is frustrated because residential zoning for the area would reduce the traffic load on the area. She added the City already has residential developers ready to break ground in the area.

Councilor Bubenik stated he supports staff's recommendations.

Councilor Grimes concurred with Councilor Bubenik stating staff has created a equitable balance with room for growth.

Councilor Davis asked if mixed use would work in the area. Planner Fox stated it would depend and would have to be worked out in the design phase.

Mayor Ogden spoke in support of the OTAK proposal because he has concerns with the area being able to develop manufacturing.

Councilor Truax stated if Council does not accept staff's recommendations tonight he fears there will be no end to the process.

Council Consensus was reached to adopt staff's recommendations

Councilor Davis asked when the process will be finished. Planner Fox stated it is anticipated to wrap-up in April. Councilor Davis asked what the process would be for future changes to the area. Planner Fox stated a process will need to be worked out with the City of Wilsonville.

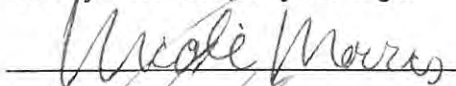
Council Meeting Agenda Review, Communications & Roundtable.

Councilor Davis requested the Council release a statement on community unity. Council consensus was to move forward. Councilor Davis will provide the Council with a statement for review and will have it prepared for the next meeting.

ADJOURNMENT

The work session adjourned at 6:54 p.m.

Sherilyn Lombos, City Manager

 / Nicole Morris, Recording Secretary

 / Lou Ogden, Mayor

From: Peter Watts [mailto:peterowatts02@gmail.com]
Sent: Wednesday, March 07, 2018 4:31 PM
To: Roger Alfred
Subject: Fwd: Basalt Creek Submission

Dear Roger-

I'm asking that this email and exhibits be added to the Basalt Creek Record, related to the Staff Report issued on February 21, 2018. I understand that Metro's position is that the record is not open to the general public. And, despite participating in this process in front of both jurisdictions, providing written testimony, and being a land owner who owns a portion of the property affected by the decision, Metro's decision is that I cannot participate in front of Metro, or advocate on my own behalf. I believe that this determination is in clear violation of Oregon Land Use Goal 1, as well as Metro's Public Engagement Guide, adopted in November of 2013. Metro has identified that the levels of participation are to Inform, Consult, Involve, Collaborate, and Empower. While I have been informed, by what I consider a factually inaccurate Metro Staff Report, there is no ability for me to participate in the other four steps including providing written testimony to correct the factually inaccurate record. Instead I am having to hope that one of the jurisdictions will submit materials that I have previously provided, and other materials that I may want into the record.

I have been disempowered, as have many other property owners who are simply asking for a voice in a process that will have a huge impact on them financially, and otherwise. Oregon Land Use system contemplates that impacted parties can appeal an adverse ruling. If you do not allow impacted parties to participate in the process you are abrogating their rights, in violation of both the letter and the spirit of our land use laws.

The record that we submitted to Tualatin and Wilsonville clearly demonstrates that the subject land cannot be feasibly be developed as employment land do to the topography, basalt rock, and property access.

Executive Summary

These materials concern a 41 acre site, in the approximately 847 acre Basalt Creek Planning Area. Basalt Creek is an area located between the cities of Tualatin and Wilsonville. It was brought into the Urban Growth Boundary in 2004. The Basalt Creek name derives the ridges and caps of basalt rock. These materials demonstrate the difficulty of getting a residential designation for property, even when there is a willing government, and empirical data demonstrating that other uses are not feasible.

In summary, Don Hanson of OTAK, and Tony Weller of CES NW, have both provided letters stating significant reservations with the feasibility of developing this 41 acre site as employment land, and provided detailed analysis of topographic and access limitations associated with the site, for your review. The letter from Tony Weller succinctly describes the issues with the McKenzie Report and the site in two pages.

Ken Leahy of Ken Leahy Construction, and Brian Clopton of Brian Clopton Excavating, both who have significant experience providing site preparation in the region, have walked the property, and

believe that site preparation for the large building footprints required by employment designations, will be cost prohibitive due to the site slope and basalt rock soil.

Eric Sporre of PacTrust believes that there is an inability to develop industrial or flex buildings based on the site topography and soil conditions. Mike Diamond of the Real Estate Investment Group opined that the site was unlikely to develop as industrial or flex space because of the inability to provide large drive access for truck loading and turning radius. He also determined that office park use was not feasible, because the steep topography would have a negative impact on the proximity of parking and could pose an issue with American's Disabilities Act requirements. Stu Peterson, who has significant experience with employment properties in the area, says that it is not suited for an employment designation. In short, all of the experts were in agreement that there were significant issues with ever developing the property as employment land.

Although, McKenzie provided a report to Washington County, that the land could be feasibly developed as employment land, that report was based on a series of assumptions regarding site access, road construction, and zoning on the northern portion of the property, that will not occur under the current plan. Washington County staff has confirmed that the access off Basalt Creek Parkway, and the north south Kinsman road, will not be built. Both, Don Hanson and Tony Weller, have provided letters based on the most recent Washington County data, that contradict the conclusions reached in the McKenzie report.

Despite that the Basalt Creek planning area was brought into the UGB for the primary purpose of providing employment land, Metro has confirmed that there is no prohibition in the findings for non-employment designations. John Fregonese has confirmed that even if the subject property was zoned residential, the employment capacity for the planning area, will still far exceed Metro's estimates by 1,000, or more.

Don Hanson of OTAK prepared a site plan that includes, high density residential, medium density residential, and low density residential. The back acres of the site are already contemplated to be low density residential, this the proposed plan does not represent a change for those acres. His plan would front load the density along the plan area transportation corridors.

The Tualatin City Council unanimously supported the residential designation, so long as it did not generate additional trip counts. Don Hanson believes that the plan as drawn will result in net neutral trip count numbers, but can adjust the plan as needed.

Upon receiving our analysis and materials, the Wilsonville City Council strongly opposed the residential designation. They hired a planner from KPPF to come up with an "employment" designation scenario. That plan did not take into account site development costs. Don Hanson and Tony Weller determined that the cost of site preparation necessary for the KPPF plan substantially exceeded land sale comps in the area. Under questioning from Mayor Ogden, the KPPF planner acknowledged that the site preparation cost estimates provided by Tony Weller and Don Hanson were reasonable. But he disagreed with what the land was worth. Stu Peterson, who has a substantial number of listings in the Tualatin Sherwood area, provided comps that showed multiple listings with a price per square foot cost of less than the site preparation costs.

The Intergovernmental Agreement ("IGA") signed by Wilsonville, Tualatin, and Washington County has no mediation clause. As a result, without Wilsonville's cooperation, the current impasse cannot be resolved, until the IGA expires in approximately two years. This subject land was brought into the UGB in 2004, and we are already thirteen years into the planning process.

While the record in this proceeding demonstrates that this land is not necessary to meet Plan Area employment needs, the record related to Metro's Urban Growth Report, demonstrates that the City of Wilsonville has strongly advocated that there is a need for additional residentially zoned property, and has argued that Metro needs to look at housing on a sub-regional basis, instead of region wide. The overwhelming record demonstrates the subject property cannot be developed as employment land. The Tualatin council has made findings to that effect, and has tasked Tualatin staff with proceeding with a residential designation. Given Wilsonville's position on the need for residential land, and the proposed plan that includes high, medium, and low density residential, it is difficult to reconcile Wilsonville's opposition to the residential designation.

Background Information And Why We Are Here Today

What is not obvious from satellite imagery, or from the road, is immediately apparent, on the ground. There are significant slope issues with the property and the adjacent properties, and there was very little topsoil, and a lot of rock. I am familiar with the impact of topography and soil conditions through my past representation of the former city of Damascus, and this property did not seem well suited for the large footprints necessary for an employment designation.

After discussions with Herb Koss, we contacted adjacent property owners, and received their permission to have experts look at the parcels of property as a whole, to help determine feasibility. At that time, concerned whether there was a prohibition on non-employment land zoning, I had preliminary discussions with Metro staff regarding whether there had been a requirement that the land be zoned employment, when it was brought into the UGB.

Preliminary Analysis From Experts And Washington County's Letter Opinion From McKenzie

Herb Koss arranged for Don Hanson from OTAK to analyze the site for slope issues and potential zoning, and he has previously submitted materials regarding his findings. (See *attachment 1*) Brian Clopton, of Brian Clopton Excavating submitted a letter on November 18, 2016 regarding the soil conditions and topography. (See *attachment 2*) Eric Sporre of PacTrust submitted a letter on November 14, 2016 regarding the inability to develop industrial or flex buildings based on the topography. (See *attachment 3*)

Mike Diamond of the Real Estate Investment Group submitted a letter on November 21, 2016 opining that the site was unlikely to develop as industrial or flex space because of the inability to provide large drive access for truck loading and turning radius. (See *attachment 4*) He also determined that office park use was not feasible because the steep topography would have a negative impact on the proximity of parking and could pose an issue with American's Disabilities Act requirements. In short, all of the experts, were in agreement that there were significant issues with ever developing the property as employment land. Those concerns were echoed by Stu Peterson. (See *Attachment 12*)

Don Hanson shared Mike Diamond's concerns regarding compliance with ADA standards. He noted that the site that Washington County used as a comp, South Center, which was designed by OTAK had half the slope of the subject site, and could not be built under current ADA standards. (See page 1 of attachment 1)

At the same time, Mayor Ogden, and staff, asked John Fregonese for his opinion. He expressed reservations regarding the employment designation, and believed that it would be better suited as residential land. This, and other data, prompted Washington County to hire McKenzie to provide a letter opinion.

Upon receiving a copy of the McKenzie Letter, I had significant concerns that their report regarding feasibility was predicated on four inaccurate assumptions. Specifically:

1. The McKenzie letter contemplated access off of Basalt Creek Parkway, and did not take into account the 18-20 foot curb cut off of Basalt Creek Parkway (Washington County Project Manager, Renus Kelfkens, confirmed via email on 2/1/17 that the only access onto Basalt Creek Rd., will be from Grahams Ferry Rd., and Boones Ferry Rd., and that there will likely be an 18-20 foot curb cut); (See *Attachment 5*)
2. The McKenzie letter contemplated Kingsman Rd., as a North South connector, allowing truck access to the southern portion of the site (Washington County Planner Erin Wardell confirmed via a phone call to Herb Koss on 2/9/17 that this road had been deleted over a year ago);
3. The McKenzie letter contemplated an Employment designation in the northern quadrant of the property, despite the fact that it has been designated by the city as residential transition;
4. The McKenzie letter did not rely on site specific geotechnical conditions or

topography, relying on regional mapping instead (Todd Johnson confirmed that they had not used site specific data via email on 2/10/17) (*See Attachment 6*)

I have had discussions with Gabriela Frask, who prepared the McKenzie report, and learned that she was not provided with the site transportation access information, nor was she aware that the northern portion of the property, which is relatively flat, was planned as residential transition. She was also unaware that Kinsman Rd., was deleted from the area planning approximately a year ago. Additionally, Washington County did not authorize a site visit, within her scope of work, which I believe negatively impacted her ability consider other factors impacting feasibility. Regardless of the skill of an individual planner or agency, their work can only be as accurate as the information that they rely upon, and in this case I believe that Gabriela and McKenzie did not receive sufficiently detailed information to assess the property as accurately as possible.

Expert Opinions and Assessment of the McKenzie Letter

We asked Tony Weller of CES NW, to consider the Tualatin staff reports, McKenzie Study, email from Washington Co., regarding access, the DKS preliminary profile of the extension of Basalt Creek Parkway, and the OTAK Basalt Creek Concept Plan. In a comprehensive letter dated February 10, 2017, he opined that while the northerly third of the site is very developable as employment land, almost half of that property is reserved for residential use. And, that the deletion of the planned Kinsman Road, eliminates the only at grade potential access coming from the southerly portion of the site. The plateau portion of the property is surrounded by steep slopes of over 10% and over 20%. He further opined that neither access point can provide a secondary access to the plateau area which is a negative for both traffic flows and emergency access. (*See Attachment 7*)

Ken Leahy of Ken Leahy Construction Inc., was asked to provide a more comprehensive look at site preparation costs. He provided his opinion, in a letter dated February 10, 2017 that the cost of site preparation will exceed \$5.00 per foot. (*See Attachment 8*)

Don Hanson, of OTAK has provided a letter, and marked-up the McKenzie map based on the actual location of Basalt Creek Parkway, the lack of access off of Basalt Creek, the elimination of Kinsman road, and the residential designation at the top of the property. The result of those additional facts, eliminates a significant portion of the property that McKenzie deemed developable. (*See Attachment 9*)

Additionally, I have included a map that combines the McKenzie Plan with the residential zone and topographic map. (*See Attachment 10*)

After encountering opposition from Wilsonville, and after Wilsonville hired KPFF to come up with a concept for the subject property, we had Tony Weller and Don Hanson analyze the KPFF plan. (*See Attachments 10 and 11*), they determined that it was not feasible.

Housing Needs in the Region

It is also clear that there is an extreme need for more available residential land in our region. Day after day, the headlines in our papers are about the housing emergency, and the lack of housing stock. Metro is the jurisdiction tasked with ensuring that there is a sufficient buildable lands inventory in our region. In order to successfully complete this task Metro must make determinations regarding future population growth, demand for housing type, as well as capacity within the current Urban Growth Boundary. Metro does this as part of its Urban Growth Report.

Just three years into the UGR, it is clear that the predictions by Metro are not reflected by today's market. The 2015 Urban Growth Report (UGR) was based on several preceding analyses by Metro. Including the Housing Needs Analysis (HNA) and The Buildable Lands Inventory (BLI). While the

HNA predicted that the split between rental and ownership housing would be substantially unchanged from the present (about 36% rental housing), it predicted that a massive change would occur in the form of home ownership, from single family detached to about 40% of future home ownership in condominium housing.

The 2015 Urban Growth Report (UGR) was based on several preceding analyses by Metro. Including the Housing Needs Analysis (HNA) and The Buildable Lands Inventory (BLI). While the HNA predicted that the split between rental and ownership housing would be substantially unchanged from the present (about 36% rental housing), it predicted that a massive change would occur in the form of home ownership, from single family detached to about 40% of future home ownership in condominium housing.

A close reading of ORS 197.296, Factors to establish sufficiency of buildable lands within urban growth boundary shows that the state law requires a much more conservative and trend based forecast of Metro than they used in their UGR. In fact, just three years into the UGR, it is clear that Metro's predictions were horribly off. Assuming a straight line 25 year population growth number, in Metro's cities with populations over 5,000, predicted population growth was in 2016 was 15,728. The U.S. Census department provided 2016 estimates in those same cities at 57,677, more than 3.5 times what was predicted by Metro.

A close examination highlights some of the salient problems with the previous forecast. Such as, comparing the 27% of predicted housing allocated to high rise condo with the recent housing market since 2015, which shows a negligible number of units built. The 2015 UGR also predicted a distribution that shifted new population growth heavily to Portland over the suburbs. Of cities with populations of over 5,000, Portland was expected to take 10,006 people, or over 63% of the 15,728 predicted increase.

In reality, Portland took 26,508 or 45% of the 57,677 population growth estimated by the U.S. Census Bureau. Since Portland has adopted inclusionary zoning laws filed applications for new multi-family projects have decreased significantly, while applications in close in cities such as Milwaukie have increased. That will add further pressure on suburbs who have little buildable land. Metro's 2015 UGR predicted that Tualatin's population in 2040 would be 27,372. The U.S. Census Bureau estimated Tualatin's 2016 number at 27,545, which means that Tualatin exceeded its 25 years of growth in 2016 alone.

Metro's predictions of relatively low growth, a condo building boom, and not looking recent market trends as required by ORS 197.296.

The combination of all three decisions by Metro has resulted in there being an inadequate amount of available unconstrained buildable land in the region. King City, a city which has seen population growth of 96% over the last 17 years or an annual increase of 4.2% recently had ECONorthwest complete a housing needs analysis, which found that the city had 1.5 unconstrained buildable acres in the city.

As a result large subdivisions are being constructed in satellite communities outside of Metro's jurisdiction like Estacada, North Plains, and Newberg. Communities such as North Plains are outside of TriMet's service district meaning that all of the new population will be traveling by car, further clogging our region's infrastructure, and resulting in long commutes for working Oregonians.

Faced with current market realities a decision by Metro to zone the subject land employment, while all signs point that it can't be developed, not only fails to aid in our housing crisis, it will also prevent necessary employment land from coming in the future. Because this land will remain undeveloped, it will be counted as available employment land, even though it is the land's topography, rather than market demand, that determine that it won't develop.

The Plan prepared by OTAK is designed to be trip count neutral, and to comply with all elements of Goal 10.



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BASALT CREEK/TUALATIN CONCEPT PLAN

Amendment Request to the Concept Plan

Tualatin, Oregon

August 23, 2016, Revised November 21, 2016

Introduction

- Otak Inc. (Otak) represents The Sherwood Grahams Ferry Investors LLC, headed by Herb Koss, who hold 10 acres in the 41 acre northeast quadrant of the overall district. The property is located near the northeast corner of Grahams Ferry Road and extends over to the Basalt Creek Canyon along the proposed new east-west arterial road. This summary of concerns and the amended concept plan lay out our intended direction moving forward.

Project Concerns

- Otak’s concern is that the northeast quadrant area is not well suited to industrial zoning or employment transition proposed by the concept plan.
 - **Topography.** Much of the site contains slopes in excess of 10 percent (10%) and 25 percent (25%). The site would be extremely difficult to flatten out to accommodate industrial or employment transition site development requirements. Attached is a topographic map of the South Center project provided to City of Tualatin (City) staff. Otak designed this flex-space project. The topography is half as severe as portions of the 41 acres site. The site would be extremely difficult to develop given today’s American with Disabilities Act (ADA) requirements. *
 - **Access.** Vehicular access will be limited to Grahams Ferry Road and extending Tonquin Loop into the site. No access will be permitted on the proposed new east-west arterial road.
 - **Basalt Creek Canyon.** The industrial land abuts the Basalt Creek Canyon with no transition.
 - This is not a big change but rather a refinement to the concept plan. It is a defined site area that makes up about 3 to 5 percent (3-5%) of the total Basalt Creek Study Area. Also there are currently 329 acres of undeveloped industrial land within a one mile radius of the study area.

Land Use Context

- The following shows a comparison of Metro’s initial goal for the district, the City’s current plan, and the proposed amended plan.

Metro	2500 Jobs	1200 Households
City Plan	4500 Jobs	600 Households
Amended Plan	4070 Jobs	1194 Households

The amended plan proposes a more balanced approach that is well within the intended mix proposed by Metro when the land came into the Urban Growth Boundary (UGB).

A group of mayors in our region have gone to Metro and asked Metro for flexibility related to UGB expansions. They have asked Metro to look at lands and appropriate zoning designations on a sub-regional basis. They have asked that Metro consider factors such as slope, and proximity to infrastructure, to help avoid situation like Damascus. We are asking you to do the same. We recognize that the region anticipated that the Basalt Creek area would primarily be zoned employment uses.

It is certainly anticipated that the vast majority of the land will be used for that purpose. But, within the Basalt Creek Planning Area, there are sub-areas that cannot reasonably be developed as employment land because of topographic and other issues. The 41 acres that we have asked the City to zone for residential purposes is one of those sub-areas. There is land to the west and south of this land that is zoned employment, that land is flatter than the subject 41 acres, and it is closer to transportation infrastructure than the subject 41 acres. Neither PacTrust Pacific Realty Associates, LP nor Brian Clopton Excavating believed that an employment designation was possible given the slope and soil quality. Instead of designating the property with a designation that will result in it never developing, we ask that you give it a designation that will make development feasible. If you do not do so, it will sit vacant; counting as developable employment land, just as Damascus has sat vacant, counting as available housing stock. Its designation will prevent further necessary expansions.

There is a housing crisis in our region and the latest modeling has demonstrated the importance of having residential land and employment land in close proximity. This is an opportunity to provide housing, on land which cannot be feasibly developed as employment land.

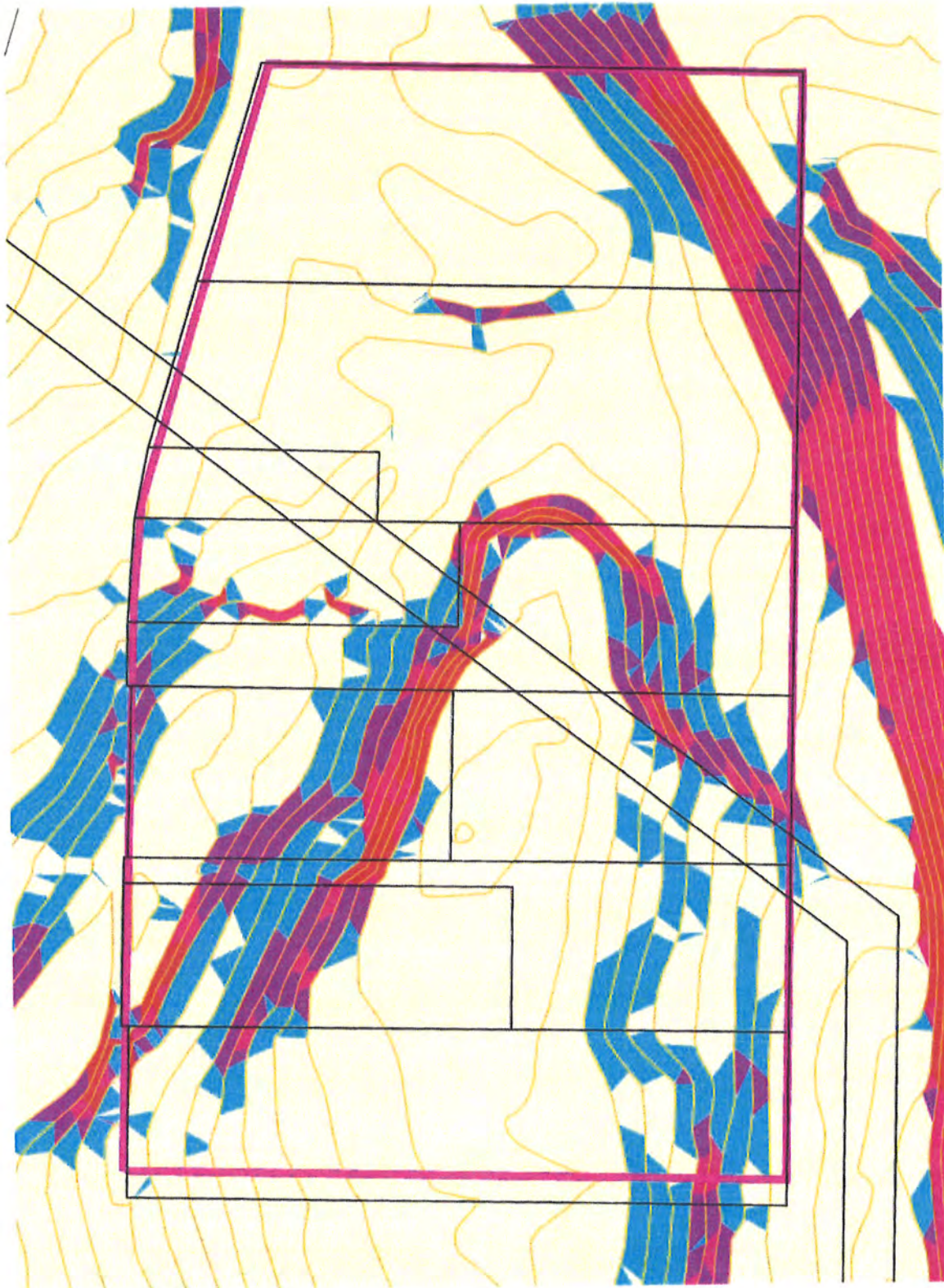
Amended Plan Options

- The attached concept plan option summarizes the requested amendment for proposed land uses that fit the site and its unique conditions.
- The plan anticipates building Tonquin Loop as an actual loop with two access points on Grahams Ferry Road. This road extension will provide complete access to the properties and also access to property owners east of the site.
- Three densities of residential are shown as transition to the neighborhood to the north and canyon to the east and also along the new east-west arterial, which is down 25 vertical feet from the site area. A center core area of potential retail, high density residential, and open space could serve as a walkable destination in the neighborhood. Also secondary access can be provided to the developable lands to the east above the canyon.
- Property uses can be molded to fit actual site conditions and provide a mix of housing (including workforce housing) close to jobs anticipated to the south and west.
- The programmed development will “be trip cap neutral” compared to the current city concept plan.

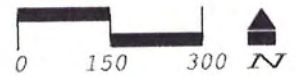
Benefits

- A walkable neighborhood with appropriate transitions and destinations
- Land uses that are adaptable to actual site conditions. The mix of uses will act as a **catalyst to create activity in the district**. The high-density residential (HDR) land provides the best opportunity for workforce housing next to employment lands. Residents won't need a car to commute.
- A plan that meets Metro's initial objectives when the land was brought into the UGB.
- A more complete quality neighborhood for the City of Tualatin.

