

**Industrial Site Readiness Program - Information on Proposed
"Fix-It" Implementation Amendments in 2017 Legislative Session**
Industrial Site Readiness: Case for 2017 legislation
Original problem

- Industrial employers seeking sites on quick timelines tied to their manufacturing cycles are unwilling to commit to sites with significant constraints or uncertainties. The availability of regionally significant market-ready industrial sites is a key asset for areas hoping to expand or attract traded-sector jobs.
- Many regions of the state lack an adequate supply of such sites. Even when sites are zoned, planned and designated for future industrial jobs, significant capital investments (e.g., infrastructure, brownfield cleanup, wetland mitigation and site aggregation) may be required to make them market ready.
- Many local jurisdictions are unable to afford these investments, or are unwilling to incur significant up-front costs without some level of risk and/or reward-sharing.
- The unrealized state economic benefit from successful traded-sector development (direct and indirect jobs, income and property tax revenues) is significant. In fact, growth in income tax revenues would make the state's general fund the largest beneficiary from an increase in traded-sector industrial jobs.

Original solution: Senate Bill 246 (2013)

- Offer partially forgivable loans or reimbursement of project costs to help public sector sponsors address constraints to market readiness on regionally significant industrial sites in exchange for job quantity/quality commitments.

Current problem – why changes to statute are needed

- In both 2013 and 2015, the Legislature did not provide funding for Oregon Industrial Site Readiness Program Fund created by SB 246, yet the need to fund investments in site readiness remains strong. Capitalization of the loan program is needed.
- Employers are unlikely to choose to participate in a program that includes job creation and job quality requirements without providing an actual incentive to the company. An employer looking to expand or relocate on a developable site is likely to simply find another market-ready site without strings attached. Changes to the program to address the reporting challenges are also needed.
- Business Oregon currently administers the Special Public Works Fund (SPWF), which offers loans that can support certain industrial site readiness projects. However, loans under the SPWF are limited to publicly owned sites or public infrastructure. Sponsor agreements aside, much of the developable land in need of site readiness investments remains in the hands of private owners who cannot afford assessment work, let alone the investments needed to remove development constraints. Many private owners are willing to hold on to

the finite supply of developable industrial land because taxes are low on vacant property and there is no money for assessment or improvement.

Specific proposed changes:

- Streamline eligibility for loan forgiveness or reimbursement: specify that regionally significant industrial sites are eligible and that loan forgiveness or reimbursement simply depends on an employer having established a facility and created jobs on the site. The limitation on forgiveness or reimbursement of 50% of incremental income taxes will serve as a control to prevent large amounts of state funds from being used to reimburse project sponsors for preparing sites that attract small numbers of jobs or low-paying jobs.
- Redefine “eligible employer.” Sites requiring investment may not already be associated with a specific employer, and companies are unlikely to enter into binding agreements related to job creation and job quality/average pay. The relevant fact is that a public sector project sponsor is willing to take the risk of borrowing money to make a site shovel ready.
- Make minor clarifying changes to definition of “regionally significant industrial site.”
- Change “certification” to “designation” as appropriate. “Certification” means something different related to shovel ready sites; using it in this context will confuse site selectors.
- Allow loan forgiveness and reimbursement one tax year following siting of a company of a designated regionally significant industrial site.
- Replace tax reporting requirement on employers with process for generating tax information through Oregon Employment Department.
- Other conforming amendments.

Please Vote YES on Senate Bill 333

The availability of market-ready industrial sites is a key asset for areas hoping to expand or attract traded-sector jobs. However, many regions of the state lack an adequate supply of such sites. Even when land is zoned, planned and designated for future industrial jobs, significant capital investments (e.g., infrastructure, brownfield cleanup, wetland mitigation and site aggregation) may be required to make it market ready. Many local jurisdictions are unable to afford these investments or are not in a position to incur significant up-front costs by themselves.