Attachments: Basalt Creek Site Topo
Basalt Creek Slope Analysis
South Center Site Topo (Comparison)
Basalt Creek Land Use Concept
Letter from PacTrust Pacific Realty Associates, L.P.
Letter from Brian Clopton Excavating
Letter from Micheal Diamond, Real Estate Investment Group
Basalt Creek nearby Job Lands Map



11-16-2016

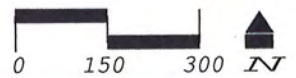


Slopes Table			
Number	Minimum Slope	Maximum Slope	Color
1	0.00%	10.00%	Yellow
2	10.00%	15.00%	Blue
3	15.00%	20.00%	Purple
4	20.00%	25.00%	Pink
5	25.00%	357.23%	Red

BASALT CREEK SLOPES ANALYSIS

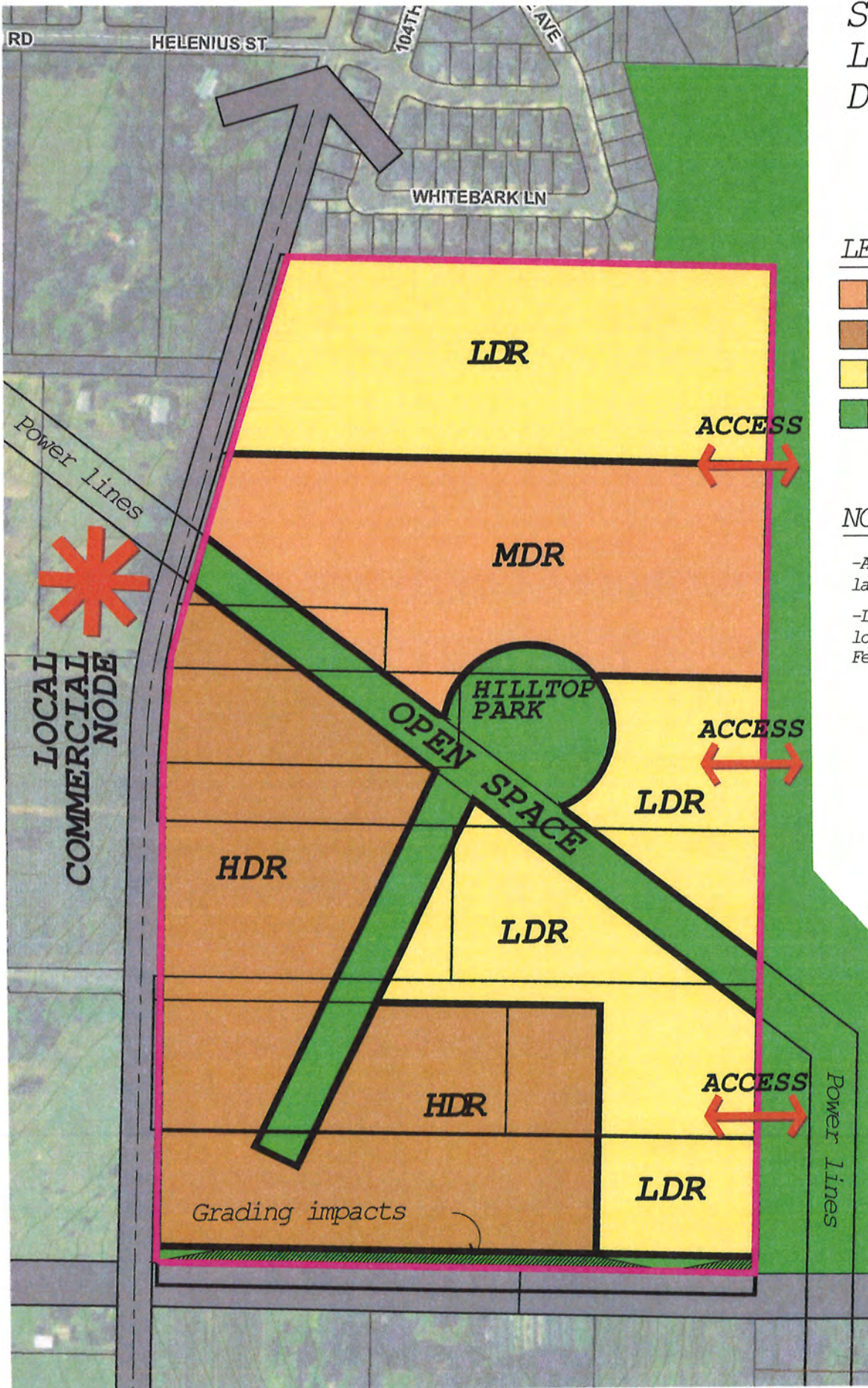


11-16-2016



SOUTH CENTER SITE TOPO

Subdistrict Land Use Diagram



LEGEND

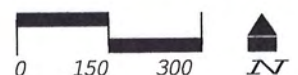
- Mid Density Residential
- High Density Residential
- Low Density Residential
- Open space

NOTES

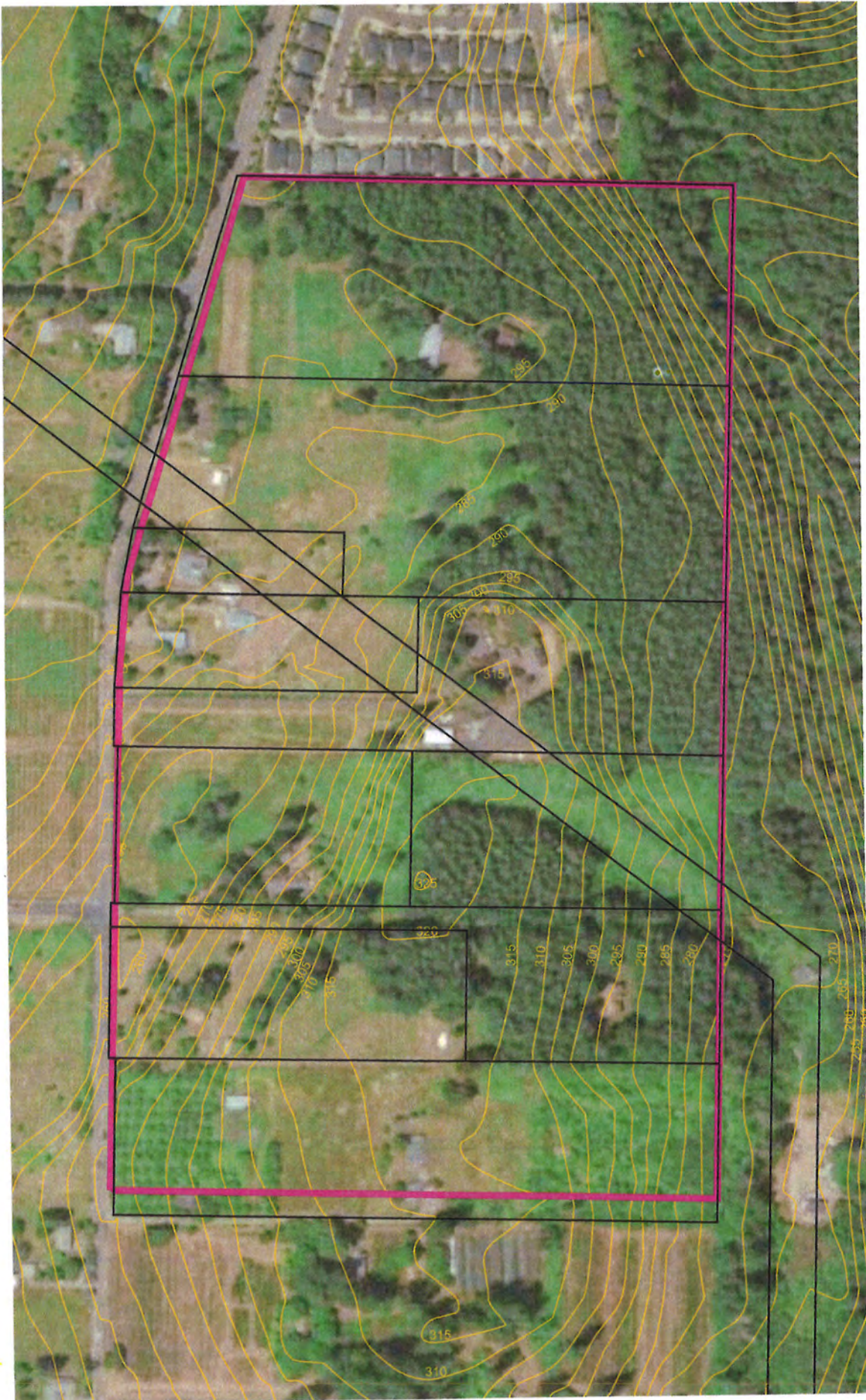
- Access provided for landowners to East
- Local commercial node located across Graham's Ferry Road



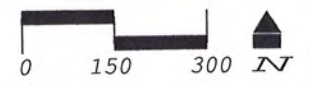
11-21-2016



Basalt Creek Concept Plan



11-16-2016



BASALT CREEK SITE TOPO



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2

November 18, 2016

Dear Mr. Koss

You have asked me to visit the 41 acre site located in the Basalt Creek Planning area. Your question was the feasibility of grading this site for employment land vs. a residential zone.

For your information my company has just purchased another four acres next to our Clay Street property. With this acquisition we now have 16 acres of land on Clay Street. I am very familiar with this area and as you know my company has mass graded many sites in the Portland Metro Area. I have been asked many times to inspect potential projects in order to determine problems that may be associated with a developer's site plans --- slopes, access and feasibility.

Thank you for providing me with topography of the site. It was very helpful and to be honest the slopes on the site were more severe then I first thought. The other big issue is the amount of rock that would be encountered with any grading necessary to accommodate any development on this site. This site is far better suited for Residential use since grading for this does not require the same topographic grading in comparison to employment uses. The Basalt Creek area does feature other land that is suited for employment; however the 41 acres you have asked me to visit is not in that category. I was also surprised by the 18 to 20 foot cut in order to accommodate the extension of Basalt Creek Parkway.

If you require any additional information please let me know.

Sincerely

Brian Clopton

President/Owner

PACTRUST
Pacific Realty Associates, L.P.

15350 S.W. Sequoia Pkwy., Suite 300
Portland, Oregon 97224
503/624-6300 • Facsimile: 503/624-7755

3

November 14, 2016

VIA EMAIL

Herb Koss
2643 South Shore Boulevard
Lake Oswego, OR 97034

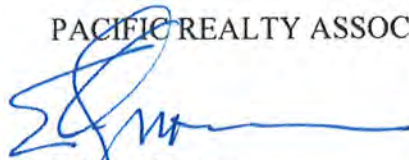
Dear Herb,

At the request of Peter Bechen, I toured your site north of the future Basalt Creek Parkway last week. PacTrust is developing an industrial park several miles north at 115th Avenue and Tualatin-Sherwood Road in Tualatin known as Koch Corporate Center. We are interested in locating a site to develop in the Coffee Creek area for light industrial uses. Unfortunately, the topography of your site makes development of industrial or flex buildings uneconomic. We believe housing would be a more appropriate use for the site. The smaller floor plates for housing enable it to work with slope conditions present on your property. Industrial/employment land requires sites to be much more flat due to dramatically larger floor plates, parking requirements, loading areas for trucks and ingress/egress concerns for trucks. There are several sites in the area that are more appropriate for industrial/employment development.

Let me know if you would like to discuss this further.

Yours very truly,

PACIFIC REALTY ASSOCIATES, L.P.



Eric A. Sporre
Vice President



4

November 21, 2016

Herb Koss
2643 South Shore Blvd.
Lake Oswego, Or 97034

VIA: EMAIL

RE: 41-acre Basalt Creek southern boarder 23960 SW Grahams Ferry Rd.

Dear Herb,

I visited the site and spent a considerable amount of time driving the area. It is an exciting development area especially when the Basalt Creek Parkway is completed.

The topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use.

I also looked at the site for office park use and concluded that due to the steep topography of the site it could have a negative impact on the proximity of the parking that may pose an issue with ADA requirements. I also believe that the extraordinary site cost and small office footprints would not be cost effective and competitive in the office market. Furthermore, the location does not readily lend itself to that use.

This site lends itself to smaller foot print buildings such as housing and multifamily that can be planned around the steep grades and terraced into the topography. It is my opinion that the highest and best use for this site are single family homes buffered along the frontage with multifamily housing.

Our office has forty years of experience in commercial real estate and have procured sites for commercial developers such as Gramor, Holland Development LLC and West Hills.

Let me know if you have any questions.

A handwritten signature in black ink, appearing to read "Michael N Diamond", written in a cursive style.

Michael N Diamond
Principal Broker

Peter Watts

From: Herb Koss <herb@kossred.com>
Sent: Saturday, February 11, 2017 5:56 PM
To: Peter Watts
Subject: FW: Basalt Creek Renus



Thanks Herb Koss

Begin forwarded message:

From: Renus Kelfkens <Renus_Kelfkens@co.washington.or.us>
Date: February 1, 2017 at 12:02:54 PM PST
To: Herb Koss <herb@kossred.com>
Subject: RE: Basalt Creek

Hi Herb,

Yes, Basalt Creek Parkway is a limited access road. The only access will be from Grahams Ferry Rd, and Boones Ferry Rd. Currently we have not done any topographic survey, or design but it is reasonable to expect an 18-FT to 20-FT cut. This will be investigated during the design phase of the project.

Sorry for the delayed response. Please let me know if there are any other questions or comments.

Thanks,

Renus Kelfkens | Project Manager
503-846-7808 renus_kelfkens@co.washington.or.us

From: Herb Koss [<mailto:herb@kossred.com>]
Sent: Friday, January 27, 2017 12:40 PM
To: Renus Kelfkens
Subject: Basalt Creek

Dear Renus

I wanted to pass along the employment site evaluation prepared by Mackenzie. After our conversation earlier this week it seems clear to me that some of the assumptions that Mackenzie made, are not consistent with the transportation plan for the area. Although, the site evaluation shows access off of Basalt Creek Parkway, my understanding is that the county will not allow access. Additionally, the evaluation has Basalt Parkway in the wrong area, does not reflect the 18-20 foot curb cut, onto the property, nor does it show the residential that is planned on the northern portion of the site to transition from the existing neighborhood. I spoke to Mackenzie this week, and they indicated that they had not contacted the county regarding the transportation access, or the residential at the northern portion of the site.

Would you be willing to confirm that there is no planned access off of Basalt Creek Parkway, and that the curb cut is expected to be 18-20 feet? I think that that information will be enough for Mackenzie to retract their site evaluation. Please correct me, if anything that I have indicated isn't

accurate. My goal is to make sure that everyone is working off of the same assumptions, so that we can properly assess the site suitability. Thanks for all of your help, and taking the time to talk.

Herb

Peter Watts

From: Herb Koss <herb@kossred.com>
Sent: Saturday, February 11, 2017 5:49 PM
To: Peter Watts
Subject: FW: Proposal - Basalt Creek McKenzie
Attachments: PRO-Koss Real Estate-Scope and Fee-170209.pdf



From: Todd Johnson [mailto:TJohnson@mcknze.com]
Sent: Friday, February 10, 2017 12:04 PM
To: Herb Koss
Cc: Dennis Woods; Gabriela Frask
Subject: FW: Proposal - Basalt Creek McKenzie

Hi Herb-

I've been in meetings all morning. Sorry for the delay in getting this to you.

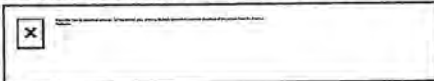
Attached is a scope and budget letter to further develop the work we did previously for Washington County. As we discussed, the letter report we prepared for Washington County relied on data available at the time we prepared the letter, and also relied on regional mapping, not site specific mapping for resource lands, geotechnical conditions, and topography. This scope includes developing site specific data to allow cost feasibility analysis to our previous study. By improving the accuracy of the data we have through onsite study and mapping, we will be able to determine if the site is economically viable for employment use, or also look at residential uses as alternates for economic viability.

It's my understanding that you have new information for the road connections and locations that we did not use in our previous report. That type of data would be collected as part of our work and would be incorporated into the scope we propose in the attached scope and budget letter.

Let me know if you have any questions about the attached scope, or if you would like us to change the proposal in any way. If the scope we outlined in the attached letter is satisfactory, I'd suggest we have a meeting with you and the project team to refine the tasks we identify prior to us commencing work.

Thanks for the opportunity to present this scope of work. I'll call you to discuss it.

Todd Johnson
Senior Associate / Director of Planning



Architecture · Interiors · Engineering · Planning

P 503.224.9560 W mcknze.com C [vcard](#)

RiverEast Center, 1515 SE Water Ave., Suite 100, Portland OR 97214

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February 10, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Dear Mr. Koss:

In response to your request I have reviewed the Basalt Creek Concept Plan materials with regards to the suitability of employment/light industrial development on the 63 acres north and east of the intersection of Grahams Ferry road and Basalt Creek Parkway. These materials included:

1. Tualatin Staff Reports
2. Mackenzie Study
3. Email from Washington County Basalt Creek Parkway project manager Renus Kelfkens regarding access to Basalt Creek Parkway.
4. DKS preliminary profile of the extension Basalt.
5. OTAK Basalt Creek Concept Plan.

We understand that the City, Metro and Washington County's desire is to zone this area for employment land. Development potential of land for employment uses, as stated in the MacKenzie report, is generally assumed to have less than 5% slopes. This is to allow for larger building footprints, parking, loading areas and truck access.

The two areas that meet that criteria for this property is the northerly 1/3 adjacent Victoria Gardens and the top of the plateau area in the lower middle of the site. The northerly area would be well served with access from Grahams Ferry Road at Tonquin Loop and potentially a secondary access from Tonquin Road at Grahams Ferry Road. These to access points would appear to have good separation and sight distance on Grahams Ferry. The northerly area is very developable as employment land, however the City has set aside approximately 10 acres (almost half) as residential to buffer the Victoria Gardens lots.

The southerly plateau area's best access would come from the southerly property line and Grahams Ferry. However, this is the location of Basalt Creek Parkway which the County will not allow access. We also understand that the County has deleted the proposed Kinsman Road crossing of Basalt Creek Parkway shown on the Tualatin Concept and MacKenzie plans thereby eliminating the only at grade potential access coming from the southerly portion of the site. Therefore any access to the plateau area must come from the north (Tonquin Road or Tonquin

Mr. Herb Koss

BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Page 2 of 2

Road Loop). The plateau area is almost completely surrounded by steeply sloped land. The slopes range from over 10% to over 20%. The over 40 vertical rise needed to get from Tonquin Road to the top of the plateau area will take 800 feet at 5% not accounting for access to the lower property on either side or the potential impacts to wetlands.

There is slightly over 25 feet vertical rise from Tonquin Loop to the top of the plateau. This does not account for the low area just north of the plateau that drops down another 15 feet that this road would have to cross. While the grading is more manageable the result would be truck traffic routed through a residential area.

Neither access point can provide a secondary access to the plateau area. This is a negative for both traffic flow patterns and emergency access. In addition as these roads are raised to provide access to the plateau area, the access to land on either side of the road becomes more difficult.


This area is also well known for the hard rock that is very near the surface. We were the design engineers for Victoria Gardens where we had about 2-feet of fill brought into the site to reduce the rock excavation costs. Unfortunately, filling the area does not provide better access.

Employment land requires flatter slopes to serve larger building footprints and then adjacent parking/loading areas. Providing for truck access and typical development footprint will severely limit the development efficiency for this portion of the property. Residential uses are more flexible with access grades and smaller footprints however the site will still be difficult to development without access to the south.

In summary, the northerly one third of the property is well suited to employment land. However, contrary to the MacKenzie report, Tualatin's current plan reserves the northerly 10 acres or so (almost half) of the northerly area for residential to buffer the Victoria Gardens lots. The southerly plateau area is not well suited for employment land. This is due to access constraints, surrounding steep slopes, lack of secondary access and grading costs.

It has also been our experience that if property is forced into a development pattern it is not well suited for, it will end up being one of the last parcels developed and the quality of that development is usually below expectations. If you have any questions in regards to our analysis, please don't hesitate to contact us.

Sincerely,


Anthony R. Weller, P.E., P.L.S.
President



Construction, Inc.

P.O. Box 489 • 915 S 12th Ave • Cornelius, Oregon 97113 • (503) 357-2193 • FAX (503) 357-3649

8

2/10/17

Subject: The Land South of Victoria Gardens to Basalt Creek Parkway

Dear Mayor Ogden and Tualatin City Councilors:

I am the owner of Ken Leahy Construction Inc., our firm specializes in all aspects of site preparation projects including full site development that require erosion control, clearing, grubbing, stripping, earthwork, cement soil stabilization, storm water detention facilities, bio swales, underground utilities (storm sewer, sanitary sewer, water distribution and franchise utilities), sanitary sewer lift stations and force mains. Our firm is celebrating its 50th year in the business and has been involved in many developments in the Portland Metro area.

At the request of Herb Koss and I toured the site on 2/10/17, to give him an idea of the feasibility of full site development for employment use. I also was given topography site maps detailing the slopes and grades on the property.

I personally have developed sites that contain large volumes of rock. Based on my personal experience I estimate that the cost of land preparation for the land described above would surpass the \$5.00 per foot range.

I looked at site access, and am basing my opinion about access on the understanding that no access will be allowed onto Basalt Creek Parkway. If there is no access from Basalt Creek Parkway, traffic will have to come from the intersection of Tonquin Road and Grahams Ferry Road. There is approximately 50 feet of elevation rise, from that access point, which creates major issues for truck traffic.

Limited access, topography, and the large quantity of basalt rock are all major issues. A single one of them might not prevent the site from being developed as employment land, but the combination of all three cannot be overcome. Mass grading of Basalt Rock is not financially feasible.

Sincerely

Ken Leahy



HanmiGlobal Partner

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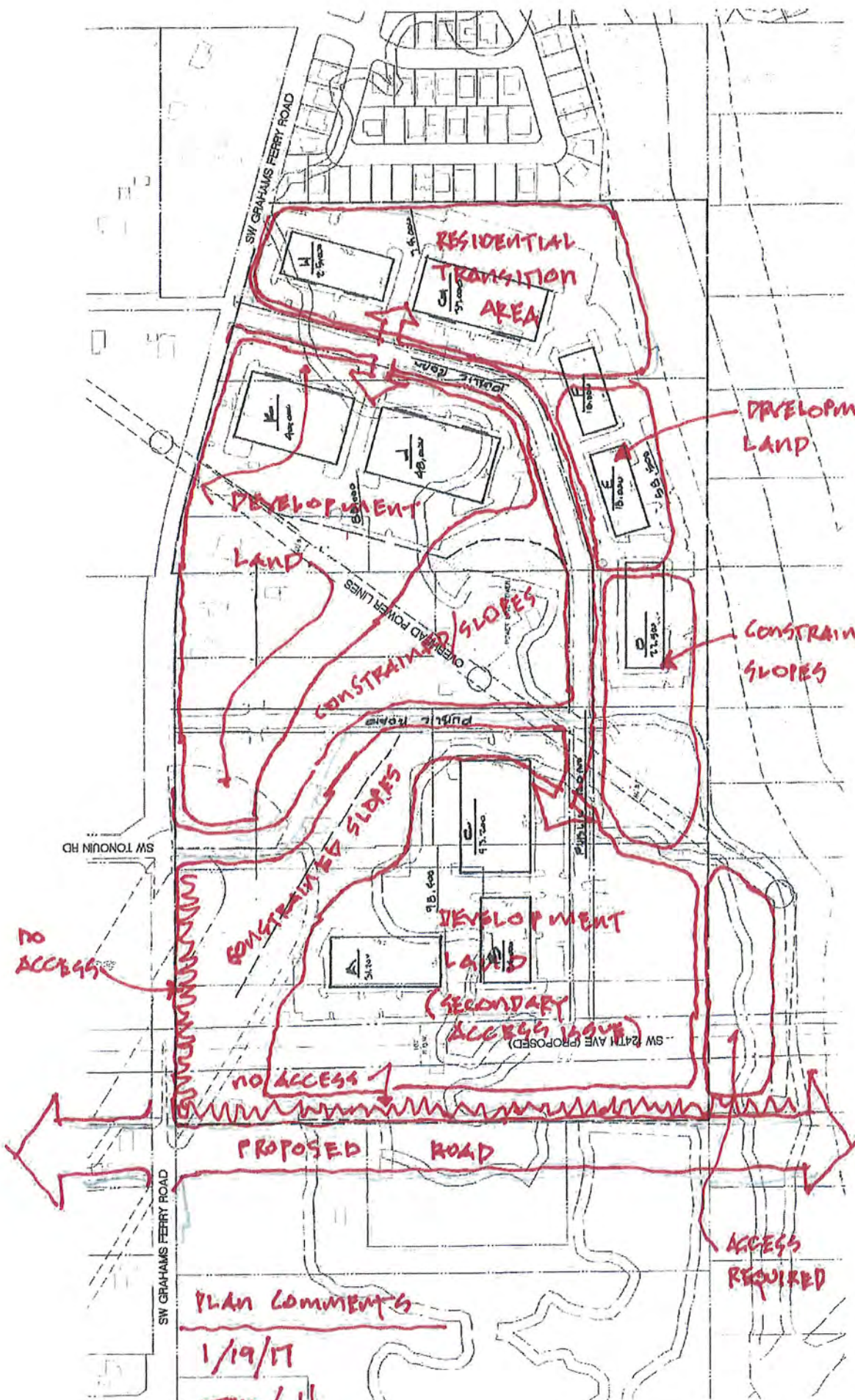


The following summarizes Don Hanson's testimony for the City Council meeting on Monday, February 13, 2017.

Comments on MacKenzie Study

- **Items/information not made available to MacKenzie**
 - Residential transition land at north end.
 - Correct location for the future Basalt Creek Parkway road.
 - No road connection/access onto the future Basalt Creek Parkway road.
 - No access is shown to properties to the southeast.

- **Plan Comments**
 - The comments on slope suitability are well stated for employment uses. Less than 5% slopes are best, 5-10% present challenges, and greater than 10% slopes are not feasible.
 - Sites A, B and C are somewhat feasible but would need a second access for emergency vehicles.
 - Sites D, E and F are not feasible for employment.
 - Sites G and H are in the proposed residential zone.
 - Sites L and K are workable.
 - There are about 18-20 acres of feasible land for employment development, but without good access a successful employment development is not feasible.
 - No consideration for costs of grading the site.
 - What about ADA?



PLAN COMMENTS
 1/19/17
 ORK/dh

OPTION ONE
 DEC. 21, 2016
 318,500 SF "EMPLOYMENT BUILDINGS"

LEGEND

---	SITE BOUNDARY
---	PROPOSED 4' D.W.
---	ELEVATION INTERVAL (10')
---	SPANNAN AREAS

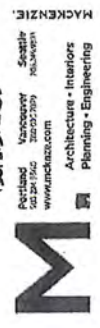
SITE DATA

BUILDING	SITE AREA	BUILDING AREA	PARKING SPACES	PARKING RATIO	NET DEVELOPABLE AREA (sq. ft.)	NET DEVELOPABLE AREA (sq. ft.)
PROPOSED BUILDINGS A, D & L	10,000 SF	10,000 SF	100	1:100	10,000	10,000
PROPOSED BUILDINGS B, S & F	10,000 SF	10,000 SF	100	1:100	10,000	10,000
PROPOSED BUILDINGS G, H & I	10,000 SF	10,000 SF	100	1:100	10,000	10,000
PROPOSED BUILDINGS J, K & M	10,000 SF	10,000 SF	100	1:100	10,000	10,000
TOTAL	40,000 SF	40,000 SF	400	1:100	40,000	40,000

SITE XX
 BASALT CREEK SITE
 SW 124TH AVE
 WASHINGTON COUNTY, OREGON

SCALE: 1" = 20'

NOTE: CONTOUR SHOWN AT 5' INTERVALS
 72, 82, 92, 102, 112, 122



318,500 SF

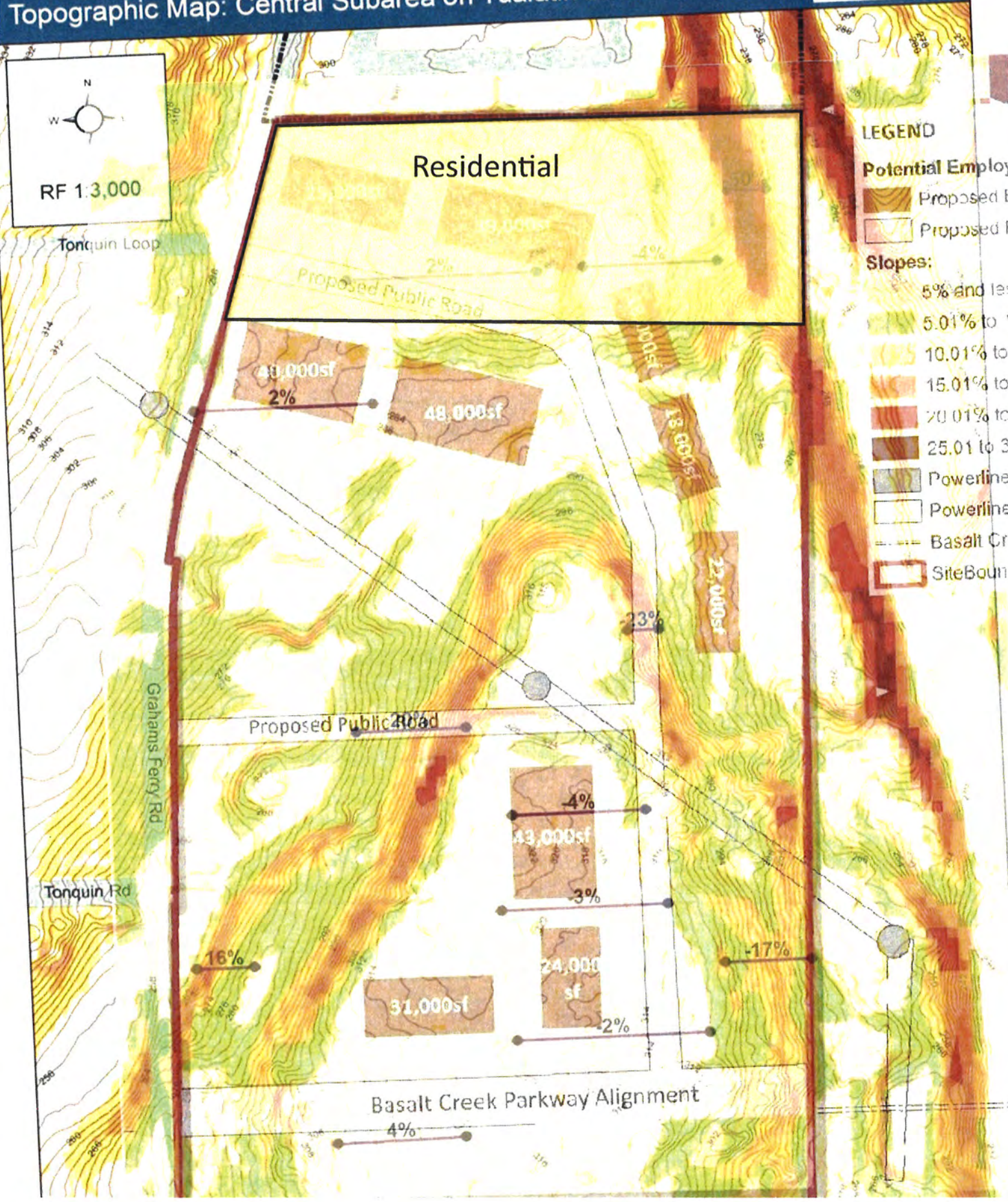
10

Topographic Map: Central Subarea on Tualatin side of Basalt



N
W

RF 1:3,000



LEGEND

Potential Employ

- Proposed E
- Proposed f

Slopes:

- 5% and less
- 5.01% to
- 10.01% to
- 15.01% to
- 20.01% to
- 25.01 to 3

Powerline

Powerline

Basalt Cr

SiteBound



July 20, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CENTRAL AREA – EMPLOYMENT VERSES RESIDENTIAL DEVELOPMENT

Dear Mr. Koss:

In response to your request we have prepared a summary on the differences between development of employment type uses verses residential uses on the central area of Basalt Creek Concept Plans. When we evaluate property for development we look at zoning, transportation/access, utility service availability, topography, environmental constraints, soil conditions and adjacent uses.

The Basalt Creek Central Area faces development constraints that impact any development regardless of use (employment verses residential). These development constraints are:

- Limited access (only from Grahams Ferry Road).
- Wetlands
- Powerline easement that bisects the area
- Significant slope and topography to access the southerly portion.
- Shallow hard rock soil conditions.

The most significant differences between employment development and residential is how they can respond to these constraints. Residential development typically has smaller building footprints and can accept steeper grades for access. In addition attached residential buildings can have split floor elevations and parking underneath, both of which allow this type of building to be more responsive to the topographic and access issues.

Conversely, employment development has larger building footprints, must have flatter access grades for trucks, wider maneuvering areas for turning movements and parking. It is also undesirable to split building floor elevations as that can limit the use or size of tenant. **This flatter and wider footprint requires more grading and retaining walls on property like this than any competitive property without these constraints. Add rock excavation at six to ten times the normal cost of grading to the excessive amount of grading required, and this property may not be economically feasible to develop.**

Mr. Herb Koss

BASALT CREEK CENTRAL AREA

Page 2 of 2

Two residential projects we have been involved in are examples of how residential development can be more responsive to site constraints. Forest Rim apartments on Nyberg Road in Tualatin had wetlands and large rock outcrop in the middle of the site. The access roads and buildings were able to be wrapped around these features that turned them into amenities rather than limitations. A condominium project in Happy Valley, Greystone at Altamont was able to be wrapped around the top of the knoll with parking underneath both the upper and lower side of the units.

Most of the competitive employment land along the I-5 corridor in Tigard and Wilsonville or western Tualatin is relatively flat and/or does not require the rock excavation for development. We prepared rough cost estimates for the grading and retaining walls this property based on the KPFF Option B plan for basic site prep. These costs are in addition to the paving and utility costs that will also be needed for this site. The rough grading and retaining wall costs are:

Grading	350,000 Cubic Yards	\$10,500,000.00 (assumes significant rock excavation)
Retaining Walls	2,400 Lineal Feet	\$ 1,200,000.00

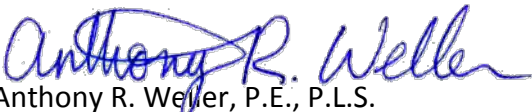
It is important not to overlook the other constraint that impacts this area, Access. The lack of access to the southerly and upper portion of the area increases the amount of grading and rock excavation required to develop the property. If Basalt Creek Parkway had been a local street that would provide at grade access to the upper portion of the area, employment uses could be feasible. Similar to variance criteria, this is not a self-imposed hardship but one that is unique to this portion of the planning area.

Another consideration is how this area relates to the adjacent uses (both existing and future). There is existing single family detached housing to the north. There is also underdeveloped property east of the planning area as well as the creek itself along the northeasterly portion of the area.

The City of Tualatin is proposing additional single family detached adjacent the existing single family housing to the north. Higher density residential provides an excellent transition between lower density residential, commercial and/or industrial uses. Basalt Creek Parkway with its deep cut and wide right of way provides additional transition area to the south.

Per your request, I will be present at the 7/24 work session and will be happy to answer any questions at that time.

Sincerely,


Anthony R. Weller, P.E., P.L.S.
President

11



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May 19, 2017

Herb Koss
2643 South Shore Blvd
Lake Oswego, OR 97034

RE: Basalt Creek Central Area - KPFF Concept Plan

Hello Herb,

I've read Tony Weller's letter regarding the extra costs required to develop the subject property with employment uses. Tony is a very experienced and capable engineer. He also has very relevant experience in the area.

I agree with Tony's letter and believe it summarizes the situation quite well. The hard costs are actually on the low side for grading the site based on my recent experience on similar sites.

The other concern both Tony and I share is access for cars, trucks and emergency vehicles. A second access point will be extremely difficult to provide.

Please feel free to call with any questions or comments.

Thanks,

A handwritten signature in black ink, appearing to read "Don Hanson". The signature is fluid and cursive, with a large initial "D" and "H".

Don Hanson
Principal
Otak, Inc.

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RE: Project number 2150111.01
63 acre parcel with extreme topography

Mayor Ogden, City Council and Staff

I have read the Mackenzie report regarding the above site, looked at on Google earth and examined the topo map. As a Commercial Real Estate Broker of 35 years the bulk of it spent in Southwest Portland, I can unequivocally say this is a poor site for industrial development and would be better suited as a residential development site.

My experience with sites like this is extensive. I represented the Robbins Sharp property on 115th in Tualatin and the ORR property at the Southwest Corner of 124th and Tualatin Sherwood Rd in Sherwood. Both properties had extensive site development costs due to topography, but probably not as dramatic as the subject parcel.

Industrial development requires sights to be nearly flat to achieve the large contiguous floor plates suitable for single story utilization for warehouses, manufacturing assembly etc. Residential sites can utilize the subject property much more efficiently, cheaper and develop a higher tax base in a much shorter time frame than the site would if left as an industrial development.

Those sites languished on the market for years while other sites sold. Their eventual sales prices were far below other similarly zoned parcels in the same area to overcome their substantial development costs. For years their cost to cure the slope issues exceeded the market value of Industrial property thereby rendering them economically infeasible for development.

These sites will be the last sites to develop in the new Basalt Creek region if left zoned as industrial and even then it will require an abnormal purchaser/developer as the sites will take years to ready for development due to the extensive and time consuming development process. Developing land like this takes invasive and disruptive methods to ready the site for large industrial floor plates. These methods will include years of heavy equipment, likely "cut and shoot" (blasting), methods of overcoming underground rock and will still result in inefficient use of the site.

To highlight this please consider Figure 3 "Conceptual employment use Concept Plan" this plan shows multiple small buildings that are prohibitively expensive to construct and results in approx.. 300,000 SF of development on a 63 acre site or approx.. 11% site coverage. Most industrial sites result in coverage 3.5 to 4 times

that ratio. Further, the small buildings and their shape, (long rectangular), will be expensive and will attract low employment ratio uses. To create job density in industrial regions large buildings with deeper bays are required. The job density on a site with this low of site coverage, this amount of buildings will defeat many of the objectives of Goal 5.

Further rendering the site ineffective is the natural resource areas on the site which are much more compatible with residential uses than they are with industrial. Another question I have is whether or not there will be direct access to Basalt Creek Parkway as it shows in the study. I have always heard this street was meant to be an expressway with limited direct accessibility.

In short it appears to me this study was scripted with the intent to answer a question "if the site could be developed as an industrial site" and not whether its highest and best and most practical use is as an industrial site. My 35 years experience in this type of development leads me to the inescapable conclusion it is not. I have attached my biography describing my qualifications to render this type of opinion.

For the record I have no economic interest in any adjacent properties, I do not even have any listings for sale near this property. In fact, given my particular expertise most people would think that I would be all for zoning this property for industrial use. However, it is clearly not an efficient use of this site and it would be best left to residential use.

Stu Peterson SIOR
Partner
Macadam Forbes Commercial Real Estate

From: [Herb Koss](#)
To: [Martha Bennett](#)
Cc: [Roger Alfred](#); [Roy Rogers](#)
Subject: FW: Testimony for Monday's Work Session BASALT CREEK
Date: Thursday, March 08, 2018 9:10:35 AM
Attachments: [Attachments 1-3.pdf](#)
[Attachment 4-10.pdf](#)
[CESNW Letter Analysis.pdf](#)

Subject: *Pertinent data regarding the Basalt Creek Zoning – Important to read the email dated 2/12/17 from Peter Watts at the bottom of this email and the attachments. The CESNW attachment is Direct and to the point --- cost and access issues.*

Metro Council President Hughes and Metro Councilors

I had a conversation with Councilor Harrington and during our conversation unrelated to my call Councilor Harrington told me that Mayor Knapp had sent her a packet of information late Dec 2017. The information was forwarded by Mayor Knapp I believe at the request of Councilor Harrington.

Recently I received a memo that included a Metro Planning Staff recommendation, which included the planning staff's recommendation for the council to zone the Basalt Creek land in question as Employment Land. First of all in reading the staff report there is no way the decision they reached would be recommended if the Planning Staff had made arrangements to visit the site or had reviewed the information that was presented to the Tualatin City Council when the city council voted 7 – 0 in favor of a residential zone. I have been assured that the Tualatin Staff will be providing all of the Testimony and professional data that our land owners presented. Please note the date of the memo below was 2/21/17.

In addition to the memo below and the attachments included with this email I have also attached the Cost Analysis prepared by CESNW- Mr. Tony Weller. This analysis was done after the city of Wilsonville retained the services of KPFF to provide a site plan for the land in question. As indicated the site not only has major access issues, but the cost to prepare the site for the plan provided by KPFF is more than the land is worth.

A residential zone can use the rock ridges and topography as open space, build some housing with

garage under
product and access to the site can be dealt with for a residential zone unlike what an
industrial/employment site
would require. A well thought out plan for supportive housing would be planned not to increase the
trip counts.

My concern is the record for the testimony on this site has been years in the making and we as
property owners
have no idea what has been submitted or will be submitted. Mayor Ogden has assured us that the
Tualatin Staff
will provide their records and the reasons why a residential zone is warranted. With that said I find it
unreasonable
that the Metro Planning Staff is recommending what we consider a closed hearing. This is not in the
spirit of what the
Metro Council has supported in the past and should not be allowed.

I believe that the CESNW letter is the best summary of the facts involving our position of desiring a
residential zone.
Mr. Weller is willing to attend the Metro hearing, but it appears no public testimony will be allowed.
We are asking
that the Metro Council alters the Metro Planners recommendation and allows a more open
process. Property owners
that will be greatly affected should be allowed to testify.

We can arrange site visits or if you have any other questions please contact me at 503 730 2431 or
herb@kossred.com

Sincerely
Herb Koss – Property owner Basalt Creek

cc: Mayor Ogden and Council
Alice Cannon
Sherilyn Lombos
Aquilla Hurd- Ravich
Karen Fox
Martha Bennett COO Metro
Roger Alfred

From: Peter Watts
Sent: Sunday, February 12, 2017 12:42 PM
To: 'council@ci.tualatin.or.us'; 'council@tualatin.gov'
Cc: 'slombos@ci.tualatin.or.us'

Subject: Testimony for Monday's Work Session

Dear Mayor Ogden, Members of the Tualatin City Council, and City Staff,

I, along with others, own land North of the planned Basalt Creek Parkway, and East of Grahams Ferry Drive. I am writing this letter solely on my own behalf, specifically to provide background information, address the report provided to Washington County by McKenzie, and also provide information from local experts who have walked the site, so that you can make the best possible determination regarding the most appropriate designation of the land.

Executive Summary

Don Hanson of OTAK, and Tony Weller of CES NW, have both provided letters stating significant reservations with the feasibility of developing this site as employment land, and provided detailed analysis of topographic and access limitations associated with the site, for your review. The letter from Tony Weller succinctly describes the issues with the McKenzie Report and the site in two pages.

Ken Leahy of Ken Leahy Construction, and Brian Clopton of Brian Clopton Excavating, both who have significant experience providing site preparation in the region, have walked the property, and believe that site preparation for the large building footprints required by employment designations, will be cost prohibitive due to the site slope and basalt rock soil.

Eric Sporre of PacTrust believes that there is an inability to develop industrial or flex buildings based on the site topography and soil conditions. Mike Diamond of the Real Estate Investment Group opined that the site was unlikely to develop as industrial or flex space because of the inability to provide large drive access for truck loading and turning radius. He also determined that office park use was not feasible, because the steep topography would have a negative impact on the proximity of parking and could pose an issue with American's Disabilities Act requirements. In short, all of the experts, were in agreement that there were significant issues with ever developing the property as employment land.

Although, McKenzie provided a report to Washington County, that the land could be feasibly developed as employment land, that report was based on a series of assumptions regarding site access, road construction, and zoning on the northern portion of the property, that will not occur under the current plan. Washington County staff has confirmed that the access off Basalt Creek Parkway, and the north south Kinsman road, will not be built. Both, Don Hanson and Tony Weller, have provided letters based on the most recent Washington County data, that contradict the conclusions reached in the McKenzie report.

Despite that the Basalt Creek planning area was brought into the UGB for the primary purpose of providing employment land, Metro has confirmed that there is no prohibition in the findings for non-employment designations. John Fregonese has confirmed that even if the subject property was zoned residential, the employment capacity for the planning area, will still far exceed Metro's estimates by 1,000, or more.

Background Information And Why We Are Here Today

Although, I have significant experience representing both jurisdictions and developers in land use matters, I have never previously experienced the process from the perspective of a land owner, so this has been an eye opening experience. At the time that I decided to invest as a part owner in one of the subject properties, I did due diligence by looking at satellite images, reviewing the plans prepared by the cities and John Fregonese, and driving to the site. I didn't, however, walk the site, because of extremely bad weather.

I believed based on my review of the planning materials that the site would develop as employment land, and am very familiar with the regional needs analysis. In short, I did what everyone else did which was look at it from a bird's eye view, instead of on the ground.

At the time of my ownership, the most pressing issue was the boundary between the two cities. There seemed to be a logical boundary between Tualatin and Wilsonville, at Basalt Creek Parkway. I met with staff from Wilsonville to discuss the boundary, as well as Wilsonville's vision for mirror image zoning, which I believed, at the time, was feasible, and would work.

It was only when winter turned to summer, that I actually walked the property. What was not obvious from satellite imagery, or from the road, was immediately apparent, when I was on the ground. There are significant slope issues with the property and the adjacent properties, and there was very little topsoil, and a lot of rock. I am familiar with the impact of topography and soil conditions through my past representation of the former city of Damascus, and this property did not seem well suited for the large footprints necessary for an employment designation.

After discussions with Herb Koss, we contacted adjacent property owners, and received their permission to have experts look at the parcels of property as a whole, to help determine feasibility. At that time, concerned whether there was a prohibition on non-employment land zoning, I had preliminary discussions with Metro staff regarding whether there had been a requirement that the land be zoned employment, when it was brought into the UGB.

Metro's land use attorney, Roger Alfred, and I, both reviewed the findings and determined that although there was a strong desire for employment land, an orderly transition from residential to employment was contemplated at all times during the process. There is nothing in the findings that prevents a residential designation. This is particularly true if the factors on the ground do not support an employment designation. With that information and the consent of adjacent land owners we moved forward with the process of bringing in experts for site suitability analysis.

Preliminary Analysis From Experts And Washington County's Letter Opinion From McKenzie

Herb Koss arranged for Don Hanson from OTAK to analyze the site for slope issues and potential zoning, and he has previously submitted materials regarding his findings. (*See attachment 1*) Brian Clopton, of Brian Clopton Excavating submitted a letter on November 18, 2016 regarding the soil conditions and topography. (*See attachment 2*) Eric Sporre of PacTrust submitted a letter on

November 14, 2016 regarding the inability to develop industrial or flex buildings based on the topography. (See *attachment 3*)

Mike Diamond of the Real Estate Investment Group submitted a letter on November 21, 2016 opining that the site was unlikely to develop as industrial or flex space because of the inability to provide large drive access for truck loading and turning radius. (See *attachment 4*) He also determined that office park use was not feasible because the steep topography would have a negative impact on the proximity of parking and could pose an issue with American's Disabilities Act requirements. In short, all of the experts, were in agreement that there were significant issues with ever developing the property as employment land.

Don Hanson shared Mike Diamond's concerns regarding compliance with ADA standards. He noted that the site that Washington County used as a comp, South Center, which was designed by OTAK had half the slope of the subject site, and could not be built under current ADA standards. (See page 1 of attachment 1)

At the same time, Mayor Ogden, and staff, asked John Fregonese for his opinion. He expressed reservations regarding the employment designation, and believed that it would be better suited as residential land. This, and other data, prompted Washington County to hire McKenzie to provide a letter opinion.

Upon receiving a copy of the McKenzie Letter, I had significant concerns that their report regarding feasibility was predicated on four inaccurate assumptions. Specifically:

1. The McKenzie letter contemplated access off of Basalt Creek Parkway, and did not take into account the 18-20 foot curb cut off of Basalt Creek Parkway (Washington County Project Manager, Renus Kelfkens, confirmed via email on 2/1/17 that the only access onto Basalt Creek Rd., will be from Grahams Ferry Rd., and Boones Ferry Rd., and that there will likely be an 18-20 foot curb cut); (See *Attachment 5*)
2. The McKenzie letter contemplated Kingsman Rd., as a North South connector, allowing truck access to the southern portion of the site (Washington County Planner Erin Wardell confirmed via a phone call to Herb Koss on 2/9/17 that this road had been deleted over a year ago);
3. The McKenzie letter contemplated an Employment designation in the northern quadrant of the property, despite the fact that it has been designated by the city as residential transition;
4. The McKenzie letter did not rely on site specific geotechnical conditions or topography, relying on regional mapping instead (Todd Johnson confirmed that they had not used site specific data via email on 2/10/17) (See *Attachment 6*)

I have had discussions with Gabriela Frask, who prepared the McKenzie report, and learned that she was not provided with the site transportation access information, nor was she aware that the northern portion of the property, which is relatively flat, was planned as residential transition. She was also unaware that Kingsman Rd., was deleted from the area planning approximately a year ago. Additionally, Washington County did not authorize a site visit, within her scope of work, which

I believe negatively impacted her ability consider other factors impacting feasibility. Regardless of the skill of an individual planner or agency, their work can only be as accurate as the information that they rely upon, and in this case I believe that Gabriela and McKenzie did not receive sufficiently detailed information to assess the property as accurately as possible.

Expert Opinions and Assessment of the McKenzie Letter

We asked Tony Weller of CES NW, to consider the Tualatin staff reports, McKenzie Study, email from Washington Co., regarding access, the DKS preliminary profile of the extension of Basalt Creek Parkway, and the OTAK Basalt Creek Concept Plan. In a comprehensive letter dated February 10, 2017, he opined that while the northerly third of the site is very developable as employment land, almost half of that property is reserved for residential use. And, that the deletion of the planned Kinsman Road, eliminates the only at grade potential access coming from the southerly portion of the site. The plateau portion of the property is surrounded by steep slopes of over 10% and over 20%. He further opined that neither access point can provide a secondary access to the plateau area which is a negative for both traffic flows and emergency access. (*See Attachment 7*)

Ken Leahy of Ken Leahy Construction Inc., was asked to provide a more comprehensive look at site preparation costs. He provided his opinion, in a letter dated February 10, 2017 that the cost of site preparation will exceed \$5.00 per foot. (*See Attachment 8*)

Don Hanson, of OTAK has provided a letter, and marked-up the McKenzie map based on the actual location of Basalt Creek Parkway, the lack of access off of Basalt Creek, the elimination of Kinsman road, and the residential designation at the top of the property. The result of those additional facts, eliminates a significant portion of the property that McKenzie deemed developable. (*See Attachment 9*)

Additionally, I have included a map that combines the McKenzie Plan with the residential zone and topographic map. (*See Attachment 10*)

Their letters are attached for your review.

A Summary of Relevant Data

With so many different letters from various experts, and communications from owners, neighbors, and other jurisdictions, over the last six months, it can be hard to keep track of the relevant information. So, I would offer the following:

1. Metro's own benchmark for employment land contemplates a slope of less than 10%, with less than 5% preferred. This site has slope in excess of 20% throughout;
2. PacTrust has provided a written opinion that the topography and basalt soil of the site mean it can't be feasibly developed for employment purposes;
3. OTAK has indicated in writing that the comparable property that Washington County used in their analysis, had half as much slope as this site, and could not be built under current American's with Disabilities Act rules/regulations;

4. Site preparation specialists in the area confirm the high cost of site preparation, due to soil conditions. The amount of blasting that can occur on this site is compromised by the high capacity power lines that bisect the site;
5. There is no access off of Basalt Creek road, and the deletion of Kinsman Road directly, and negatively impacts truck circulation on the southern portion of the site;
6. The northern portion of the site, adjacent to the existing neighborhood is currently planned to be zoned residential, contrary to what McKenzie's renderings show, and that designation has a major impact on the large footprint, employment, buildings that can/cannot be constructed. OTAK believes that only 11% of the site can be feasibly constructed as employment;
7. A residential designation and orderly transition to employment/industrial was always contemplated adjacent to the existing residential neighborhood, and is allowed under the findings that brought the Basalt Creek area into the UGB.
8. The county believes that an 18-20 foot curb cut, will be necessary on Basalt Creek Parkway. That curb cut means that the mirror image view that Wilsonville contemplated cannot occur. The view will either be of a graded slope or a 20 foot retaining wall.

Conclusion

Although, the primary purpose of the Basalt Creek UGB expansion was to bring in employment land, the on ground conditions on this property don't support that designation. During the thirteen year period since this land was brought into the UGB, there has been a trend of locating workforce housing close to employment lands to lessen commute time to work, and there are other lands in the Basalt Creek Planning Area that are zoned residential.

John Fregonese was asked if this property was needed for employment capacity. His response was that if the subject property was zoned residential, the employment capacity for the planning area, will still far exceed Metro's estimates by 1,000, or more. In short, this land does not need to be zoned employment in order for the planning area as a whole to exceed Metro's employment capacity estimates.

Thank you for your time and consideration.

Peter

Peter O. Watts |
Jordan Ramis PC | Attorneys at Law
Direct: 503-598-5547 Main: 503-598-7070

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Hanmi Global Partner

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1

BASALT CREEK/TUALATIN CONCEPT PLAN

Amendment Request to the Concept Plan

Tualatin, Oregon

August 23, 2016, Revised November 21, 2016

Introduction

- Otak Inc. (Otak) represents The Sherwood Grahams Ferry Investors LLC, headed by Herb Koss, who hold 10 acres in the 41 acre northeast quadrant of the overall district. The property is located near the northeast corner of Grahams Ferry Road and extends over to the Basalt Creek Canyon along the proposed new east-west arterial road. This summary of concerns and the amended concept plan lay out our intended direction moving forward.

Project Concerns

- Otak’s concern is that the northeast quadrant area is not well suited to industrial zoning or employment transition proposed by the concept plan.
 - **Topography.** Much of the site contains slopes in excess of 10 percent (10%) and 25 percent (25%). The site would be extremely difficult to flatten out to accommodate industrial or employment transition site development requirements. Attached is a topographic map of the South Center project provided to City of Tualatin (City) staff. Otak designed this flex-space project. The topography is half as severe as portions of the 41 acres site. The site would be extremely difficult to develop given today’s American with Disabilities Act (ADA) requirements.
 - **Access.** Vehicular access will be limited to Grahams Ferry Road and extending Tonquin Loop into the site. No access will be permitted on the proposed new east-west arterial road.
 - **Basalt Creek Canyon.** The industrial land abuts the Basalt Creek Canyon with no transition.
 - This is not a big change but rather a refinement to the concept plan. It is a defined site area that makes up about 3 to 5 percent (3-5%) of the total Basalt Creek Study Area. Also there are currently 329 acres of undeveloped industrial land within a one mile radius of the study area.