In 2013, the Legislature addressed this problem by creating the Oregon Industrial Site Readiness Program. SB 246 authorized Business Oregon to offer partially forgivable loans or reimbursement of project costs to help public sector sponsors remove constraints to market readiness on regionally significant industrial sites in exchange for job creation commitments. These loans and reimbursements would be funded by a portion of the income taxes generated by new employment made possible by the project. However, the program has not been implemented due to technical flaws in its original design.

SB 333 provides several fixes to improve the workability of the program as well as its attractiveness to local governments and quality employers. The Industrial Site Readiness Coalition has worked with the appropriate state agencies to propose these changes.

The most significant changes in SB 333 include:

- The elimination of reporting requirements on employers. This change recognizes the fact that the loan or reimbursement agreement is between the public sector project sponsor and the state; the program provides no benefit to the employer. Wage data necessary for administering the program can be obtained from public agencies.
- The addition of job creation thresholds for participation in the program (thresholds are higher for urban areas than for rural areas).
- Allowing local sponsors to begin recovering a portion of their site readiness investments the year after jobs are created on a regionally significant industrial site, rather than after five years.

The potential economic benefit from successful traded-sector development (direct and indirect jobs, income and property tax revenues) that remains unrealized due to site constraints is significant. Growth in income tax revenues would make the state's general fund the largest beneficiary from an increase in traded-sector industrial jobs. By eliminating barriers to traded sector industrial development, SB 333 will benefit both the state and local governments.

We urge you to vote YES on Senate Bill 333.



Oregon Industrial Site Readiness Bills

Senate Bills 253 and 246

**Industrial Site
Readiness Program -
Original intention
from 2013
Legislative Session**

The challenge:

- ✓ Industrial employers are often seeking sites on quick timelines tied to their manufacturing cycles and are unwilling to commit to sites with significant constraints or uncertainties. The availability of regionally significant market-ready industrial sites is a key asset for areas hoping to expand or attract traded-sector jobs.
- ✓ Many regions of the state lack an adequate supply of such sites. Even when sites are zoned, planned and designated for future industrial jobs, significant investments may be required to make them market ready. These investments may include due diligence and capital investments for transportation, sewer, water, brownfield cleanup, wetland mitigation and site aggregation.
- ✓ Many property owners and jurisdictions are unable to afford these investments, or are unwilling to incur significant up-front costs without some level of risk and/or reward-sharing.
- ✓ The unrealized state economic benefit from successful traded-sector development (direct and indirect jobs, income and property tax revenues) is significant. In fact, growth in income tax revenues would make the state's general fund the largest beneficiary from an increase in traded-sector industrial jobs.

The solution: State tools to reduce the cost and risk to local jurisdictions that make regionally significant industrial sites market-ready.

Due diligence grants (Senate Bill 253):

- ✓ Makes available a limited pool of grants for eligible projects that have a public sponsor
- ✓ Creates better understanding of constraints on regionally significant industrial sites that:
 - Can provide significant additional employment
 - Give the area significant advantages that are difficult or impossible to replicate in the region
 - Have superior access to transportation and freight infrastructure
- ✓ Reduces risk and uncertainty about site preparation costs needed to attract private capital.
- ✓ Allows a portion of the grant funds may also be used to help regions conduct an inventory and readiness assessment of regionally significant industrial sites in their area.

Direct site preparation assistance (Senate Bill 246):

- ✓ Authorizes forgivable loans, low or no interest loans and/or a tax sharing arrangement to local governments and property owners with a public sector partner for regionally significant industrial sites that:
 - Can provide significant additional employment
 - Give the area significant advantages that are difficult or impossible to replicate in the region
 - Have superior access to transportation and freight infrastructure
- ✓ Allows loans to be forgiven up to 50% of the site preparation cost, based on performance.
- ✓ Allows tax sharing arrangement where 50% of the annual corporate and personal income tax revenues from the site reimburse the public investment up to the total site preparation cost.