Land Use Context

- The following shows a comparison of Metro’s initial goal for the district, the City’s current plan, and the proposed amended plan.

Metro	2500 Jobs	1200 Households
City Plan	4500 Jobs	600 Households
Amended Plan	4070 Jobs	1194 Households

The amended plan proposes a more balanced approach that is well within the intended mix proposed by Metro when the land came into the Urban Growth Boundary (UGB).

A group of mayors in our region have gone to Metro and asked Metro for flexibility related to UGB expansions. They have asked Metro to look at lands and appropriate zoning designations on a sub-regional basis. They have asked that Metro consider factors such as slope, and proximity to infrastructure, to help avoid situation like Damascus. We are asking you to do the same. We recognize that the region anticipated that the Basalt Creek area would primarily be zoned employment uses.

It is certainly anticipated that the vast majority of the land will be used for that purpose. But, within the Basalt Creek Planning Area, there are sub-areas that cannot reasonably be developed as employment land because of topographic and other issues. The 41 acres that we have asked the City to zone for residential purposes is one of those sub-areas. There is land to the west and south of this land that is zoned employment, that land is flatter than the subject 41 acres, and it is closer to transportation infrastructure than the subject 41 acres. Neither PacTrust Pacific Realty Associates, LP nor Brian Clopton Excavating believed that an employment designation was possible given the slope and soil quality. Instead of designating the property with a designation that will result in it never developing, we ask that you give it a designation that will make development feasible. If you do not do so, it will sit vacant; counting as developable employment land, just as Damascus has sat vacant, counting as available housing stock. Its designation will prevent further necessary expansions.

There is a housing crisis in our region and the latest modeling has demonstrated the importance of having residential land and employment land in close proximity. This is an opportunity to provide housing, on land which cannot be feasibly developed as employment land.

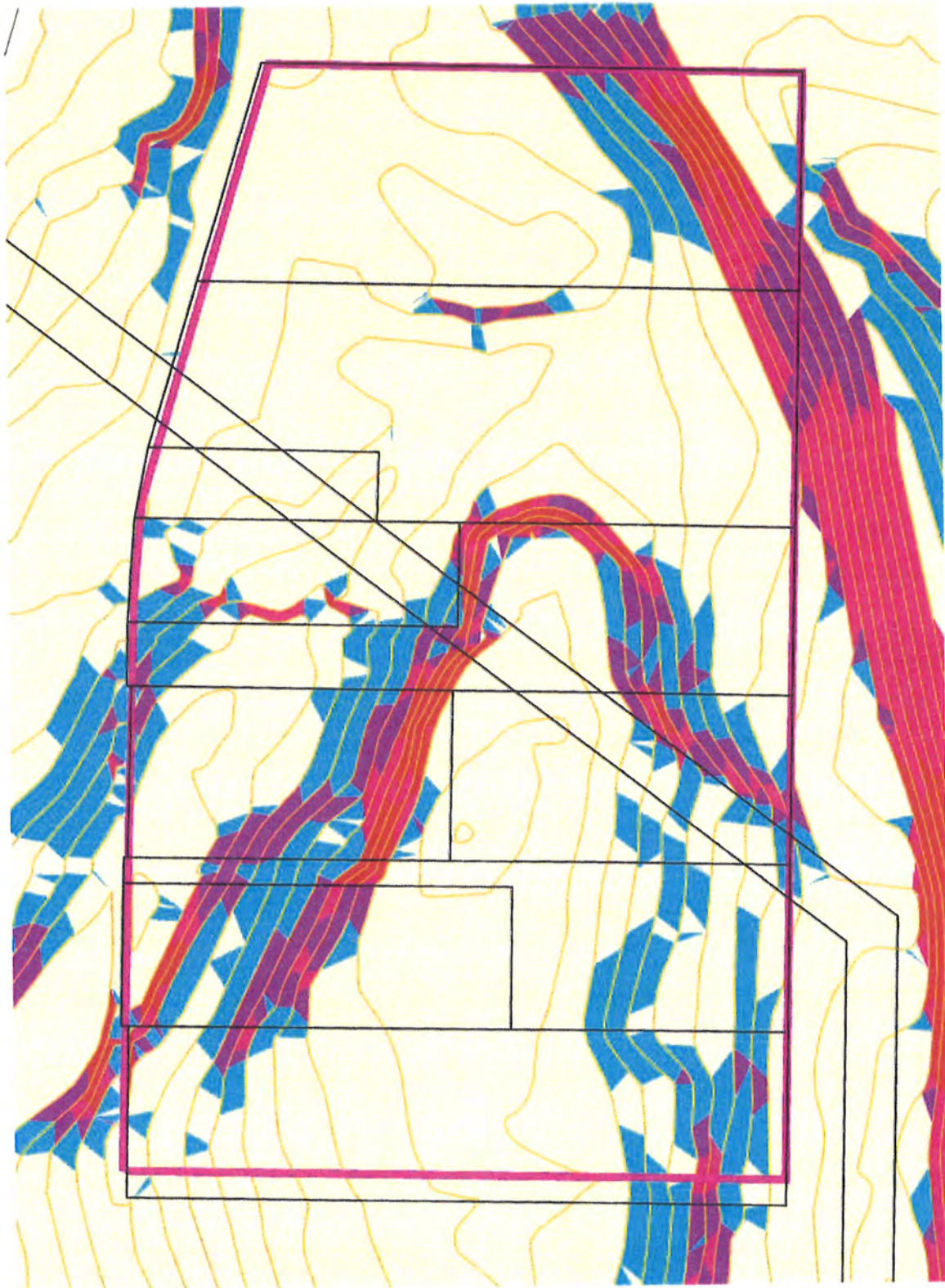
Amended Plan Options

- The attached concept plan option summarizes the requested amendment for proposed land uses that fit the site and its unique conditions.
- The plan anticipates building Tonquin Loop as an actual loop with two access points on Grahams Ferry Road. This road extension will provide complete access to the properties and also access to property owners east of the site.
- Three densities of residential are shown as transition to the neighborhood to the north and canyon to the east and also along the new east-west arterial, which is down 25 vertical feet from the site area. A center core area of potential retail, high density residential, and open space could serve as a walkable destination in the neighborhood. Also secondary access can be provided to the developable lands to the east above the canyon.
- Property uses can be molded to fit actual site conditions and provide a mix of housing (including workforce housing) close to jobs anticipated to the south and west.
- The programmed development will “be trip cap neutral” compared to the current city concept plan.

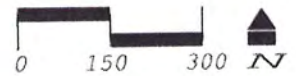
Benefits

- A walkable neighborhood with appropriate transitions and destinations
- Land uses that are adaptable to actual site conditions. The mix of uses will act as a **catalyst to create activity in the district**. The high-density residential (HDR) land provides the best opportunity for workforce housing next to employment lands. Residents won't need a car to commute.
- A plan that meets Metro's initial objectives when the land was brought into the UGB.
- A more complete quality neighborhood for the City of Tualatin.

Attachments: Basalt Creek Site Topo
Basalt Creek Slope Analysis
South Center Site Topo (Comparison)
Basalt Creek Land Use Concept
Letter from PacTrust Pacific Realty Associates, L.P.
Letter from Brian Clopton Excavating
Letter from Micheal Diamond, Real Estate Investment Group
Basalt Creek nearby Job Lands Map



11-16-2016

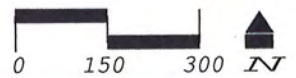


Slopes Table			
Number	Minimum Slope	Maximum Slope	Color
1	0.00%	10.00%	
2	10.00%	15.00%	Blue
3	15.00%	20.00%	Purple
4	20.00%	25.00%	Pink
5	25.00%	357.23%	Red

BASALT CREEK SLOPES ANALYSIS

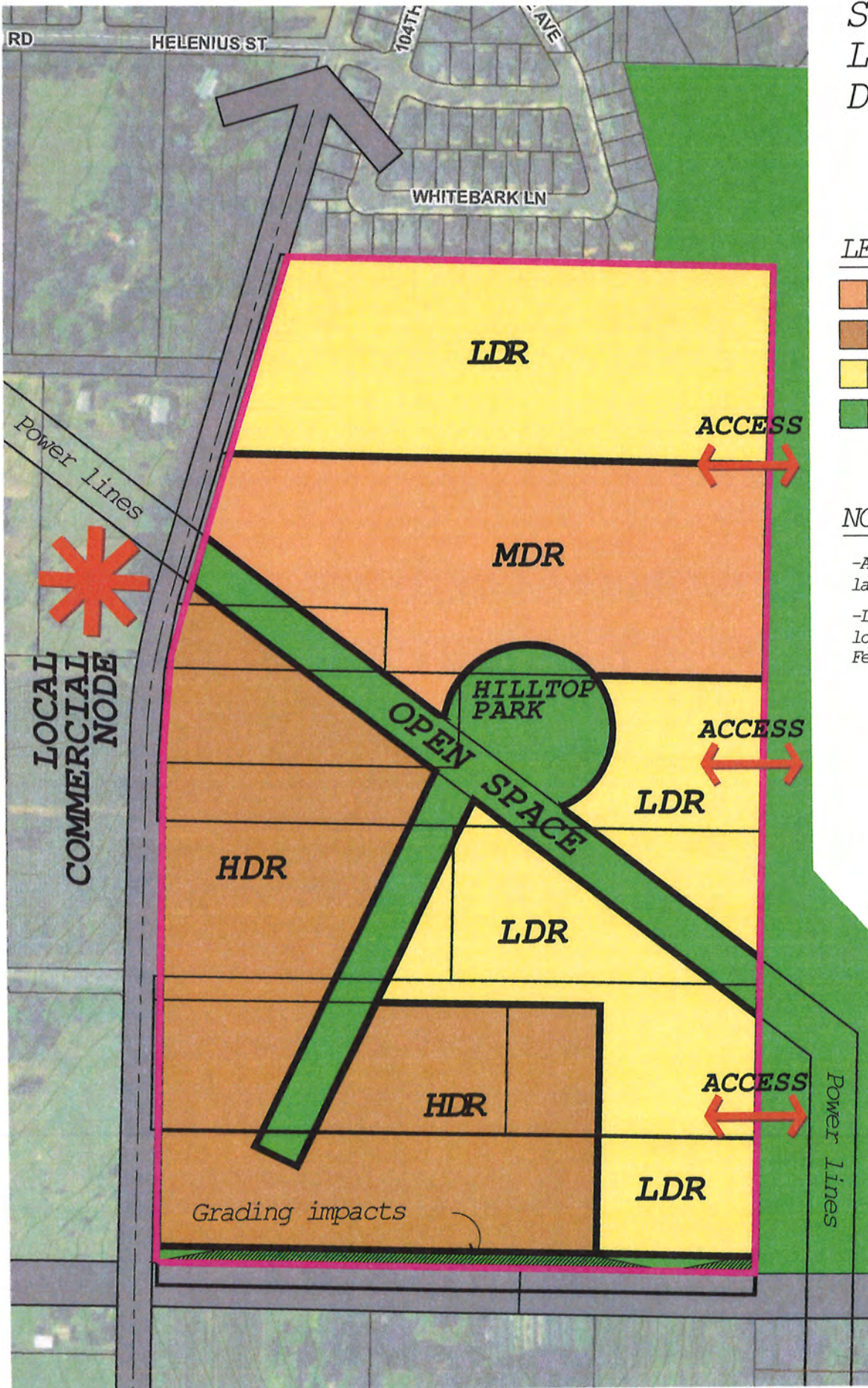


11-16-2016



SOUTH CENTER SITE TOPO

Subdistrict Land Use Diagram



LEGEND

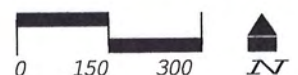
- Mid Density Residential
- High Density Residential
- Low Density Residential
- Open space

NOTES

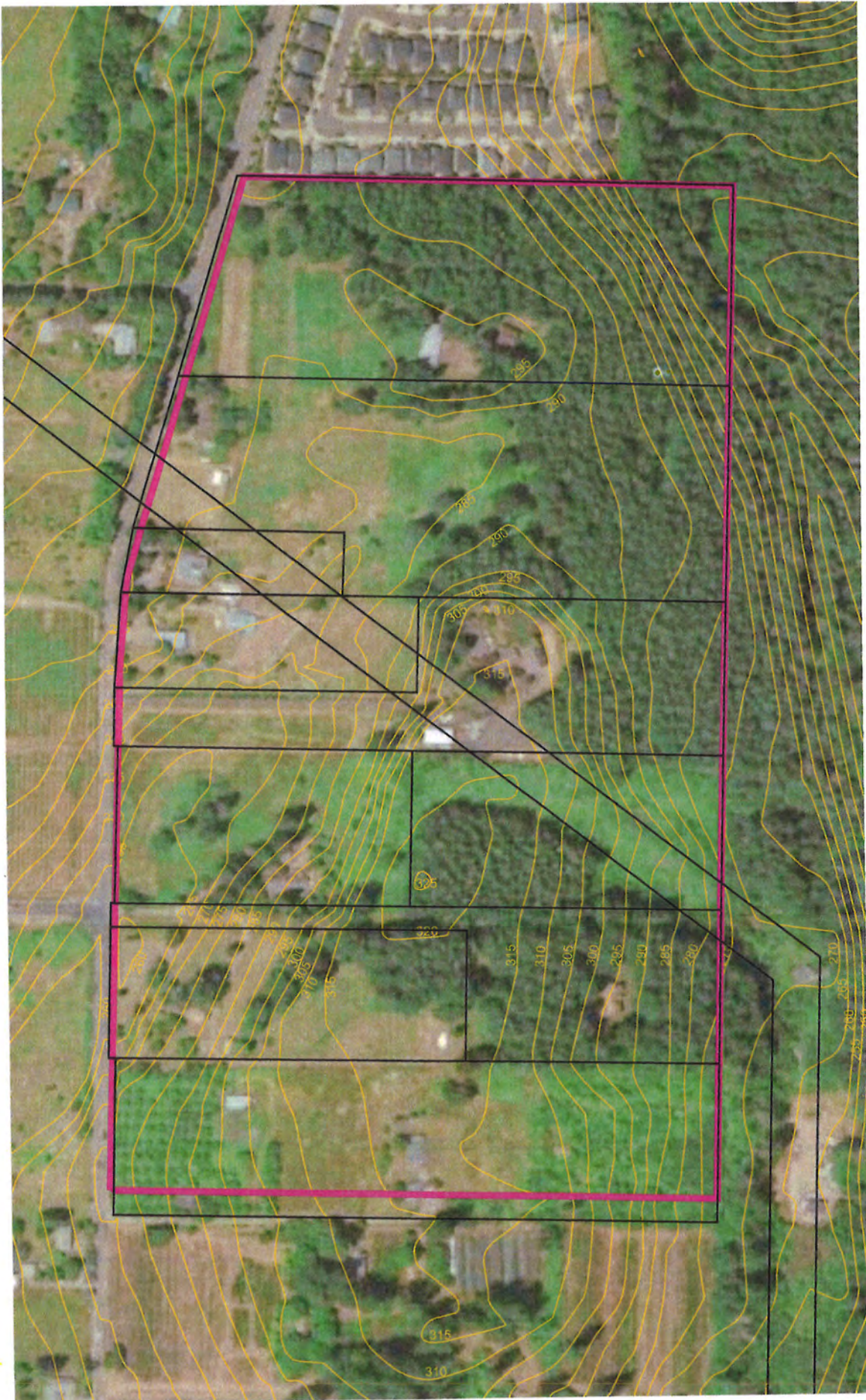
- Access provided for landowners to East
- Local commercial node located across Graham's Ferry Road



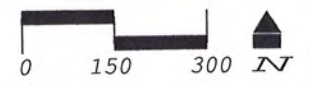
11-21-2016



Basalt Creek Concept Plan



11-16-2016



BASALT CREEK SITE TOPO



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Wilsonville, OR 97070
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F: 503-570-3235
www.cloptonexcavating.com

2

November 18, 2016

Dear Mr. Koss

You have asked me to visit the 41 acre site located in the Basalt Creek Planning area. Your question was the feasibility of grading this site for employment land vs. a residential zone.

For your information my company has just purchased another four acres next to our Clay Street property. With this acquisition we now have 16 acres of land on Clay Street. I am very familiar with this area and as you know my company has mass graded many sites in the Portland Metro Area. I have been asked many times to inspect potential projects in order to determine problems that may be associated with a developer's site plans --- slopes, access and feasibility.

Thank you for providing me with topography of the site. It was very helpful and to be honest the slopes on the site were more severe then I first thought. The other big issue is the amount of rock that would be encountered with any grading necessary to accommodate any development on this site. This site is far better suited for Residential use since grading for this does not require the same topographic grading in comparison to employment uses. The Basalt Creek area does feature other land that is suited for employment; however the 41 acres you have asked me to visit is not in that category. I was also surprised by the 18 to 20 foot cut in order to accommodate the extension of Basalt Creek Parkway.

If you require any additional information please let me know.

Sincerely

Brian Clopton

President/Owner

PACTRUST
Pacific Realty Associates, L.P.

15350 S.W. Sequoia Pkwy., Suite 300
Portland, Oregon 97224
503/624-6300 • Facsimile: 503/624-7755

3

November 14, 2016

VIA EMAIL

Herb Koss
2643 South Shore Boulevard
Lake Oswego, OR 97034

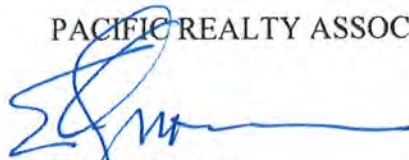
Dear Herb,

At the request of Peter Bechen, I toured your site north of the future Basalt Creek Parkway last week. PacTrust is developing an industrial park several miles north at 115th Avenue and Tualatin-Sherwood Road in Tualatin known as Koch Corporate Center. We are interested in locating a site to develop in the Coffee Creek area for light industrial uses. Unfortunately, the topography of your site makes development of industrial or flex buildings uneconomic. We believe housing would be a more appropriate use for the site. The smaller floor plates for housing enable it to work with slope conditions present on your property. Industrial/employment land requires sites to be much more flat due to dramatically larger floor plates, parking requirements, loading areas for trucks and ingress/egress concerns for trucks. There are several sites in the area that are more appropriate for industrial/employment development.

Let me know if you would like to discuss this further.

Yours very truly,

PACIFIC REALTY ASSOCIATES, L.P.



Eric A. Sporre
Vice President



4

November 21, 2016

Herb Koss
2643 South Shore Blvd.
Lake Oswego, Or 97034

VIA: EMAIL

RE: 41-acre Basalt Creek southern boarder 23960 SW Grahams Ferry Rd.

Dear Herb,

I visited the site and spent a considerable amount of time driving the area. It is an exciting development area especially when the Basalt Creek Parkway is completed.

The topography of the site is such that developing an industrial project would be very difficult and if done would be at best marginal and very inefficient. Industrial, flex buildings require large foot prints, large drive areas for loading and turning radius. There are better sites in the area for this type of use.

I also looked at the site for office park use and concluded that due to the steep topography of the site it could have a negative impact on the proximity of the parking that may pose an issue with ADA requirements. I also believe that the extraordinary site cost and small office footprints would not be cost effective and competitive in the office market. Furthermore, the location does not readily lend itself to that use.

This site lends itself to smaller foot print buildings such as housing and multifamily that can be planned around the steep grades and terraced into the topography. It is my opinion that the highest and best use for this site are single family homes buffered along the frontage with multifamily housing.

Our office has forty years of experience in commercial real estate and have procured sites for commercial developers such as Gramor, Holland Development LLC and West Hills.

Let me know if you have any questions.

A handwritten signature in black ink, appearing to read "Michael N Diamond", written in a cursive style.

Michael N Diamond
Principal Broker

Peter Watts

From: Herb Koss <herb@kossred.com>
Sent: Saturday, February 11, 2017 5:56 PM
To: Peter Watts
Subject: FW: Basalt Creek Renus



Thanks Herb Koss

Begin forwarded message:

From: Renus Kelfkens <Renus_Kelfkens@co.washington.or.us>
Date: February 1, 2017 at 12:02:54 PM PST
To: Herb Koss <herb@kossred.com>
Subject: RE: Basalt Creek

Hi Herb,

Yes, Basalt Creek Parkway is a limited access road. The only access will be from Grahams Ferry Rd, and Boones Ferry Rd. Currently we have not done any topographic survey, or design but it is reasonable to expect an 18-FT to 20-FT cut. This will be investigated during the design phase of the project.

Sorry for the delayed response. Please let me know if there are any other questions or comments.

Thanks,

Renus Kelfkens | Project Manager
503-846-7808 renus_kelfkens@co.washington.or.us

From: Herb Koss [<mailto:herb@kossred.com>]
Sent: Friday, January 27, 2017 12:40 PM
To: Renus Kelfkens
Subject: Basalt Creek

Dear Renus

I wanted to pass along the employment site evaluation prepared by Mackenzie. After our conversation earlier this week it seems clear to me that some of the assumptions that Mackenzie made, are not consistent with the transportation plan for the area. Although, the site evaluation shows access off of Basalt Creek Parkway, my understanding is that the county will not allow access. Additionally, the evaluation has Basalt Parkway in the wrong area, does not reflect the 18-20 foot curb cut, onto the property, nor does it show the residential that is planned on the northern portion of the site to transition from the existing neighborhood. I spoke to Mackenzie this week, and they indicated that they had not contacted the county regarding the transportation access, or the residential at the northern portion of the site.

Would you be willing to confirm that there is no planned access off of Basalt Creek Parkway, and that the curb cut is expected to be 18-20 feet? I think that that information will be enough for Mackenzie to retract their site evaluation. Please correct me, if anything that I have indicated isn't

accurate. My goal is to make sure that everyone is working off of the same assumptions, so that we can properly assess the site suitability. Thanks for all of your help, and taking the time to talk.

Herb

Peter Watts

From: Herb Koss <herb@kossred.com>
Sent: Saturday, February 11, 2017 5:49 PM
To: Peter Watts
Subject: FW: Proposal - Basalt Creek McKenzie
Attachments: PRO-Koss Real Estate-Scope and Fee-170209.pdf



From: Todd Johnson [<mailto:TJohnson@mcknze.com>]
Sent: Friday, February 10, 2017 12:04 PM
To: Herb Koss
Cc: Dennis Woods; Gabriela Frask
Subject: FW: Proposal - Basalt Creek McKenzie

Hi Herb-

I've been in meetings all morning. Sorry for the delay in getting this to you.

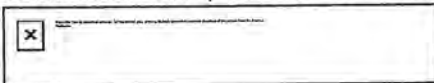
Attached is a scope and budget letter to further develop the work we did previously for Washington County. As we discussed, the letter report we prepared for Washington County relied on data available at the time we prepared the letter, and also relied on regional mapping, not site specific mapping for resource lands, geotechnical conditions, and topography. This scope includes developing site specific data to allow cost feasibility analysis to our previous study. By improving the accuracy of the data we have through onsite study and mapping, we will be able to determine if the site is economically viable for employment use, or also look at residential uses as alternates for economic viability.

It's my understanding that you have new information for the road connections and locations that we did not use in our previous report. That type of data would be collected as part of our work and would be incorporated into the scope we propose in the attached scope and budget letter.

Let me know if you have any questions about the attached scope, or if you would like us to change the proposal in any way. If the scope we outlined in the attached letter is satisfactory, I'd suggest we have a meeting with you and the project team to refine the tasks we identify prior to us commencing work.

Thanks for the opportunity to present this scope of work. I'll call you to discuss it.

Todd Johnson
Senior Associate / Director of Planning



Architecture · Interiors · Engineering · Planning

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RiverEast Center, 1515 SE Water Ave., Suite 100, Portland OR 97214

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February 10, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Dear Mr. Koss:

In response to your request I have reviewed the Basalt Creek Concept Plan materials with regards to the suitability of employment/light industrial development on the 63 acres north and east of the intersection of Grahams Ferry road and Basalt Creek Parkway. These materials included:

1. Tualatin Staff Reports
2. Mackenzie Study
3. Email from Washington County Basalt Creek Parkway project manager Renus Kelfkens regarding access to Basalt Creek Parkway.
4. DKS preliminary profile of the extension Basalt.
5. OTAK Basalt Creek Concept Plan.

We understand that the City, Metro and Washington County's desire is to zone this area for employment land. Development potential of land for employment uses, as stated in the MacKenzie report, is generally assumed to have less than 5% slopes. This is to allow for larger building footprints, parking, loading areas and truck access.

The two areas that meet that criteria for this property is the northerly 1/3 adjacent Victoria Gardens and the top of the plateau area in the lower middle of the site. The northerly area would be well served with access from Grahams Ferry Road at Tonquin Loop and potentially a secondary access from Tonquin Road at Grahams Ferry Road. These to access points would appear to have good separation and sight distance on Grahams Ferry. The northerly area is very developable as employment land, however the City has set aside approximately 10 acres (almost half) as residential to buffer the Victoria Gardens lots.

The southerly plateau area's best access would come from the southerly property line and Grahams Ferry. However, this is the location of Basalt Creek Parkway which the County will not allow access. We also understand that the County has deleted the proposed Kinsman Road crossing of Basalt Creek Parkway shown on the Tualatin Concept and MacKenzie plans thereby eliminating the only at grade potential access coming from the southerly portion of the site. Therefore any access to the plateau area must come from the north (Tonquin Road or Tonquin

Mr. Herb Koss

BASALT CREEK CONCEPT PLAN – (CENTRAL AREA)

Page 2 of 2

Road Loop). The plateau area is almost completely surrounded by steeply sloped land. The slopes range from over 10% to over 20%. The over 40 vertical rise needed to get from Tonquin Road to the top of the plateau area will take 800 feet at 5% not accounting for access to the lower property on either side or the potential impacts to wetlands.

There is slightly over 25 feet vertical rise from Tonquin Loop to the top of the plateau. This does not account for the low area just north of the plateau that drops down another 15 feet that this road would have to cross. While the grading is more manageable the result would be truck traffic routed through a residential area.

Neither access point can provide a secondary access to the plateau area. This is a negative for both traffic flow patterns and emergency access. In addition as these roads are raised to provide access to the plateau area, the access to land on either side of the road becomes more difficult.


This area is also well known for the hard rock that is very near the surface. We were the design engineers for Victoria Gardens where we had about 2-feet of fill brought into the site to reduce the rock excavation costs. Unfortunately, filling the area does not provide better access.

Employment land requires flatter slopes to serve larger building footprints and then adjacent parking/loading areas. Providing for truck access and typical development footprint will severely limit the development efficiency for this portion of the property. Residential uses are more flexible with access grades and smaller footprints however the site will still be difficult to development without access to the south.

In summary, the northerly one third of the property is well suited to employment land. However, contrary to the MacKenzie report, Tualatin's current plan reserves the northerly 10 acres or so (almost half) of the northerly area for residential to buffer the Victoria Gardens lots. The southerly plateau area is not well suited for employment land. This is due to access constraints, surrounding steep slopes, lack of secondary access and grading costs.

It has also been our experience that if property is forced into a development pattern it is not well suited for, it will end up being one of the last parcels developed and the quality of that development is usually below expectations. If you have any questions in regards to our analysis, please don't hesitate to contact us.

Sincerely,


Anthony R. Weller, P.E., P.L.S.
President



Construction, Inc.

P.O. Box 489 • 915 S 12th Ave • Cornelius, Oregon 97113 • (503) 357-2193 • FAX (503) 357-3649

8

2/10/17

Subject: The Land South of Victoria Gardens to Basalt Creek Parkway

Dear Mayor Ogden and Tualatin City Councilors:

I am the owner of Ken Leahy Construction Inc., our firm specializes in all aspects of site preparation projects including full site development that require erosion control, clearing, grubbing, stripping, earthwork, cement soil stabilization, storm water detention facilities, bio swales, underground utilities (storm sewer, sanitary sewer, water distribution and franchise utilities), sanitary sewer lift stations and force mains. Our firm is celebrating its 50th year in the business and has been involved in many developments in the Portland Metro area.

At the request of Herb Koss and I toured the site on 2/10/17, to give him an idea of the feasibility of full site development for employment use. I also was given topography site maps detailing the slopes and grades on the property.

I personally have developed sites that contain large volumes of rock. Based on my personal experience I estimate that the cost of land preparation for the land described above would surpass the \$5.00 per foot range.

I looked at site access, and am basing my opinion about access on the understanding that no access will be allowed onto Basalt Creek Parkway. If there is no access from Basalt Creek Parkway, traffic will have to come from the intersection of Tonquin Road and Grahams Ferry Road. There is approximately 50 feet of elevation rise, from that access point, which creates major issues for truck traffic.

Limited access, topography, and the large quantity of basalt rock are all major issues. A single one of them might not prevent the site from being developed as employment land, but the combination of all three cannot be overcome. Mass grading of Basalt Rock is not financially feasible.

Sincerely

Ken Leahy



HanmiGlobal Partner

808 sw third avenue, suite 300 • portland, oregon 97204
503.287-6825 • fax 503.415-2304
www.otak.com

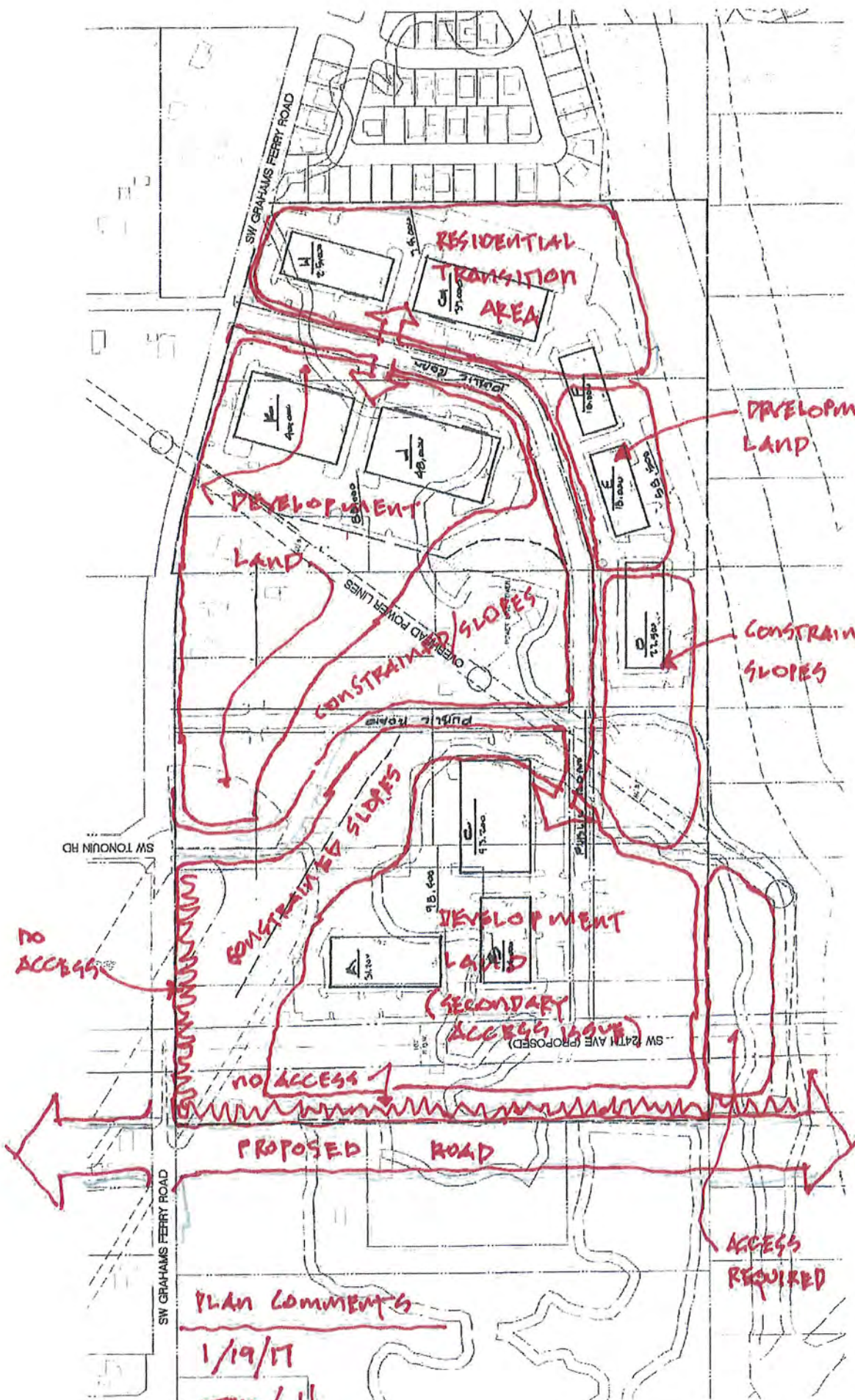


The following summarizes Don Hanson's testimony for the City Council meeting on Monday, February 13, 2017.

Comments on MacKenzie Study

- **Items/information not made available to MacKenzie**
 - Residential transition land at north end.
 - Correct location for the future Basalt Creek Parkway road.
 - No road connection/access onto the future Basalt Creek Parkway road.
 - No access is shown to properties to the southeast.

- **Plan Comments**
 - The comments on slope suitability are well stated for employment uses. Less than 5% slopes are best, 5-10% present challenges, and greater than 10% slopes are not feasible.
 - Sites A, B and C are somewhat feasible but would need a second access for emergency vehicles.
 - Sites D, E and F are not feasible for employment.
 - Sites G and H are in the proposed residential zone.
 - Sites L and K are workable.
 - There are about 18-20 acres of feasible land for employment development, but without good access a successful employment development is not feasible.
 - No consideration for costs of grading the site.
 - What about ADA?



PLAN COMMENTS
 1/19/17
 ORK/dh

OPTION ONE
 DEC. 21, 2016
 318,500 SF "EMPLOYMENT BUILDINGS"

LEGEND

---	SITE BOUNDARY
---	PROPOSED 4' D.W.
---	ELEVATION INTERVAL (10')
---	SPANNAN AREAS

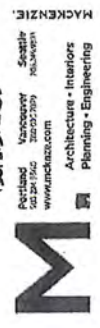
SITE DATA

BUILDING	SITE AREA	BUILDING AREA	PARKING SPACES	PARKING RATIO	NET DEVELOPABLE AREA (ACRES)
PROPOSED BUILDINGS A, D & L	100,000 SF	100,000 SF	100	1:1000	2.0
PROPOSED BUILDINGS B, C & F	100,000 SF	100,000 SF	100	1:1000	2.0
PROPOSED BUILDINGS G, H & I	100,000 SF	100,000 SF	100	1:1000	2.0
PROPOSED BUILDINGS J, K & M	100,000 SF	100,000 SF	100	1:1000	2.0
TOTAL	400,000 SF	400,000 SF	400	1:1000	8.0

SITE XX
 BASALT CREEK SITE
 SW 124TH AVE
 WASHINGTON COUNTY, OREGON

SCALE: 1" = 50'

NOTE: CONTOUR SHOWN AT 5' INTERVALS
 72.25.2318 - 218011.01



318,500 SF

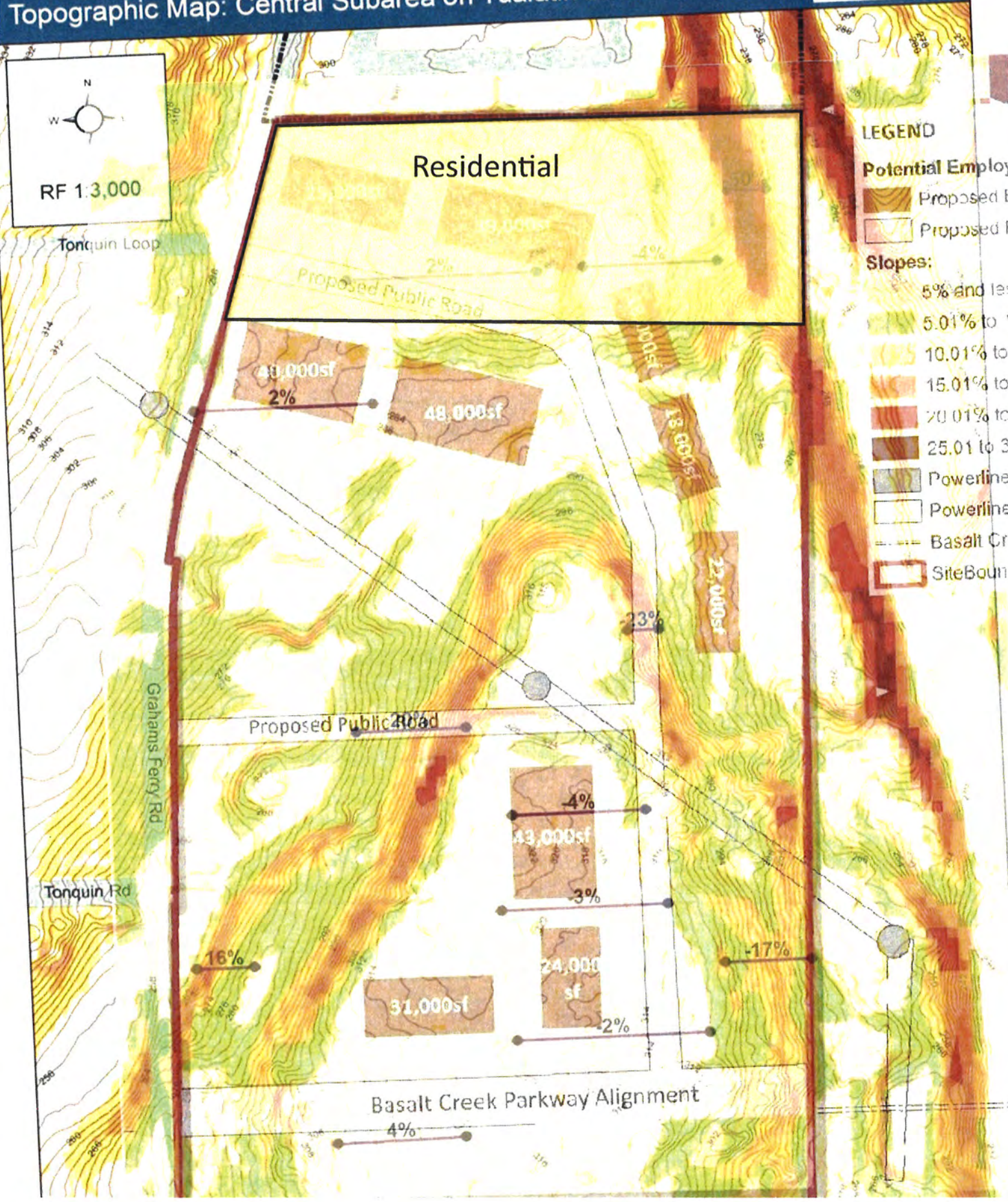
10

Topographic Map: Central Subarea on Tualatin side of Basalt



N
W

RF 1:3,000



LEGEND

- Potential Employ**
- Proposed E
 - Proposed f
- Slopes:**
- 5% and less
 - 5.01% to
 - 10.01% to
 - 15.01% to
 - 20.01% to
 - 25.01 to 3
- Powerline
- Powerline
- Basalt Cr
- SiteBound



July 20, 2017

Mr. Herb Koss
Sherwood Grahams Ferry LLC
22400 Salamo Road, Suite 106
West Linn, Oregon 97068

RE: BASALT CREEK CENTRAL AREA – EMPLOYMENT VERSES RESIDENTIAL DEVELOPMENT

Dear Mr. Koss:

In response to your request we have prepared a summary on the differences between development of employment type uses verses residential uses on the central area of Basalt Creek Concept Plans. When we evaluate property for development we look at zoning, transportation/access, utility service availability, topography, environmental constraints, soil conditions and adjacent uses.

The Basalt Creek Central Area faces development constraints that impact any development regardless of use (employment verses residential). These development constraints are:

- Limited access (only from Grahams Ferry Road).
- Wetlands
- Powerline easement that bisects the area
- Significant slope and topography to access the southerly portion.
- Shallow hard rock soil conditions.

The most significant differences between employment development and residential is how they can respond to these constraints. Residential development typically has smaller building footprints and can accept steeper grades for access. In addition attached residential buildings can have split floor elevations and parking underneath, both of which allow this type of building to be more responsive to the topographic and access issues.

Conversely, employment development has larger building footprints, must have flatter access grades for trucks, wider maneuvering areas for turning movements and parking. It is also undesirable to split building floor elevations as that can limit the use or size of tenant. **This flatter and wider footprint requires more grading and retaining walls on property like this than any competitive property without these constraints. Add rock excavation at six to ten times the normal cost of grading to the excessive amount of grading required, and this property may not be economically feasible to develop.**

Mr. Herb Koss

BASALT CREEK CENTRAL AREA

Page 2 of 2

Two residential projects we have been involved in are examples of how residential development can be more responsive to site constraints. Forest Rim apartments on Nyberg Road in Tualatin had wetlands and large rock outcrop in the middle of the site. The access roads and buildings were able to be wrapped around these features that turned them into amenities rather than limitations. A condominium project in Happy Valley, Greystone at Altamont was able to be wrapped around the top of the knoll with parking underneath both the upper and lower side of the units.

Most of the competitive employment land along the I-5 corridor in Tigard and Wilsonville or western Tualatin is relatively flat and/or does not require the rock excavation for development. We prepared rough cost estimates for the grading and retaining walls this property based on the KPFF Option B plan for basic site prep. These costs are in addition to the paving and utility costs that will also be needed for this site. The rough grading and retaining wall costs are:

Grading	350,000 Cubic Yards	\$10,500,000.00 (assumes significant rock excavation)
Retaining Walls	2,400 Lineal Feet	\$ 1,200,000.00

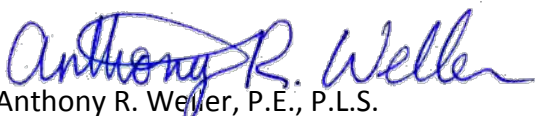
It is important not to overlook the other constraint that impacts this area, Access. The lack of access to the southerly and upper portion of the area increases the amount of grading and rock excavation required to develop the property. If Basalt Creek Parkway had been a local street that would provide at grade access to the upper portion of the area, employment uses could be feasible. Similar to variance criteria, this is not a self-imposed hardship but one that is unique to this portion of the planning area.

Another consideration is how this area relates to the adjacent uses (both existing and future). There is existing single family detached housing to the north. There is also underdeveloped property east of the planning area as well as the creek itself along the northeasterly portion of the area.

The City of Tualatin is proposing additional single family detached adjacent the existing single family housing to the north. Higher density residential provides an excellent transition between lower density residential, commercial and/or industrial uses. Basalt Creek Parkway with its deep cut and wide right of way provides additional transition area to the south.

Per your request, I will be present at the 7/24 work session and will be happy to answer any questions at that time.

Sincerely,


Anthony R. Weller, P.E., P.L.S.
President

Memo

Date: February 21, 2018
To: Martha Bennett, Chief Operating Officer
From: Brian Harper, Senior Regional Planner
Subject: Staff Report Regarding Basalt Creek Planning Area

This memorandum provides the staff report to the Metro Chief Operating Officer (COO) regarding resolution of the dispute between the City of Wilsonville and the City of Tualatin concerning the appropriate land use designation for the Central Subarea of the Basalt Creek Planning Area.

PROCESS

In 2017 the cities of Wilsonville and Tualatin reached an impasse regarding concept planning for a 52-acre portion of the Basalt Creek Planning Area known as the “Central Subarea” and asked Metro to take on the role of mediating their dispute. To that end, the cities, Metro, and Washington County entered into an Intergovernmental Agreement (IGA) in January of 2018 that assigns Metro the task of making a final and non-appealable decision regarding the appropriate land use designation for the Central Subarea. The IGA provides:

“Metro will have sole discretion to determine what to call this decision making process, where and when to hold the process, who Metro will appoint to make the decision, a briefing schedule, whether or not to hear oral argument, and ground rules that must be adhered to by the cities and county throughout the process.”

The decision making process to be employed by Metro is initiated with the issuance of this staff report. The cities and the county will have 14 days from the date of this staff report to submit written evidence and argument in support of their positions to the Metro COO. Those materials must be received no later than 5:00 pm on March 7, 2018. The cities and county will then have seven additional days to submit written evidence and argument in rebuttal to the first round of submittals. Those materials must be received no later than 5:00 pm on March 14, 2018. The COO will prepare and issue a recommendation to the Metro Council by no later than March 23, 2018.

At the first available Metro Council hearing in April, the Council will review the COO recommendation and deliberate to a decision regarding whether to accept, reject, or modify the recommendation. The Metro Council’s review will be based on the record of written materials submitted by the cities, county, and Metro staff. The Council will adopt a resolution to memorialize its decision regarding the appropriate land use designation for the Central Subarea, and directing the cities to prepare concept plans consistent with Metro’s final decision and with Title 11 of the Urban Growth Management Functional Plan.

The scope of Metro’s review and decision in this process is limited to the issue described in the IGA: that is, whether the land use designation of the Central Subarea should be for housing or employment. Metro will not consider any other issues related to the Basalt Creek Planning Area. Metro’s review will be limited to materials submitted by the cities and the county. Metro will not consider evidence or argument presented by other parties.

BACKGROUND FACTS

In 2002 Metro expanded the UGB to add 17,458 acres of land, with 15,047 acres added for residential purposes and 2,411 acres for employment. In that decision, Metro acknowledged that the amount of land being added for employment purposes was not sufficient to meet the identified 20-year need, and therefore requested that the Land Conservation and Development Commission (LCDC) assign a new work task that would allow Metro to complete its work and accommodate the region's need for industrial land. *See* Metro Ordinance 02-969B, Exhibit P. Accordingly, LCDC approved the majority of the decision, and returned the matter to Metro with instructions to satisfy the unmet 20-year need for industrial land.

Metro responded in 2004 by adopting Ordinance No. 04-1040B, the stated purpose of which is “to increase the capacity of the boundary to accommodate growth in industrial employment.” (Exhibit A). That decision expanded the UGB to include 1,940 acres of land for industrial purposes, including the 646 acres now known as the Basalt Creek area between the cities of Tualatin and Wilsonville. The Metro Council adopted the following findings in support of adding the Basalt Creek area to the UGB:

“The Council chose this area because it is exception land (rural residential and rural industrial) with characteristics that make it suitable for industrial use. It lies within two miles of the I-5 corridor and within one mile of an existing industrial area, and portions of the area are relatively flat. These characteristics render it the most suitable exception area under consideration for warehousing and distribution, a significant industrial need facing the region.” Metro Ordinance 04-1040B, Exhibit G, page 17.

During the Metro proceedings, the City of Tualatin and some of its residents expressed concerns about compatibility between future industrial uses in the Basalt Creek area and residential neighborhoods at the south end of the city, and about preserving the opportunity to choose an alignment between Tualatin and Wilsonville for the then-planned connector between Interstate 5 and Highway 99W. In response, the Metro Council adopted the following condition of approval:

“2. Title 11 planning shall incorporate the general location of the projected right of way alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the ‘south alignment,’ as shown on the Region 2040 Growth Concept Map, ... the portion of the Tualatin Area that lies north of the right-of-way shall be designated ‘Outer Neighborhood’ on the Growth Concept Map; the portion that lies south shall be designated ‘Industrial.’” Metro Ordinance 04-1040B, Exhibit F, page 3.

A copy of the 2004 version of the 2040 Growth Concept Map showing the two proposed alignments for the I-5/99W connector is attached as Exhibit B. The connector concept was later abandoned based in part on the findings of the Basalt Creek Refinement Transportation Plan, which called for a focus on utilizing existing and planned arterials to move traffic. However, the location of the “south alignment” alternative for the proposed I-5/99W connector was in the vicinity of the northern boundary of the Central Subarea land that is the subject of this dispute. The Metro Council adopted the following findings describing the purpose of the condition:

“Second, the Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer

between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)." Metro Ordinance 04-1040B, Exhibit G, pages 17-18.

As stated in the findings, the intent of the Metro Council in 2004 was for the "south alignment" to create a separation between residential development to the north and industrial development to the south. The former "south alignment" was located at the north end of the Central Subarea.

In 2006, Metro awarded a \$365,000 CET Grant to the cities of Tualatin and Wilsonville to perform concept planning for the Basalt Creek area. After several stops and starts in the process, in 2011 the cities, Metro, and Washington County entered into an IGA that outlines the requirements and responsibilities of the parties regarding their coordinated efforts on the Basalt Creek concept plan. The IGA defines a decision-making process that requires all four parties to agree to the final decisions about the jurisdictional boundary between the two cities and the appropriate land use designations for the entire area.

The concept plan was put on hiatus from 2011 to 2013 while transportation planning issues for the larger South County Industrial Area were being resolved via the Basalt Creek Transportation Refinement Plan. The stakeholders concluded that it was important to address transportation issues for the area prior to any industrial development occurring. As part of that transportation planning effort, the Basalt Creek Parkway was one of several options identified as critical to the success of the transportation system. The Parkway was seen as one of the vital connectors for truck traffic from the Tonquin and Southwest Tualatin Industrial areas to the north down to Interstate 5, in order to mitigate the traffic impacts on Tualatin-Sherwood Road and the Tualatin Town Center.

Upon completion of the Basalt Creek Transportation Refinement Plan in 2013, the cities of Wilsonville and Tualatin resumed their concept planning efforts, utilizing Metro's CET grant funds. In December of 2015, the City Councils of Wilsonville and Tualatin reached an agreement regarding a jurisdictional boundary between the cities and general land use designations for the area that were agreeable to all four parties to the IGA. Following a public open house in April of 2016, the plan was ready for final edits and adoption by the two cities. At that time, both Metro and Washington County agreed that the plan was viable and could be adopted for Metro's Title 11 approval and for Washington County's transfer of urban planning authority to each city. The "Preferred Basalt Creek Land Use Map" that emerged from this process by September of 2016 designated the majority of the proposed industrial area north of the Basalt Creek Parkway, including the Central Subarea, with a Manufacturing Park zoning classification.

CURRENT DISPUTE AND METRO STAFF RECOMMENDATION

In October of 2016, a property owner presented the City of Tualatin with a proposal to change the designation of the Central Subarea from Industrial/Employment to Residential. The land is located at the NE intersection of Grahams Ferry Road and Basalt Creek Parkway. The property owner asserted that development of employment uses on the land would be cost prohibitive due to slopes and geologic conditions.

Based on testimony that occurred at a Tualatin City Council work session and a Planning Commission meeting in October of 2016, Washington County agreed to commission an independent study to determine the viability of employment uses in the Central Subarea. The study was completed in January of 2017 and concluded that employment uses are viable in that location, specifically for flex business park, office campus, manufacturing, and commercial support services. The county shared the results with the cities in January of 2017. In February of 2017, the Tualatin

City Council directed their staff to proceed with changing the Central Subarea to a residential designation. In July of 2017, the City of Wilsonville commissioned an independent study from the engineering firm KPFF to evaluate the feasibility of development for employment uses in the Central Subarea. The study showed several scenarios where employment uses were viable, taking into consideration the slope and geologic composition of the site.

Under the 2011 IGA regarding concept planning for the Basalt Creek area, all parties must agree regarding the jurisdictional boundary between the cities and the land use designations. Because the cities cannot agree, the area cannot be planned and annexed by either city. Accordingly, the cities asked Metro to resolve the dispute.

Metro planning staff believes that the change to residential being proposed by the City of Tualatin is problematic for the following reasons:

1. The Central Subarea was brought into the UGB in 2004 in order to satisfy a regional need for industrial and employment land; accordingly, it is designated as an employment area on Metro's Title 4 map. The findings adopted by the Metro Council in 2004 regarding this area being well suited for employment uses were not challenged by any party and still apply today.
2. The condition of approval included by the Metro Council regarding the location of the "south alignment" of the I-5/99W connector supports an industrial designation for the Central Subarea. The Central subarea is located immediately south of the proposed "south alignment," which is identified in the Metro Council findings as serving as a "buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)."
3. The region has made a large infrastructure commitment for this area in the Basalt Creek Parkway. Metro and Washington County estimate that more than \$65 million has been spent on the planning and construction of this regionally important roadway. The purpose of this limited-access arterial is to provide a more fluid connection to I-5 from industrial and employment lands to the north, and to relieve much of the truck traffic burden that is currently placed on Tualatin-Sherwood Road and the Tualatin Town Center. The addition of increased residential trips on the Parkway from a housing development will negatively impact traffic operations in the area.
4. The insertion of a residential community in this area creates compatibility issues with the surrounding employment uses. Given the intended uses for the area, as well as the high volume of truck traffic planned for the Parkway, residents in the area would be faced with noise, traffic, and other livability issues. Similarly, the addition of a housing development in the middle of an employment district will negatively impact the viability of employment uses. It would be short sighted to insert housing in an area that will create compatibility issues with surrounding land uses and give rise to land use conflicts in the future.