(over)

SB 246 and 253 Supporters:



- Oregon Business Plan
- NAIOP (the Commercial Real Estate Association Oregon Chapter)
- Portland Business Alliance
- Port of Portland
- Metro
- Oregon Economic Development Association
- Oregon Public Ports Association
- League of Oregon Cities
- Association of Oregon Counties
- Portland General Electric
- PacifiCorps
- 1000 Friends
- Associated General Contractors Oregon Columbia Chapter
- Oregon Home Builders Association

INDUSTRIAL SITE READINESS: Jobs, Public Services, and Prosperity for Oregonians

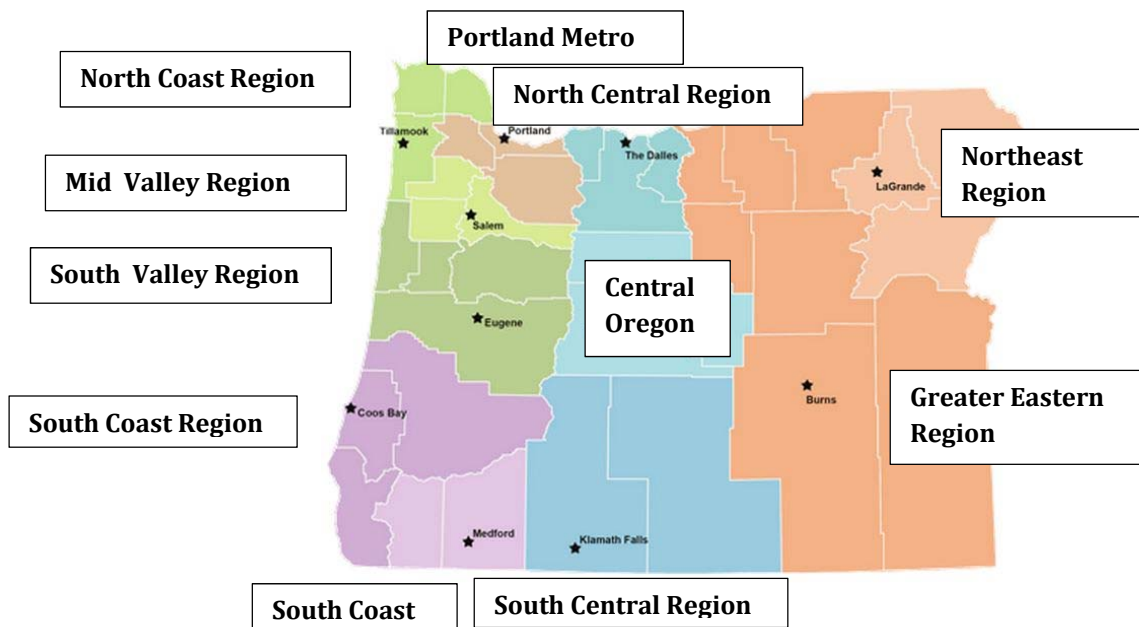
Investing in site preparation is critical to ensuring a competitive supply of industrial lands for business expansion and recruitment of traded-sector companies in Oregon. Traded-sector companies provide higher wage jobs and a critical tax base for schools and other public services. Oregon currently lacks a supply of development-ready industrial sites to build a jobs base for Oregon¹.

While local governments typically provide most of the financing for due diligence and site preparation, the major benefit from siting a company goes to the state general fund in the form of personal income taxes. Patient capital financing for site preparation for strategic sites identified by regions across the state will lay the foundation for new jobs, state and local revenues, and economic prosperity for Oregon.

The Industrial Site Readiness Program adopted by the 2013 Legislature (Senate Bill 246) provided the foundation for patient capital funding. Funding for this program and its companion Industrial Site Due Diligence and Inventory Program (Senate Bill 253) is needed to move industrial sites to market and create middle wage jobs for residents across Oregon.

The 23 industrial sites listed are examples of sites across Oregon that could benefit from state site preparation financing. This list is intended to be illustrative; it does not include opportunity sites in Oregon.

Regional Investment Opportunity Sites



¹ The 2012 Portland Regional Industrial Site Readiness Report underscored the need for and economic benefit of investments and actions to make industrial sites development-ready. An Oregon Business Plan statewide survey following the release of this report validated the lack of development-ready industrial sites and need for a broad array of site preparation investments.