Staff Recommendation:

Based on the project background and the findings stated above, staff recommends that the Central Subarea move forward with the previously agreed upon Manufacturing Park designation.

EXHIBIT A

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) ORDINANCE NO. 04-1040B
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) Introduced by the Metro Council
)

WHEREAS, by Ordinance 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), the Council amended Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan to increase the capacity of industrial land to accommodate industrial jobs; and

WHEREAS, the Metro Council adopted an Employment and Industrial Areas Map as part of Title 4 (Retail in Employment and Industrial Areas) in Ordinance No. 96-647C (For the Purpose of Adopting a Functional Plan for Early Implementation of the 2040 Growth Concept) on November 21, 1996; and

WHEREAS, the Council amended the Regional Framework Plan (RFP) by Exhibit D to Ordinance No. 02-969B (For the Purpose of Amending the Metro 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), adopted on December 5, 2002, to establish a new 2040 Growth Concept design type entitled "Regionally Significant Industrial Area" (RSIA) and to add Policies 1.4.1 and 1.4.2 to protect such areas by limiting conflicting uses; and

WHEREAS, by Exhibit F to Ordinance No. 02-969B the Council amended Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan (UGMFP) to implement Policies 1.4.1 and 1.4.2 of the RFP; and

WHEREAS, by Exhibit E of Ordinance No. 02-969B the Council adopted a "Generalized Map of Regionally Significant Industrial Areas" depicting certain Industrial Areas that lay within the UGB prior to its expansion as part of Task 2 of periodic review as RSIA's; and

EXHIBIT A

WHEREAS, Title 4 calls upon the Council to delineate specific boundaries for RSAs derived from the "Generalized Map of Regionally Significant Industrial Areas" after consultation with cities and counties; and

WHEREAS, by Ordinance No. 02-969B, the Council added capacity to the UGB but did not add sufficient capacity to accommodate the full need for land for industrial use; and

WHEREAS, the Metro Council submitted Ordinance No. 969B, in combination with other ordinances that increased the capacity of the UGB, to the Land Conservation and Development Commission (LCDC) as part of Metro's periodic review of the capacity of its UGB; and

WHEREAS, on July 7, 2003, LCDC issued its "Partial Approval and Remand Order 03-WKTASK-001524" that approved most of the Council's decisions, but returned the matter to the Council for completion or revision of three tasks: (1) provide complete data on the number, density and mix of housing types and determine the need for housing types over the next 20 years; (2) add capacity to the UGB for the unmet portion of the need for land for industrial use; and (3) either remove tax lots 1300, 1400 and 1500 in Study Area 62 from the UGB or justify their inclusion; and

WHEREAS, the Council completed its analysis of the number, density and mix of housing types and the need for housing over the planning period 2002-2022 and incorporated its conclusions in a revision to its Housing Needs Analysis; and

WHEREAS, the Council increased the capacity of the UGB both by adding land to the UGB and by revising the Regional Framework Plan and Title 4 of the UGMFP to meet the previously unmet portion of the need for land for industrial use; and

WHEREAS, a change in design type designation of a portion of Study Area 12 added to the UGB on December 5, 2002, by Ordinance No. 02-969B from residential to industrial will help the region accommodate the need for industrial use without reducing the region's residential capacity below the region's residential need; and

WHEREAS, the Council decided to remove tax lots 1300, 1400 and 1500 in Study Area 62 from the UGB; and

EXHIBIT A

WHEREAS, the Council consulted its Metropolitan Policy Advisory Committee and the 24 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 more than 100,000 households in the region and held public hearings on Title 4 and the efficient use of industrial land on December 4 and 11, 2003, public workshops at six locations around the region in March, 2004, on possible amendments to the UGB, and public hearings on the entire matter on April 22 and 29, May 6, May 27, and June 10 and 24, 2004; now, therefore

THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

1. Policy 1.12 of the Regional Framework Plan is hereby amended, as indicated in Exhibit A, attached and incorporated into this ordinance, to guide the choice of farmland for addition to the UGB when no higher priority land is available or suitable.
2. Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan is hereby amended, as indicated in Exhibit B, attached and incorporated into this ordinance, to improve implementation of Title 4 by cities and counties in the region.
3. The Employment and Industrial Areas Map is hereby amended, as shown in Exhibit C, attached and incorporated into this ordinance, to depict the boundaries of Regionally Significant Industrial Areas pursuant to Policy 1.4.1 of the Regional Framework Plan in order to ensure more efficient use of the areas for industries reliant upon the movement of freight and to protect the function and capacity of freight routes and connectors in the region.
4. The Revised Housing Needs Analysis, January 24, 2003, is hereby further revised, as indicated in Exhibit D, Addendum to Housing Needs Analysis, April 5, 2004, attached and incorporated into this ordinance, to comply with the first item in LCDC's "Partial Approval and Remand Order 03-WKTASK-001524."
5. The Metro UGB is hereby amended to include all or portions of the Study Areas shown on Exhibit E ~~with the designated 2040 Growth Concept design type, and more precisely identified in the Industrial Land Alternative Analysis Study, February, 2004, Item (c) in Appendix A,~~ subject to the conditions set forth in Exhibit F, and to exclude tax lots 1300, 1400 and 1500 in Study Area 62 ~~and the southeast portion of Study Area 9 from the UGB,~~ also shown on Exhibit E and more precisely identified in the Staff Report, "In Consideration of Ordinance No. 04-1040, 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", Item (a) in Appendix A. Exhibits E and F are attached and incorporated into this ordinance to comply with the second and third items in LCDC's "Partial Approval and Remand Order 03-WKTASK-001524."

EXHIBIT A

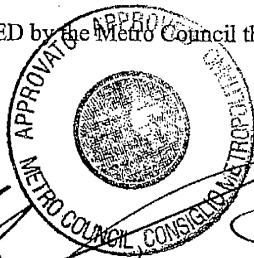
6. Ordinance No. 02-969B is hereby amended to change the 2040 Growth Concept design type designation for that 90-acre portion of Study Area 12 that projects from the rest of the study area to the southeast along Highway 26 from "Inner Neighborhood" to "Regionally Significant Industrial Area."
67. The Appendix, attached and incorporated into this ordinance, is hereby adopted in support of the amendments to the UGB, the Regional Framework Plan and the Metro Code in sections 1 through 3 of this ordinance. The following documents comprise the Appendix:
 - a. Staff Report, 'In Consideration of Ordinance No. 04-1040, 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', April 5, 2004.
 - b. 2002-2022 Urban Growth Report: An Employment Land Need Analysis, June 24, 2004 Supplement.
 - c. Industrial Land Alternative Analysis Study, February, 2004.
 - d. Measure 26-29 Technical Report: Assessment of the Impacts of the June, 2004, UGB Expansion on Property Owners.
 - e. Industrial Land Expansion Public Comment Report, March, 2004.
 - f. "An Assessment of Potential Regionally Significant Industrial Areas"; memorandum from Mary Weber to Dick Benner, October 21, 2003.
 - g. 'Recommended Factors for Identifying RSIA's', memorandum from Mary Weber to MTAC, June 30, 2003.
 - h. 'Slopes Constraints on Industrial Development', memorandum from Lydia Neill to David Bragdon, November 25, 2003.
 - i. 'Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use', prepared by the Metro Agricultural Lands Technical Workgroup, April, 2004.
 - j. 'Technical Assessment of Reducing Lands within Alternatives Analysis Study Areas', memorandum from Lydia Neill to David Bragdon, October 30, 2003.
 - k. Agriculture at the Edge: A Symposium, October 31, 2003, Summary by Kimi Iboshi Sloop, December, 2003.
 - m. 'Industrial Land Aggregation Methodology, Test and Results', memorandum from Lydia Neill to David Bragdon, September 24, 2003.
 - n. 'Industrial Areas Requested by Local Jurisdictions', memorandum from Tim O'Brien to Lydia Neill, July 29, 2003.

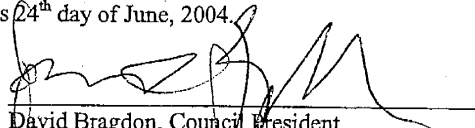
EXHIBIT A

- o. 'Industrial Land Locational and Siting Factors', memorandum from Lydia Neill to David Bragdon, June 9, 2003.
- p. 'A Review of Information Pertaining to Regional Industrial Lands', memorandum from Dick Benner to David Bragdon, January 26, 2004.
- q. Map of Freight Network and Freight Facilities, Metro, November, 2003.
- r. 'Evaluating the Industrial Land Supply with Projected Demand', memorandum from Lydia Neill to David Bragdon, May 14, 2003.
- s. 'Identifying 2003 Industrial Land Alternatives Analysis Study Areas', memorandum from Tim O'Brien to Lydia Neill, July 9, 2003.
- t. 'For the Purpose of Reducing the Land Under Consideration in the 2002 and 2003 Alternatives Analysis for Meet the Remaining Need for Industrial Land through Urban Growth Boundary Expansion', Staff Report, November 18, 2003.
- u. 'Formation of Industrial Neighborhoods', memorandum from Lydia Neill to David Bragdon, October 24, 2003.
- v. 'Developed Lots 5 Acres and Smaller Outside the UGB', memorandum from Amy Rose to Lydia Neill, November 18, 2003.
- w. 'Employment Land Included in the 2002 Urban Growth Boundary Expansion', memorandum from Andy Cotugno to David Bragdon, March 10, 2003.
- x. 'Identifying Additional Land for Industrial Purposes', memorandum from Tim O'Brien to Lydia Neill, March 7, 2003.
- y. Staff Report, 'In Consideration of Ordinance 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', June 21, 2004.

78. The Findings of Fact and Conclusions of Law in Exhibit G, 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 24th day of June, 2004.




David Bragdon, Council President

Approved as to Form:

ATTEST:


Christina Billington, Recording Secretary

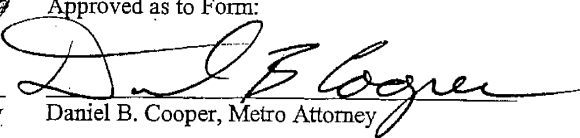

Daniel B. Cooper, Metro Attorney

EXHIBIT A

Exhibit F to Ordinance No. 04-1040B Conditions on Addition of Land to the UGB

I. GENERAL CONDITIONS APPLICABLE TO ALL LANDS ADDED TO THE UGB

A. The city or county with land use planning responsibility for a study area included in the UGB 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 area. Unless otherwise stated in specific conditions below, the city or county shall complete Title 11 planning within two years after the effective date of this ordinance. Specific conditions below identify the city or county responsible for each study area.

B. The city or county with land use planning responsibility for a study area included in the UGB, as specified below, shall apply the 2040 Growth Concept design types shown on Exhibit E of this ordinance to the planning required by Title 11 for the study area.

C. The city or county with land use planning responsibility for a study area included in the UGB shall apply interim protection standards in Metro Code Title 11, UGMFP, section 3.07.1110, to the study area until the effective date of the comprehensive plan provisions and land use regulations adopted to implement Title 11.

D. In Title 11 planning, each city or county with land use planning responsibility for a study area included in the UGB shall recommend appropriate long-range boundaries for consideration by the Council in future expansions of the UGB or designation of urban reserves pursuant to 660 Oregon Administrative Rules Division 21.

E. Each city or county with land use planning responsibility for an area included in the UGB by this ordinance 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 urban uses in the UGB and agricultural practices on adjacent land outside the UGB zoned for farm or forest use.

F. Each city or county with land use planning responsibility for a study area included in the UGB shall apply Title 4 of the UGMFP to those portions of the study area designated Regionally Significant Industrial Area (“RSIA”), Industrial Area or Employment Area on the 2040 Growth Concept Map (Exhibit C). If the Council places a specific condition on a RSIA below, the city or county shall apply the more restrictive condition.

G. In the application of statewide planning Goal 5 (Natural Resources, Scenic and Historic Areas, and Open Spaces) to Title 11 planning, each city and county with land use responsibility for a study area included in the UGB shall comply with those provisions of Title 3 of the UGMFP acknowledged by the Land Conservation and Development Commission (“LCDC”) to comply with Goal 5. If LCDC has not acknowledged those provisions of Title 3 intended to comply with Goal 5 by the deadline for completion of Title 11 planning, the city or county shall consider, in the city or county’s application of Goal 5 to its Title 11 planning, any inventory of regionally significant Goal 5 resources and any preliminary decisions to allow, limit or prohibit conflicting uses of those resources that is adopted by resolution of the Metro Council.

H. Each city and county shall apply the Transportation Planning Rule (OAR 660 Div 012) in the planning required by subsections F (transportation plan) and J (urban growth diagram) of Title 11.

EXHIBIT A

II. SPECIFIC CONDITIONS FOR PARTICULAR AREAS

A. Damascus Area

1. Clackamas County and Metro shall complete Title 11 planning requirements through the incorporation of this area into the greater Damascus/Boring Concept Plan planning effort currently underway. This planning shall be completed within the same time frame as specified in Ordinance No. 02-969B.
2. In the planning required by Title 11, subsections (A) and (F) of section 3.07.1120, Clackamas County or any future governing body responsible for the area shall provide for annexation of those portions of the area whose planned capacity is sufficient to support transit to the Tri-met District.
3. In the planning required by Title 11, subsections (A) and (F) of section 3.07.1120, Clackamas County or any future governing body responsible for the area shall provide for annexation of those portions of the area whose planned capacity is sufficient to support transit to the Tri-met District.

B. Beavercreek Area

1. Clackamas County or, upon annexation to Oregon City, the city and county, with Metro, shall complete Title 11 planning for the area.
2. This area shall be planned in conjunction with the adjoining tax lot added to the UGB in 2002, under Ordinance No. 02-969B.

~~C. Borland Area North of I-205~~

- ~~1. Clackamas County or, upon annexation to the City of Tualatin, the city and county, in coordination with the Cities of Lake Oswego, Tualatin, and West Linn and Metro, shall complete Title 11 planning within four years following the effective date of Ordinance No. 04-1040. The county and city, in conjunction with Lake Oswego and West Linn and Metro shall recommend long range boundaries in the Stafford Basin and general use designations for consideration by the Council in future expansions of the UGB.~~
- ~~2. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.~~

~~DC. Tualatin Area~~

- ~~1. Washington County or, upon annexation to the Cities of Tualatin or Wilsonville, the cities, in conjunction with Metro, shall complete Title 11 planning within two years following the selection of the right-of-way alignment for the I-5/99W Connector, or within seven years of the effective date of Ordinance No. 04-1040, whichever occurs earlier.~~

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2. Title 11 planning shall incorporate the general location of the projected right of way ~~location~~ alignment for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan. If the selected right-of-way for the connector follows the approximate course of the "South Alignment," as shown on the Region 2040 Growth Concept Map, as amended by Ordinance No. 03-1014, October 15, 2003, the portion of the Tualatin Area that lies north of the right-of-way shall be designated "InnerOuter Neighborhood" on the Growth Concept Map; the portion that lies south shall be designated "Industrial."
3. The governments responsible for Title 11 planning shall consider using the I-5/99W connector as a boundary between the city limits of the City of Tualatin and the City of Wilsonville in this area.

~~ED.~~ Quarry Area

1. Washington County or, upon annexation to the cities of Tualatin or Sherwood, the cities, and Metro shall complete Title 11 planning for the area.
2. Title 11 planning shall, if possible, be coordinated with the adjoining area that was included in the UGB in 2002 under Ordinance No. 02-969B.
3. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.
4. Title 11 planning shall incorporate the general location of the projected right-of-way for the Tonquin Trail as shown on the 2004 Regional Transportation Plan.

~~FE.~~ Coffee Creek Area

1. Washington and Clackamas Counties or, upon annexation of the area to the ~~City~~ cities of Tualatin or Wilsonville, the city, and in conjunction with Metro, shall complete the Title 11 planning for the area ~~within four two years following the selection of the right-of-way alignment for the I-5/99W Connector, or within seven years of the effective date of Ordinance No. 04-1040B, whichever occurs earlier.~~
2. ~~The concept~~ Title 11 planning shall incorporate the general location of the projected right of way location for the I-5/99W connector and the Tonquin Trail as shown on the 2004 Regional Transportation Plan.

~~G.~~ Wilsonville East Area

1. ~~Clackamas County or, upon annexation of the area to the City of Wilsonville, the city, and Metro shall complete the Title 11 planning for the area within two years of the effective date of Ordinance No. 04-1040.~~
2. ~~In the planning required by Title 11 a buffer shall be incorporated to mitigate any adverse effects of locating industrial uses adjacent to residential uses located southwest of the area.~~

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- ~~3.~~ Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.

~~HF.~~ Cornelius Area

1. Washington County, or, upon annexation of the area to the City of Cornelius, the city and Metro shall complete the Title 11 planning for the area.

~~IG.~~ Helvetia Area

1. Washington County, or upon annexation of the area to the City of Hillsboro, the city, and Metro shall complete the Title 11 planning for the area.
2. Until the effective date of new regulations adopted pursuant to Title 11, the city or county with land use planning responsibility for the area shall not allow the division of a lot or parcel that is 50 acres or larger into lots or parcels smaller than 50 acres.

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Exhibit G to Ordinance No. 04-1040B Findings of Facts, Conclusions of Law

Introduction

The Metro Council adopted Ordinance 04-1040B in response to LCDC Partial Approval and Remand Order 03-WKTASK-001524, entered July 7, 2003. LCDC's order followed its review of seven ordinances (Nos. 02-969B, 02-983B, 02-984A, 02-985A, 02-986A, 02-987A and 02-990A) adopted by the Metro Council as part of Periodic Review Work Task 2. The findings of fact and conclusions of law that explained how those ordinances complied with state planning laws, together with the supplemental findings and conclusions set forth in this exhibit, are part of the explanation how Ordinance No. 04-1040B complies with those laws. These findings also explain how Ordinance No. 04-1040B complies with the three requirements of the remand order.

REQUIREMENT NO. 1:

REMAND ORDER ON SUBTASK 17: COMPLETE THE ACCOMMODATION OF THE NEED FOR THE INDUSTRIAL LAND NEED COMPONENT OF EMPLOYMENT LAND THAT REMAINS APPROVAL OF WORK TASK 2.

I. GENERAL FINDINGS FOR TASK 2 REMAND DECISION ON UGB

A. 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 all elements of this periodic review decision. MPAC made recommendations to the Metro Council on most portions of the decision. All recommendations were forwarded formally to the Council and the Council responded. Metro Councilors and staff held many meetings with local elected officials in the year since LCDC's remand (July 7, 2003).

The record of this decision includes correspondence between local governments and Metro, including 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 state planning laws and its own Regional Framework Plan (Policy 1.11) and Regional Transportation Plan (Policy 2.0).

B. Citizen Involvement

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

To gather public input on this Task 2 remand decision, Metro conducted an extensive citizen involvement effort. The findings for Ordinance No. 02-969B set forth Metro's effort leading to adoption of that ordinance on December 5, 2002. Those findings are incorporated here. Since that time, the Metro notified by mail nearly 75,000 people of the pending decision to expand the UGB for industrial land. Metro also provided individual mailed notice to nearly 5,000 landowners of possible revisions to Title 4 (Industrial and Other Employment Areas) of the Urban Growth Management Functional Plan ("UGMFP"). In March, 2004, Metro held six workshops on industrial land throughout the region, attended by some 1,200 people. Finally, the Council held public hearings on the UGB expansion and Title 4 on December 4 and December 11 of 2003 and April 22 and 29, May 6 and 27, and June 10 and 24 of 2004.

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These efforts bring Metro into compliance with Goal 1 and Metro's Regional Framework Plan. More important, this work to involve Metro area citizens has contributed greatly to their understanding of the importance of this set of decisions for the region and have brought Metro invaluable comment on options available to it.

C. Need for Land

These findings address ORS 197.296; ORS 197.732(1)(c)(A); Goal 2, Exceptions, Criterion (c)(1); Oregon Administrative Rules 660-004-0010(1)(c)(B)(i) and 660-004-0020(2)(a); Goal 9 (local plan policies); Goal 10; Goal 14, Factors 1 and 2; Metro Regional Framework Plan ("RFP") Policies 1.2, 1.4, 1.4.1 and 1.4.2; and Metro Code 3.01.020(b)(1) and (2).

The findings for Ordinance No. 02-969B set forth Metro's analysis of the need for land for new jobs through the year 2022. The Urban Growth Report-Employment ("UGR-E") provides the details of that analysis. The analysis indicates that the region will need approximately 14,240 acres to accommodate an additional 355,000 jobs (all employment, commercial and industrial). Based upon new information that came to the Council during hearings on Title 4 revisions and UGB expansion, Metro completed a supplement (Ordinance No. 04-1040B, Appendix A, Item b) to the UGR-E that describes emerging trends in industrial use.

Leading to adoption of the ordinances that expanded the UGB in December, 2002, Metro analyzed the capacity of the existing UGB to accommodate this employment growth. The analysis determined that the UGB contained a surplus of land (759.6 acres) for commercial employment and a deficit of land (5,684.9 acres) for industrial development. The UGR-E provides the details of this analysis.

Following adoption of the December, 2002, ordinances, Metro analyzed the capacity of the expanded UGB. Those ordinances left Metro with a deficit of 1,968 acres of industrial land and a surplus of 393 acres of commercial land. From this analysis, the Council concluded that the UGB, as expanded by ordinances in December, 2002, did not have sufficient capacity to accommodate the remaining unmet need for industrial land. This deficit was one reason for LCDC's July 7, 2003, remand order directing Metro to complete the accommodation of this need for industrial land.

Based upon interviews with industrial developers, brokers and consultants, the Regional Industrial Land Survey ("RILS") and Metro's UGR-E, Metro refined the need for industrial land. Not just any land will satisfy the need for industrial use. Metro defined the need as 1,968 acres of land composed generally of less than 10 percent slope that lies either within two miles of a freeway interchange or within one mile of an existing industrial area. RILS and the UGR-E also calculate the need for parcels of varying sizes by sectors of the industrial economy. Table 13 of the UGR-E shows a need for 14 parcels 50 acres or larger for the warehouse and distribution and tech/flex sectors (page 25).

D. Alternatives: Increase Capacity of the UGB

These findings address ORS 197.732(c)(B); Goal 14, Factors 3 and 4; Goal 2, Exceptions, Criterion 2; OAR 660-004-0010(1)(B)(ii) and 660-004-0020(2)(b); Metro Code 3.01.020(b)(1)(E); and RFP Policies 1.2, 1.3, 1.4, 1.6, 1.7, 1.8 and 1.9.

To address the shortfall in employment capacity, Metro considered measures to increase the efficiency of land use within the UGB designated for employment. Metro's UGMFP Title 4, first adopted in 1996, limited non-employment uses in areas designated Industrial and Employment. Analysis of results of local implementation of Title 4 indicates that commercial uses and other non-industrial uses are converting land designated for industrial use to non-industrial use.

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In response to this information, the Metro Council amended the RFP in Ordinance No. 02-969B in December, 2002, to improve the protection of the existing industrial land base. The Council created a new 2040 Growth Concept design type – “Regionally Significant Industrial Land” (“RSIA”) – and revised Title 4 to establish new limitations on commercial office and commercial retail uses in RSIA’s. Metro estimated that these new measures would reduce the shortfall in industrial land by 1,400 acres by reducing encroachment by commercial uses. The Council counted this “savings” of industrial land in its determination that the deficit of industrial land following the December, 2002, expansion of the UGB was 1,968 net acres.

Following adoption of the December ordinances, the Council began implementation of the new policy and code, including the mapping of RSIA’s. The process of developing the map with cities and counties in the region uncovered implementation difficulties with the provisions of the new Title 4 that limited commercial retail and office uses. With Ordinance No. 04-1040B, the Council once again revised Title 4 with two objectives: greater flexibility for traded-sector companies and retention of the 1,400-acre “savings” estimated from the December, 2002, revisions. Based upon the analysis of Title 4 revisions in the supplement to the UGR-E (Ordinance No. 04-1040B, Appendix A, Item b), the Council estimates that the revisions, in combination with conditions placed upon areas added to the UGB for industrial use, will continue to “save” 1,400 acres of industrial land from intrusion by commercial uses.

During hearings on the remand from LCDC, the Council received testimony that an increasing number of industrial jobs is finding space in office buildings rather than in traditional industrial buildings. The Council relied upon this testimony to revise Title 4 limitations on offices in industrial areas. The Council also relied upon the testimony to apply the 393-acre surplus of commercial land taken into the UGB by the December, 2002, ordinances to the need for 1,968 acres of industrial land. The Council assumed that offices in the region’s designated Employment Areas, Centers, Corridors, Station Communities and Mains Streets would absorb industrial jobs. This assumption reduced the need for industrial land from 1,968 to 1,575 net acres.

Also during the hearings, the cities of Wilsonville, Oregon City and Fairview brought news of recent plan amendments (adopted after completion of Metro’s inventory of industrial land) adding land to the industrial land supply. The Council concluded that the land added by Wilsonville (127 acres) and Oregon City (74 acres) are actually available for industrial use, subject to timing and infrastructure requirements. The Council concluded that the Fairview land, though designation industrial in the city’s comprehensive plan, is not yet appropriately zoned to make it available for industrial use. These actions reduced the need for industrial land from 1,575 to 1,374 net acres.

The City of Gresham requested a change to the 2040 Growth Concept Map and the Title 4 Employment and Industrial Areas map for a 90-acre tract that is part of Study Area 12 and adjacent to land added to the UGB in December, 2002, for industrial use. The city says further planning work on its part has revealed that some 20 acres of the tract are suitable for industrial use. The Council makes this change in Ordinance No. 04-1040B, reducing the need from 1,374 to 1,354.

In a further effort to accommodate industrial development more efficiently within the UGB, the Council discovered that it had assumed a commercial development refill rate of 50 percent, lower than the most recently observed rate of 52 percent. For the reasons stated above, the Council concludes that this infill and re-development of lands in designated Employment Areas, Centers, Corridors, Station Communities and Mains Streets will accommodate some of the increasing number of industrial jobs that is locating in offices rather than factories or other traditional industrial buildings. Correction of the commercial refill rate assumption reduces the need for industrial land from 1,354 to 1,180 acres.

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E. Alternatives: Expand the UGB

These findings address ORS 197.732(c)(B), (C) and (D) and Goal 2, Exceptions; ORS 197.298(1); Goal 11; Goal 14, Factors 3-7; OAR 660-004-0010(1) and 660-004-0020(2); RFP Policies 1.2, 1.3.1, 1.4, 1.4.1, 1.7, 1.7.2, 1.9, 1.12.1, 1.12.2 and 5.1.1; Regional Transportation Plan Policy 3.0 and Metro Code 3.01.020(b)(3) through (7) and 3.01.020(d)

The measures taken by the Council to increase the capacity of the existing UGB for industrial use, described above leave an unmet need for industrial land of 1,180 acres.

Metro began the search for the most appropriate land for inclusion in the UGB by applying the priorities in ORS 197.298(1). Because Metro has not re-designated "urban reserve" land since its 1997 designation was invalidated on appeal, the highest priority for addition of land is exception land.

Metro first included for consideration all exception land that was studied for inclusion in the December, 2002, ordinances, but not included at that time (59,263 acres). Metro then expanded the search to consider all other land, resource land included, that met the siting characteristics that help define the need for industrial land (less than 10 percent slope and within two miles of a freeway interchange or one mile of an existing industrial area (9,071 acres). In all, Metro looked at approximately 68,000 acres to find the most appropriate land.

Once Metro mapped land by its statutory priority, Metro analyzed the suitability of the land for industrial use, considering the locational factors of Goal 14, the consequences and compatibility criteria of the Goal 2 and statutory exceptions process, the policies of the Regional Framework Plan (RFP) and the criteria in the Metro Code that are based upon Goal 14. This analysis is set forth in the Alternatives Analysis Study, Item (c) in Appendix A of Ordinance No. 04-1040B and subsequent staff reports [Appendix A, Items (a) and (y)].

The Alternatives Analysis and testimony from the hearings gave the Council few easy or obvious choices among the lands it considered. The land most suitable for the types of industrial use forecast in the region for the next 20 years is flat land near freeway interchanges or near existing industrial areas. In addition, the region needs parcels 50 acres or larger for the warehouse and distribution and tech/flex sectors. The land most likely to meet these needs at the perimeter of the UGB is agricultural land, the last priority for inclusion under ORS 197.298(1).

The highest priority for inclusion, under the priority statute, where no urban reserves have been designated, is exception land. But the character of most exception areas makes them unable to fill the region's needs for industrial use. The great majority of exception land outside the UGB is designated for residential use, and most of that is settled with residences. Parcels are generally small (five acres and smaller), the topography is usually rolling and often steep, and streams, small floodplains and wildlife habitat are common. And residents, as evidenced by testimony at Council hearings, are often vigorously opposed to industrial intrusions into what they consider their neighborhoods.

The Council excluded from further consideration those exception lands that lie further than two miles from a freeway interchange and more than one mile from existing industries for the reason that these areas cannot meet the identified need for industrial land. The Staff Report [Appendix A, Item (a)] describes these specific areas in detail at pages 13 to 18.

The Council excluded other study areas (or portions of them) from further consideration even though they could meet the identified need (less than 10 percent slope and either within two miles from a freeway interchange or within one mile from existing industries) because they are unsuitable for industrial use. Further analysis showed that some combination of parcelization, existing development, limitations on use

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imposed by Title 3 of the UGMFP (Water Quality, Flood Management and Fish and Wildlife Conservation), poor road access, difficulty in providing public services and negative effects of urbanization on nearby agricultural practices renders the areas unsuitable for industrial use. Portions of the areas contain designated farm or forest land. The Staff Report [Appendix A, Item (a)] describes these specific areas in detail at pages 18 to 25 (and portions of other areas at pages 13 to 18).

The Council also excluded those exception areas that are not contiguous to the UGB, or to areas added to the UGB for industrial use, and do not contain enough suitable land to comprise a minimum of 300 gross acres. Based upon an analysis of industrial areas within the pre-expansion UGB and reasoning set forth in "Formation of Industrial Neighborhoods", memorandum from Lydia Neill to David Bragdon, October 24, 2003, the Council concludes that these small areas cannot satisfy the need for industrial land.

The Council looked next to resource land, beginning with land of lowest capability. The Council included 354 acres (236 net acres) designated for agriculture in the Quarry Study Area, composed predominantly of the poorest soils (Class VII) in the region. Other land with poor soils in the vicinity were rejected due to steep slopes. The Council included 63 acres (30 net acres) designated for forestry in the Beavercreek Study Area composed of Class IV and VI soils and 102 acres (69 net acres) of Class III and IV soils in the Damascus West Study Area. No other land with soil capability lower than Class II can meet the need for industrial use identified by the Council.

Finally, the Council turned to the many lands under consideration with predominantly Class II soils. To choose among thousands of acres of this flat farmland near urban industrial areas or near freeway interchanges, the Council considered the locational factors of Goal 14 and policies in its Regional Framework Plan ("RFP") and Regional Transportation Plan ("RTP"). Further, the Council sought advice from a group of farmers and agriculturalists in the three counties, assembled by the Oregon Department of Agriculture ("ODA"). This group submitted a report to the Council entitled "Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use." [Appendix A, Item (i).] Preliminary guidance from ODA led the Council to consider an amendment to Policy 1.12 of the RFP on agricultural land, adopted and applied in Ordinance No. 04-1040B: "When the Council must choose among agricultural lands of the same soil classification for addition to the UGB, the Council shall choose agricultural land deemed less important to the continuation of commercial agriculture in the region." (Exhibit A.)

The Council finds that the region will be able to urbanize the lands it has added to the UGB in an efficient and orderly fashion. The Council concludes that the overall consequences of urbanization of these lands are acceptable, especially given the protections in place in the RFP and Metro Code for sensitive resources. Through mitigation measures required by the conditions in Exhibit F, the Council believes it can achieve compatibility between urbanization of the land added to the UGB and adjacent land outside the UGB.

The Council also believes that it is able to maintain separations between communities at the urban fringe sufficient to allow each community to retain a sense of place. The Council chose ridgelines, streams, power lines, roads and property lines to define the boundaries of the UGB in an effort to provide a distinct boundary and a clear transition between urban and rural uses.

The Council also finds that the lands it added to the UGB for industrial use contribute to a compact urban form. The lands are adjacent to the existing UGB. Many involve exception lands that are already partially urbanized and contain some components of public facilities needed to serve urban industrial uses. The Council rejected some areas of exception land that extend far from the UGB and would require long extensions of linear services such as sewer, water and stormwater lines. The Council chose land that adheres closely to siting characteristics needed by the industries likely to grow during the planning period: proximity

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to existing industrial areas and accessibility to freeway interchanges. These choices contribute to the region's urban form which, among other things, calls for siting uses with higher densities (commercial and residential) in Centers and other design types served by high-capacity public transit.

Combined with areas added to the UGB for employment in the December, 2002, periodic review ordinances, areas added by Ordinance No. 04-1040B for industrial use are distributed round the region. Most of the jobs land was added to the east side of the region in December, 2002. This ordinance adds industrial land mostly to the south and west sides of the region. In particular, addition of 262 acres north of Cornelius will add jobs, income, investment and tax capacity to a part of the region with disproportionately little of those resources.

F. Water Quality

Each local government responsible for an area added to the UGB must complete the planning requirements of Title 11, Urban Growth Management Functional Plan ("UGMFP"), including compliance with the water quality provisions of Title 3 of the UGMFP.

G. Areas Subject to Natural Disasters and Hazards

The Council has excluded environmentally constrained areas from the inventory of buildable land (see UGRs) and from its calculation of the housing and jobs capacity of each study area (see Alternatives Analysis). Each local government responsible for an area added to the UGB must complete the planning requirements of Title 11, Urban Growth Management Functional Plan ("UGMFP"), including compliance with Title 3 of the UGMFP on floodplains and erosion control.

The Council considered the best information available on known hazards, including earthquake hazard. The study areas with the highest earthquake hazard have been rejected. The are small portions of several study areas with known earthquake hazards added to the UGB. Local governments responsible for Title 11 planning are required by that title (and Goal 7) to take these portions into account in their comprehensive plan amendments.

H. Economic Development

As part of Task 2 of periodic review, Metro reviewed the economic development elements of the comprehensive plans of each of the 24 cities and three counties that comprise the metro area. Metro used the review in its determination of the region's need for employment land and for coordination with local governments of its choices to add land to the UGB for employment purposes.

Revisions to Title 4 (Industrial and Other Employment Areas) of the UGMFP and the conditions placed upon lands added to the UGB (Exhibit F of Ordinance No. 04-1040B and exhibits to December, 2002, ordinances) add significant protection to sites designated for industrial use, both those added to the UGB and those within the UGB prior to expansion, to help ensure their availability for that purpose.

Inclusion of these areas adds 1,920 acres (1,047 net acres) to the UGB for industrial use. Combined with the efficiency measures described in Section D of these Findings (Alternatives: Increase Capacity of the UGB), above, and actions taken in December, 2002, these additions to the UGB accommodate approximately 99 percent of the need for industrial land [identified in the 2002-2022 Urban Growth Report: An Employment Land Need Analysis (9,366 net acres)]. Given the unavoidable imprecision of the many assumptions that underlie the determination of need for industrial land – the population forecast; the employment capture rate; the industrial refill rate; employment density (particularly given changes in building types used by industry over time); the rate of encroachment by non-industrial uses; and the vintage

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industrial relocation rate – the Council concludes that its actions in the December, 2002, ordinances and in this Ordinance No. 04-1040B provide a 20-year supply of industrial land for the region and comply with part 2 (periodic review Subtask 17) of LCDC's Partial Approval and Remand Order 03-WKTASK-001524, July 7, 2003.

II. SPECIFIC FINDINGS FOR PARTICULAR AREAS ADDED TO UGB IN TASK 2 REMAND DECISION

These findings address ORS 197.298; ORS 197.732(1)(c)(B), (C) and (D); Goal 2, Exceptions, Criteria (c)(2), (3) and (4); Oregon Administrative Rules (OAR) 660-004-0010(1)(B)(ii), (iii) and (iv); OAR 660-004-0020(2)(b), (c) and (d); Goal 5; Goal 11; Goal 12; Goal 14, Factors 3 through 7; Metro Code 3.01.020(b)(3) through (7) and 3.01.020(d); Metro RFP Policies 1.2, 1.3, 1.4, 1.6, 1.7, 1.11 and 1.12; and Regional Transportation Plan Policies 2.0, 3.0, 4.0 and 14.0.

A. Damascus West

The Council relies upon the facts and analysis in the Industrial Land Alternative Analysis Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 21-23; 111; A-1 – A-4] and the Staff Report [Appendix A, Item (a), p. 27] to support its conclusion that addition of a portion of Damascus West will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area of resource land because it contains a concentration of larger parcels (five parcels between 10 and 20 acres). Parcels of this range are needed for the types of industries Metro expects will grow during the planning period (UGR-E, p. 25) and are generally unavailable in exception areas. Also, soils in the area are Class III and IV, of lower capability than other resource land under consideration. In addition, the area lies within a ground-water restricted area designated by the Oregon Department of Water Resources. Finally, it occupies a small notch that extends into land within the UGB and is relatively isolated by topography and forested land from other agricultural lands to the south, as noted in the report of the Metro Agricultural Lands Technical Workgroup led by the Oregon Department of Agriculture [“Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use”, Appendix A, Item (i)].

1. Orderly Services

The Council relies upon the Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Alternative Analysis Study (Appendix A, Item 6, pages 111 and Table A-2, respectively) for its determination that these services can be provided to the Damascus West area in an orderly and economic manner by extending services from existing serviced areas. Condition IIA(1) of Exhibit F calls for transportation and public facility and service plans within the same four years allowed for Title 11 planning of the entire Damascus area by Condition IIA(1) of Exhibit M of Ordinance No. 02-969B.

The Alternative Analysis Study (p. 20) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the larger Damascus Study Area. Serviceability generally ranges from “easy” to “difficult” to serve (Table 1, p. 111) and compares favorably with areas not included (such as Borland Road South, Norwood/Stafford and Wilsonville West). Transportation services will be only moderately difficult to provide for reasons set forth in the Alternative Analysis Study, p. 21.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above for its conclusion that the area can urbanize efficiently, particularly knowing that Damascus West will be planned in conjunction with the greater Damascus area added to the UGB in December, 2002. The Council

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also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on the Damascus West area set forth in the Alternative Analysis Study, pp. 21-22 and Table A-3. The analysis indicates that the consequences will be low, especially considering 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 F of Ordinance No. 04-1040B.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro's adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local governments will eventually adopt provisions to implement Metro's Goal 5 program following the Council's adoption of that program, if the local government's ordinance do not already comply.

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Damascus West area would have low adverse consequences for nearby agriculture (Alternative Analysis Study, p. 21; Table A-4). This is, in part, due to the facts that the area occupies a small notch that extends into land within the UGB and is relatively isolated by topography and forested land from other agricultural lands to the south, as noted in the report of the Metro Agricultural Lands Technical Workgroup led by the Oregon Department of Agriculture ["Limited Choices: The Protection of Agricultural Lands and the Expansion of the Metro Area Urban Growth Boundary for Industrial Use", Appendix A, Item (i)]. Ordinance No. 04-1040B, Exhibit F, imposes Condition IE upon urbanization of Damascus West to reduce conflict and improve compatibility between urban use in the area and agricultural use on land to the south.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Damascus West area protected by Clackamas County in its acknowledged comprehensive plan (p. 22). The county will be responsible for protecting these resources in the area when it amends its comprehensive plan and zoning ordinance to implement expansion of the UGB. Condition IG of Exhibit F requires the county to consider Metro's inventory of Goal 5 resources in their application of Goal 5 to the Damascus area. Title 3 (Water Quality, Flood Management and Fish and Wildlife Conservation) of the UGMFP requires Clackamas County to protect water quality and floodplains in the area. Title 11 of the UGMFP, section 3.07.1120G, requires the county to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county planning for the area.

6. Public Utilities and Services

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 Clackamas County from upzoning and from dividing land into resulting lots or parcels smaller than 20 acres until the county revises its comprehensive plan and zoning ordinances to authorize urbanization of land Metro brings into the UGB; and (2) requires the county to develop public facilities and services plans and urban growth diagrams with the general locations of necessary public

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8. Regional Framework Plan

This addition of industrial land will be planned in combination with adjoining industrial land to the east added by Ordinance No. 02-969B to comprise a more efficient industrial area. The Coffee Creek Study Area will provide employment to support the Tualatin and Wilsonville Town Centers, to the north and south respectively. Given that the developable portion of the area is exception land and is suitable for the types of industry likely to grow in the future, the Council includes the Coffee Creek area notwithstanding that this part of the region is relatively well-endowed with employment.

Adding the Coffee Creek area to the UGB, lying between and adjacent to the Cities of Tualatin and Wilsonville, following addition of the area to the east, keeps the form of the region compact and efficient.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan ("RTP") adopted a "Priority System" of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements are improvements to Boones Ferry Road from Durham Road in the north to Elligsen Road in the south, east of the Coffee Creek Study Area.

The RTP also includes "The Tualatin-Sherwood Major Investment Study", to complete environmental design for the I-5 to 99W principal arterial connector, and the "Tualatin-Sherwood Connector", to construct the four-lane tollway connection (pages 5-65 to 5-67). Although a final corridor for this facility has not yet been chosen, it is almost certain that it will pass through or just to the north of the Coffee Creek area, likely enhancing its access to I-5. Finally, the principal north-south rail line that lies along the eastern boundary of the area will offer an additional mode of transport for movement of freight in the area.

E. Tualatin

The Council relies upon the facts and analysis in the Industrial Land Alternative Analyses Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 61-63; 111; A-1 – A-4] and the Staff Reports [Appendix A, Item (a), pp. 27-28] to support its conclusion that addition of a portion of the Tualatin Study Area will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area because it is exception land (rural residential and rural industrial) with characteristics that make it suitable for industrial use. It lies within two miles of the I-5 corridor and within one mile of an existing industrial area, and portions of the area are relatively flat. These characteristics render it the most suitable exception area under consideration for warehousing and distribution, a significant industrial need facing the region.

The City of Tualatin and many residents of the area expressed concern about compatibility between industrial use and residential neighborhoods at the south end of the city. They have also worried about preserving an opportunity to choose an alignment between Tualatin and Wilsonville for the I-5/99W Connector; the south alignment for this facility passes through the northern portion of the Tualatin Study Area.

In response to these concerns, the Council placed several conditions upon addition of this area to the UGB. First, the Council extended the normal time for Title 11 planning for the area: two years following the identification of a final alignment for the Connector, or seven years after the effective date of Ordinance No. 04-1040B, whichever comes sooner. This allows Title 11 planning by Washington County, the cities of Tualatin and Wilsonville and Metro to accommodate planning for the Connector alignment. Second, the

EXHIBIT A

Council states that, so long as the alignment for the Connector falls close to the South Alignment shown on the 2040 Growth Concept Map, it will serve as the buffer between residential development to the north (the portion least suitable for industrial uses) and industrial development to the south (the portion of the area most suitable for industrial use)

1. Orderly Services

The Council relies upon the Tualatin Study Area Goal 14 Analysis Summary and the Ratings for Transportation Services Feasibility contained in its Industrial Land Alternative Analysis Study (Appendix A, Item (c), pages 111 and Table A-2, respectively) for its determination that urban services can be provided to the area in an orderly and economic manner by extending services from existing serviced areas.

The Alternatives Analysis (pp. 61-62) sets forth the likely service providers for sewer, water and storm-water services and assigns a serviceability rating for the Tualatin Study Area. Serviceability ranges from “easy” to “difficult” to serve (Table 1, p. 111). Throughout Task 2 of periodic review the Council has found, however, that provision of services to almost every exception area is difficult and expensive. The City of Wilsonville anticipates further industrial development in the portion of the study area north and northwest of the existing city, in part due to the siting of the Coffee Creek Correctional Facility, and expects to be the service provider over time. Given the critical need for sites proximate to interchanges on I-5 and the rarity of such sites, the Council has decided to include the Tualatin Study Area notwithstanding.

2. Efficiency

The Council relies on the same information on provision of essential services mentioned above (Orderly Services) for its conclusion that the area can urbanize efficiently. The Council also relies upon its findings and conclusions above (part I, General Findings, section D, Alternatives: Increase Capacity of UGB) regarding actions it has taken to increase the efficiency of the use of employment land within the existing UGB.

This area lies between two cities and among areas added to the UGB for industrial use in December, 2002, making urbanization of the area more efficient than projecting urbanization from the UGB into a rural area. Given the likelihood that the region will build the I-5/99W Connector through this area, industrial development in the area will ensure efficient use of that facility.

3. Consequences

The Council relies upon the analysis of the consequences of urbanization on the Tualatin Study Area set forth in the Alternative Analysis Study, pp. 62-63 and Table A-3). The analysis indicates that the consequences will be low to moderate, especially considering 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 F of Ordinance No. 04-1040B.

The Council has placed a condition on comprehensive planning for the area that the local government responsible for planning considered Metro’s adopted Goal 5 inventory during its planning (see Condition IG, Exhibit F). The local governments will eventually adopt provisions to implement Metro’s Goal 5 program following the Council’s adoption of that program, if the local government’s ordinance do not already comply.

EXHIBIT A

4. Compatibility

The Agricultural Analysis Consequences shows that urbanization of the Tualatin Study Area would have low adverse consequences for agriculture (Alternative Analysis Study, p. 62; Table A-4). Although there are a few agricultural uses in the study area itself, the area is designated entirely for rural residential and rural industrial uses, pursuant to exceptions from statewide planning Goals 3 and 4. The area is isolated from land designated for agriculture by the UGB, I-5 and mining operations to the west. Hence, it is unlikely that industrial use will conflict with agricultural activities on land designated for agricultural or forest use.

5. Natural and Cultural Resources

The Alternative Analysis Study addresses Goal 5 and 6 resources in the Tualatin Study Area protected by Washington County in its acknowledged comprehensive plan (pp. 62-63). There are aggregate mines in the vicinity; portions of Washington County's Mineral and Aggregate Overlay District B cover small portions of the study area in the northwest and southwest corners and the top central portion.

The county, or the City of Wilsonville or Tualatin upon annexation to one of the cities, will be responsible for protecting these resources when it amends its comprehensive plan and zoning ordinance to implement expansion of the UGB. Condition IG of Exhibit F requires the county or city to consider Metro's inventory of Goal 5 resources in their application of Goal 5 to the Tualatin Study Area. 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. Title 11 of the UGMFP, section 3.07.1120G, requires the county or city to protect fish and wildlife habitat and water quality. Title 11, section 3.07.1110, protects the status quo in the interim period of county or city planning for the area.

6. Public Facilities and Service

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 and the cities of Wilsonville and Tualatin from upzoning and 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 the area; and (2) requires the county or city to develop public facilities 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.

7. Transportation

Metro shares responsibility to ensure that its Task 2 decision for the Tualatin Study Area does not significantly affect a transportation facility or allow uses that are inconsistent with the identified function, capacity and performance standards of transportation facilities. Metro fulfills this responsibility through implementation of Title 11 of the UGMFP, which (1) prohibits Washington County and the cities of Tualatin and Wilsonville from upzoning and from land divisions into lots or parcels smaller than 20 acres in the area until the county or city revises its comprehensive plan and zoning ordinances to authorize urbanization of land added to the UGB; and (2) requires the county or city to develop conceptual transportation plans and urban growth diagrams with the general locations of arterial, collector and essential local streets for the area. Metro began this work with the evaluation of the serviceability of the area in the Alternative Analysis Study (pp. 61-62 and Table A-2) and consideration of how to provide services as part of the analysis required to satisfy Goal 14, factors 3 and 4.

Table A-2 recognizes that provision of transportation to new industrial uses in the area will be difficult. The Oregon Department of Transportation, Region 1 ("ODOT"), expects the volume-to-capacity ratio on I-5 in the vicinity of the North Wilsonville interchange to be "extremely poor" by 2025, and states

EXHIBIT A

that the interchange “may need to be reviewed for impact” if the Council adds land to the UGB dependent upon the interchange. The “Priority System” in Metro’s RTP calls for improvement to Boones Ferry Road from Durham Road in Tualatin to Elligsen Road in Wilsonville and for construction of a four-lane tollway between I-5 and Highway 99W, the southern and most likely alignment of which passes through the study area. There is no planned improvement to the capacity of the freeway or the interchange in the RTP or either city’s TSP. In 2002, however, a joint ODOT/Wilsonville study concluded that in 2030, widening of I-5 to eight lanes would be required to meet interstate freeway capacity standards set by Metro and ODOT. This study will help Metro, ODOT, Wilsonville and Tualatin understand the improvements needed to accommodate industrial use in the study area. The 2004 Federal RTP also identifies a corridor refinement study for I-5 in the vicinity. These studies will inform Title 11 planning for the study area.

8. Regional Framework Plan

The Tualatin Study Area lies midway between the Tualatin and Wilsonville Town Centers, and is nearly as close to the Sherwood Town Center as to Tualatin and Wilsonville. Industrial development in the study area will provide additional employment to support businesses in those centers. The Council includes this area, notwithstanding that this part of the region is relatively well-endowed with employment, because it has more of the characteristics needed for warehousing and distribution than other areas considered. The Wilsonville South Area has many of the same characteristics. But it lies on the opposite side of the Willamette River and requires a trip on I-5 across the river to gain access to the Wilsonville Town Center. The Council concludes that addition of the north portion of the Tualatin Study Area provides better urban form to the city and the region than adding land on the south side of the Willamette River.

9. Regional Transportation Plan

Through its Joint Policy Advisory Committee on Transportation, Metro has coordinated transportation planning and funding of transportation improvements with local governments in the region. The Regional Transportation Plan adopted a “Priority System” of improvements through the year 2020. The Priority System includes the most critical improvements needed to implement the 2040 Growth Concept. Among the improvements in the vicinity of the Tualatin Study Area are improvement to Boones Ferry Road from Durham Road in Tualatin to Elligsen Road in Wilsonville and construction of a four-lane tollway between I-5 and Highway 99W, the southern and most likely alignment of which passes through the study area.

F. Helvetia (Partial)

The Council relies upon the facts and analysis in the Industrial Land Alternative Analyses Study [Appendix A, Item(c) in Ordinance No. 04-1040B, pp. 104-06; 111; A-1 to A-4] and the Staff Reports [Appendix A, Item (a), p. 28] to support its conclusion that addition of a 249-acre portion of the Helvetia Study Area will provide for an orderly and efficient transition from rural to urban land use. The Council chose this area because it has several characteristics that render it among the most suitable sites under consideration for industrial use: a large parcels; relatively flat land; and proximity to a freeway interchange. The Urban Growth Report-Employment (UGR-E) identifies a specific need for large parcels (50 acres or larger) (Ordinance No. 02-969B, Appendix A, Item 4, page 25). This portion of the Helvetia Study Area contains one parcel between 50 and 100 acres.

Two-thirds of this area (162 acres) is designated for agriculture in Washington County’s comprehensive plan (predominantly Class II soil). The farmland portion lies between the existing UGB (to the south and east) and the exception land portion to the west. West Union Road separates the included farmland from excluded farmland to the north. The Council includes this farmland because the exception land portion (87 acres) contains some land suitable for industrial use. Also, among farmlands considered,

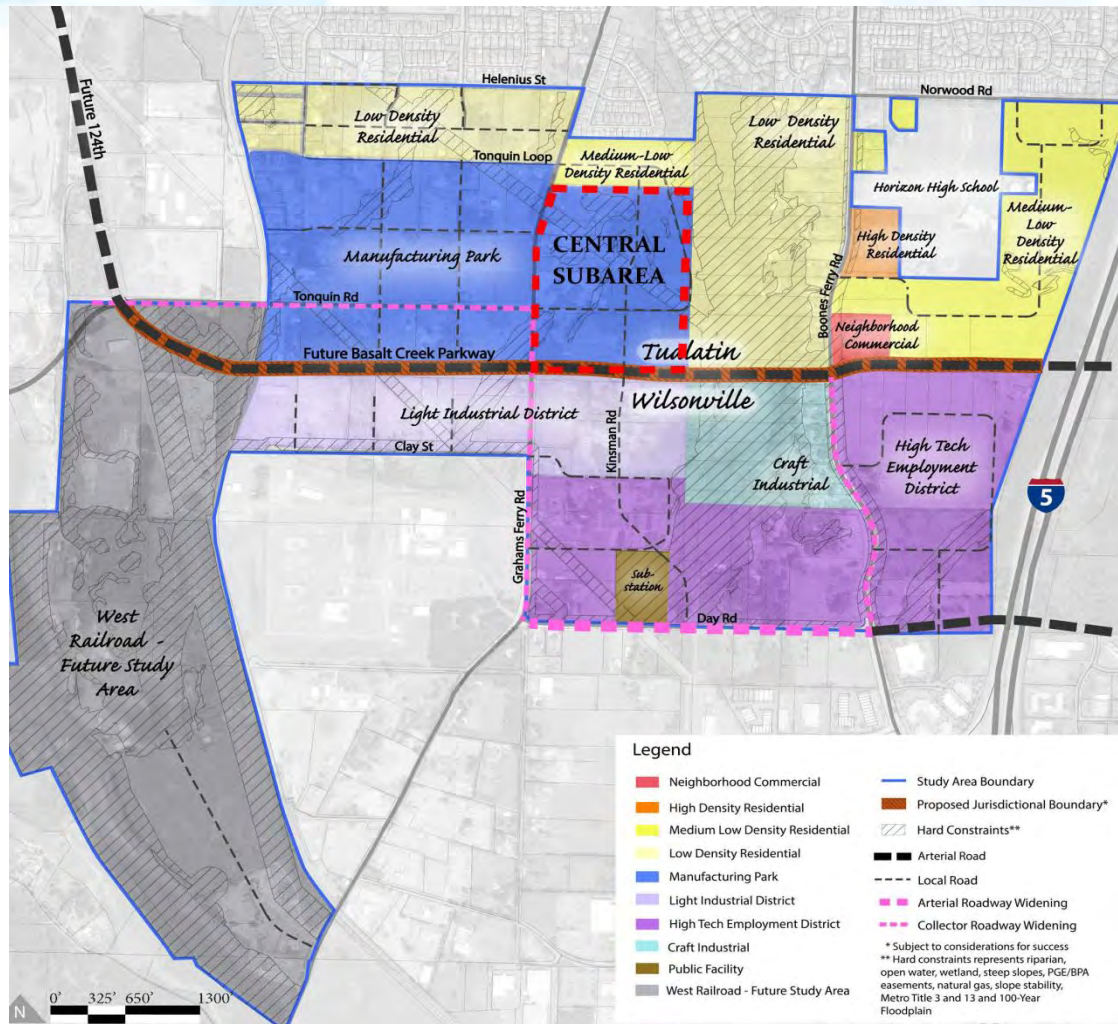
EXHIBIT B

2014 Growth Concept Map from Ordinance 04-1040B

Red dotted line shows overlay with Figure 1



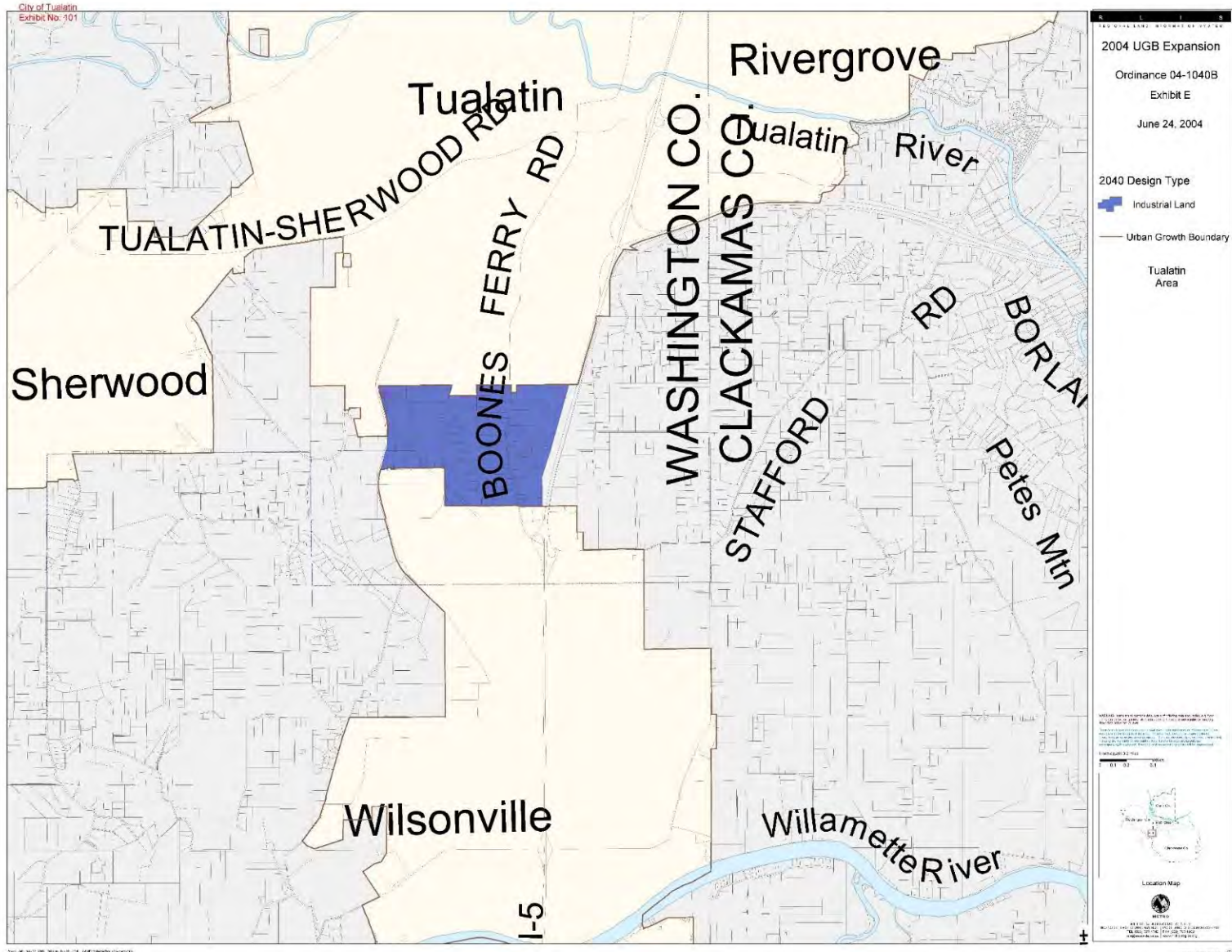
Basalt Creek Planning Area Recommendation

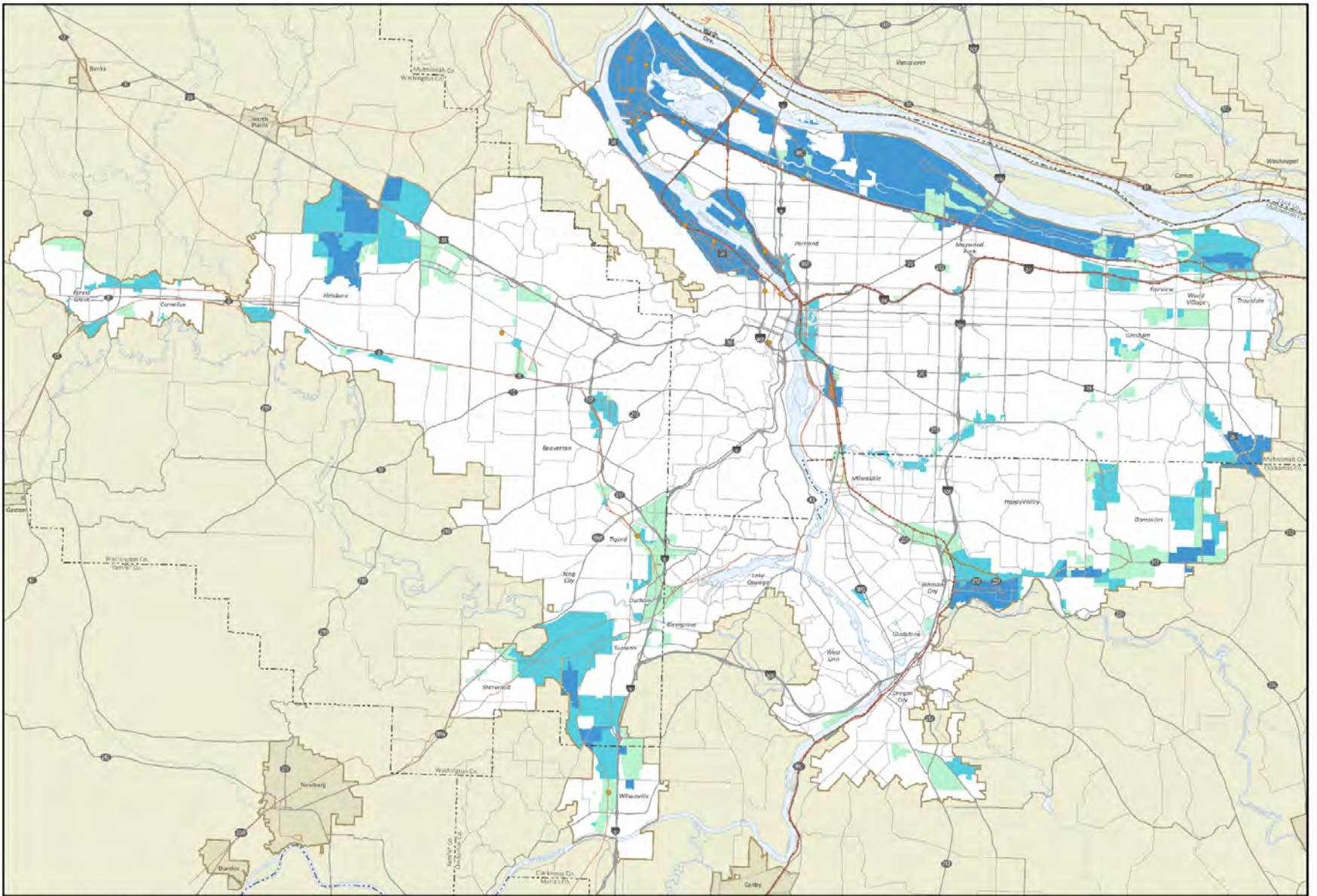


Arbitration Process

- IGA with Wilsonville, Tualatin and Washington County:
 - Gives Metro authority to create the process
 - Outcome = resolving a dispute, not making a final land use decision
- Cities must make the final land use decisions by adopting the concept plan and zoning
- Process: “Metro Council’s review will be based on the record of written materials submitted by the cities, county, and Metro staff.”

2004 UGB Expansion Area





Title 4, Industrial and Other Employment Areas

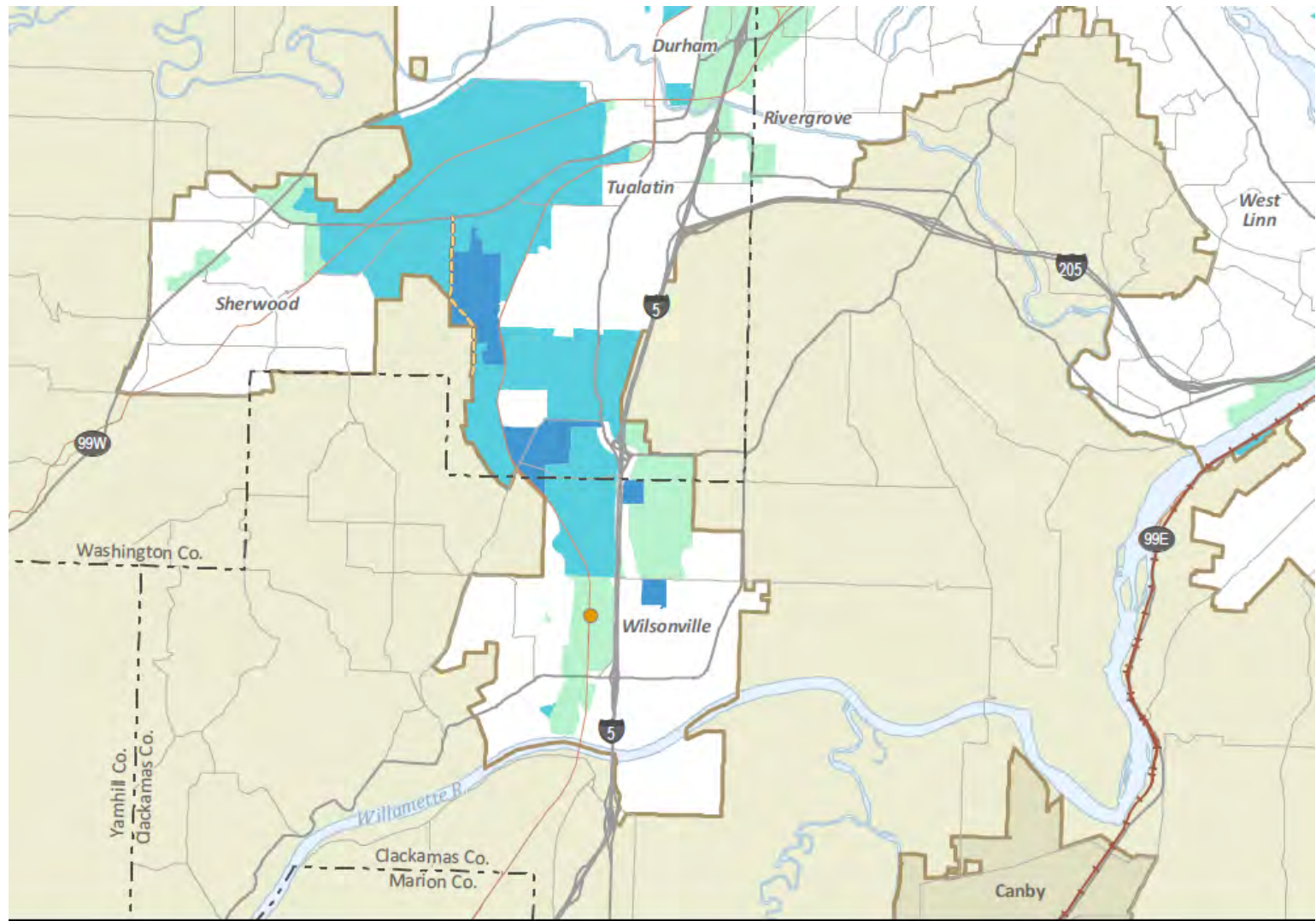
October 2014



Map updated 10/15/14 and 10/16/14. All rights reserved. This map is for informational purposes only and does not constitute an offer of any financial product or service. For more information, please contact your local Metro office.

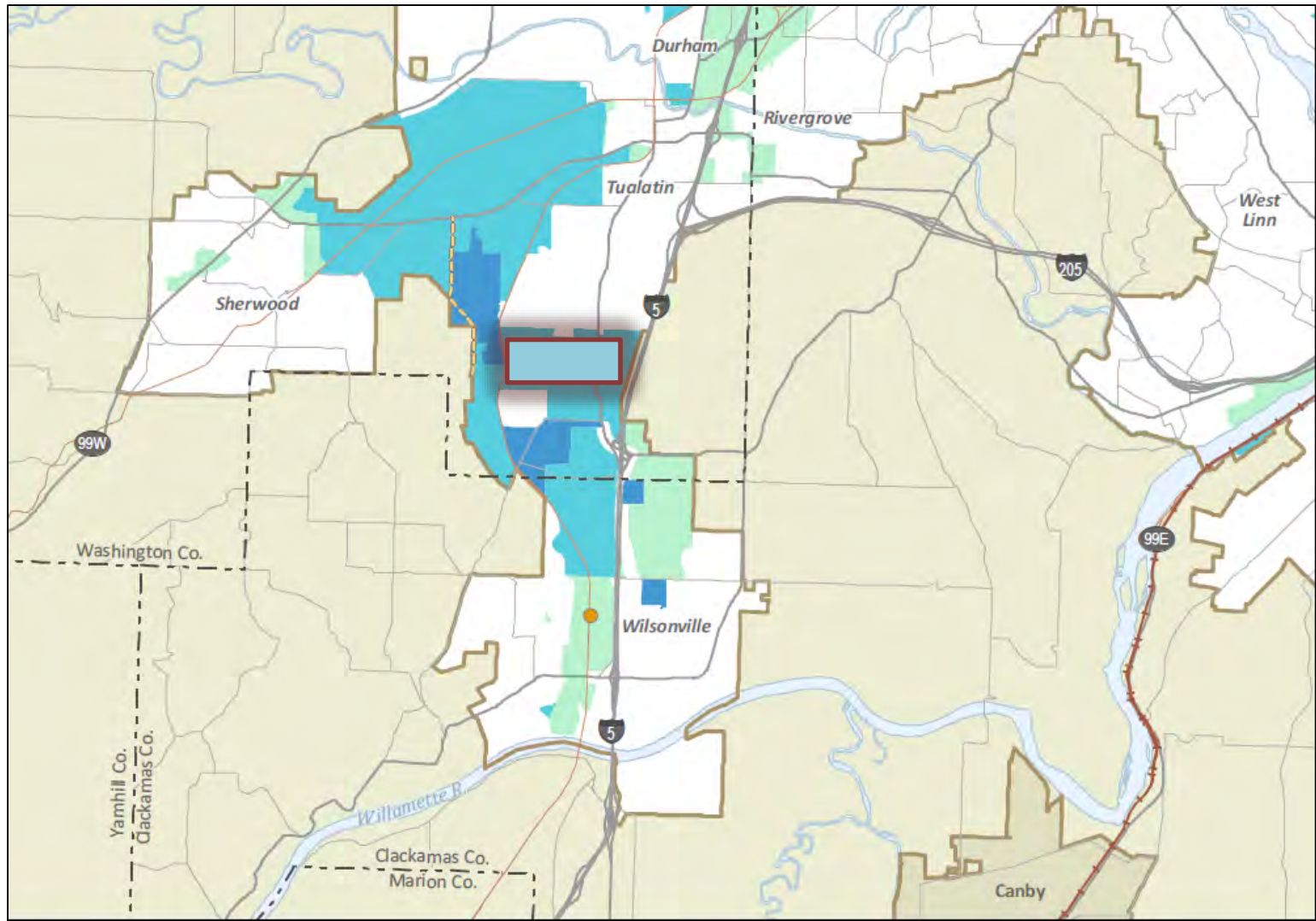
- Employment areas
- Industrial areas
- Regionally significant industrial areas
- Proposed main roadway routes
- Proposed road connectors
- Mainline freight
- Branch line freight
- Rail yards
- County boundaries
- Urban growth boundaries
- Neighbor cities





nt Areas

- Employment areas
- Industrial areas
- Regionally significant industrial areas



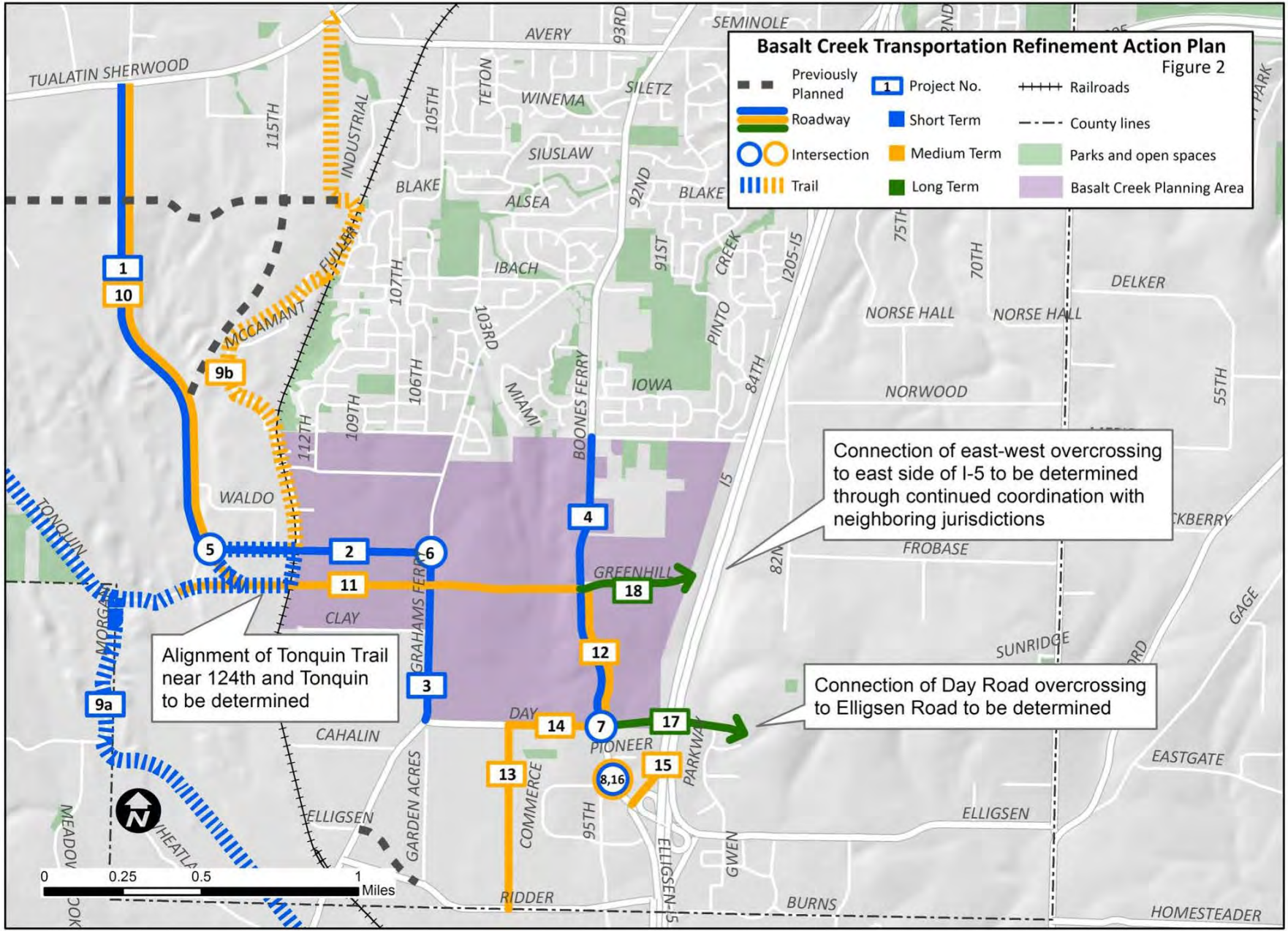
nt Areas

- Employment areas
- Industrial areas
- Regionally significant industrial areas

Basalt Creek Transportation Refinement Action Plan

Figure 2

- | | | | | | |
|--------|--------------------|----------|-------------|---------|----------------------------|
| ▬▬▬▬▬▬ | Previously Planned | 1 | Project No. | +++++ | Railroads |
| ▬▬▬▬▬▬ | Roadway | ■ | Short Term | - - - - | County lines |
| ○ | Intersection | ■ | Medium Term | ■ | Parks and open spaces |
| ▬▬▬▬▬▬ | Trail | ■ | Long Term | ■ | Basalt Creek Planning Area |



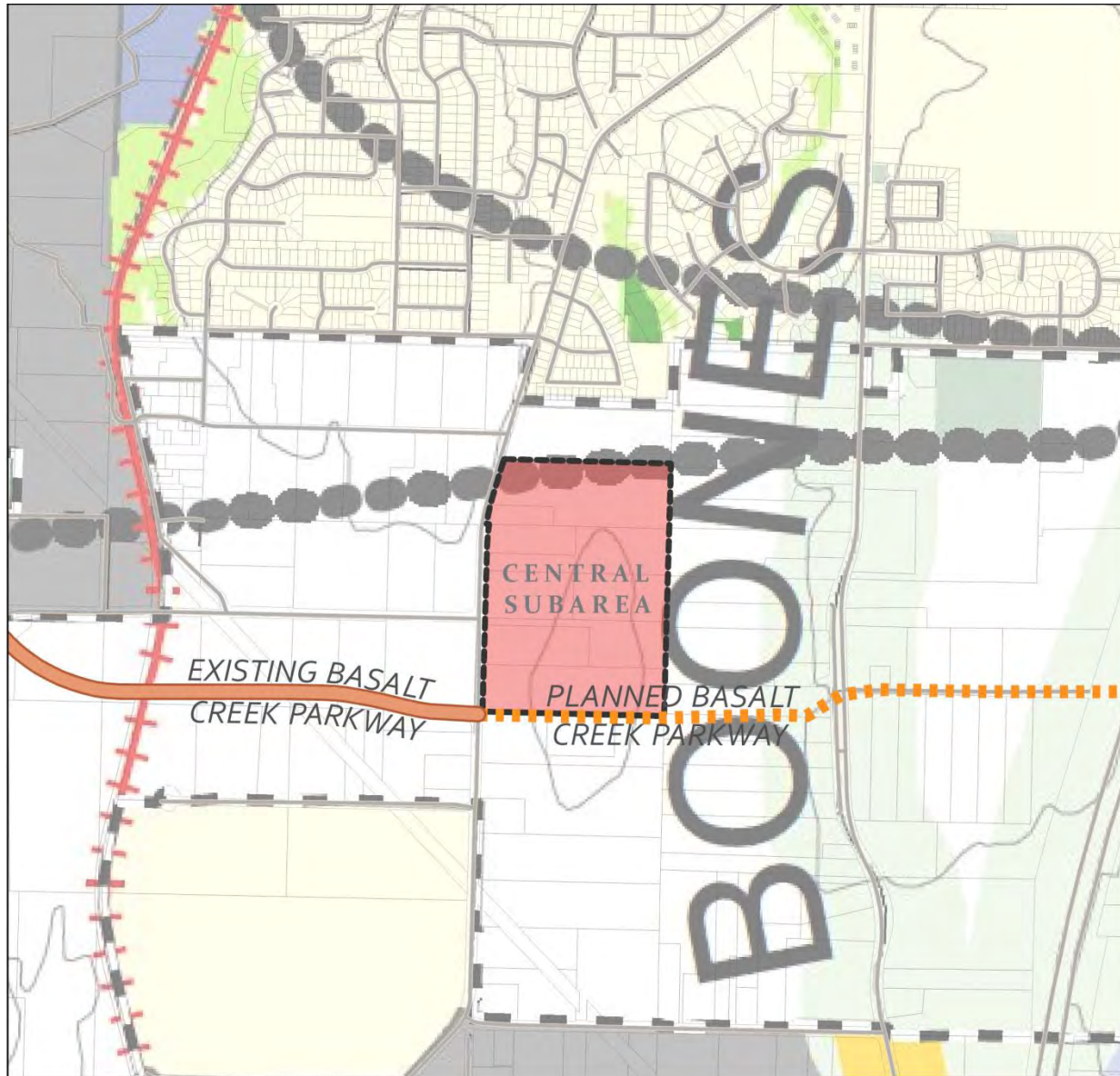
Alignment of Tonquin Trail near 124th and Tonquin to be determined

Connection of east-west overcrossing to east side of I-5 to be determined through continued coordination with neighboring jurisdictions

Connection of Day Road overcrossing to Elligsen Road to be determined

0 0.25 0.5 1 Miles





Central Subarea and Basalt Creek Parkway
overlaid on 2040 Growth Concept Map