NORTH COAST REGION

Scappoose Industrial Airpark - Scappoose

Approximately 100 acres of industrial land located at Scappoose Airpark. Requires sewer, water, gas infrastructure, and road access.

Patrick Trapp, Port of St. Helens, 503/397-2888, Trapp@portsh.org

Port Westward Site - Clatskanie

750 acre Port Westward site expansion in Clatskanie requires rezoning, wetland delineation, permitting and mitigation; road, power, and water infrastructure; and dock permitting and construction.

Patrick Trapp, Port of St. Helens, 503/397-2888, Trapp@portsh.org

Columbia City Industrial Park - Columbia City

93 acre light industrial park located off Highway 30 with marine barge and rail access. Water, sewer, and utilities on site. Site requires possible wetland mitigation for development.

Patrick Trapp, Port of St. Helens, 503/397-2888, Trapp@portsh.org

North Coast Business Park RSIA - Warrenton/Clatsop County

162 acre industrial park with four sites has been designated by the State as a Regionally Significant Industrial Area. Close proximity to two highways (US 101 and Highway 30), a regional airport, and deep-water port. Site barriers include: wetlands, sewer extension to serve north lots, and broadband services.

Scott Somers, Clatsop County, 503/325-1000, ssomers@co.clatsop.or.us

MID VALLEY REGION

Mill Creek Corporate Center - Salem

550 acre Mill Creek Corporate Center site requires grading, environmental remediation or mitigation, transportation improvements, and sewer and water infrastructure. 136 acres of this site have been certified as Project Ready by Business Oregon; an application for Decision Ready designation is being prepared for the balance of the site. Potential to create 5,000 traded sector jobs for the region.

Chad Freeman, SEDCOR, 503/837-1800, cfreeman@sedcor.com

Rodeo Site - Lebanon

120 acre site located off Highway 34 in close proximity to Interstate 5 requires water and sewer infrastructure, transportation access, environmental assessment, wetland mitigation, and aggregation (previous broker agreement with four property owners).

Jon Nelson, City of Lebanon, 541/258-4202, jnelson@ci.lebanon.or.us

Pepsico Site - Albany

240 acre site located within 5 miles of Interstate 5 with an adopted development plan, water and sewer infrastructure, and wetland mitigation in place requires a grade separated crossing of the Union Pacific mainline at an approximate cost of \$16 million.

Wes Hare, City of Albany, 541/917-7501 ext. 7505, wes.hare@cityofalbany.net

SOUTH VALLEY REGION

Goshen RSIA - Lane County

317 acres of existing industrial land parcels three miles south of Eugene on Highway 99. Requires sewer and road infrastructure, environmental cleanup, wetland and other environmental assessment and mitigation, and potential site aggregation for larger industrial uses.

Mark Rust, Lane County Land Management, 541/682-3823, mark.rust@co.lane.or.us

Glenda Poling, Lane County, 541/682-3725, Glenda.poling@co.lane.or.us

SOUTHERN REGION***Central Douglas County RSIA - Douglas County***

Three properties in Douglas County designated by the state as a Regionally Significant Industrial Area. Include 130 acre Back Nine/Del Rio Road Site in Roseburg, 32 acre Sutherlin Park Site, and 196 acre Stearns Lane Site west of Sutherlin. Offer rail and highway access and zoning, Require geotechnical work, wastewater and power infrastructure.

Alex Campbell or Liz Thomason, The Partnership for Economic Development in Douglas County, 541/464-3527, alexc@uedpartnership.org or lizt@uedpartnership.org

North Bay Marine Industrial Park / Oregon Gateway Marine Terminal Complex – Coos Bay/N. Bend

115 acre industrial park and 350 acre marine terminal complex being developed by the Port of Coos Bay. located on the North Spit of lower Coos Bay. Both sites located on the North Spit of lower Coos Bay lack utility services, or transportation infrastructure. Investments needed to make the sites shovel-ready range from \$1.5 million for some utility connections, to \$25 million to add needed transportation infrastructure. 42 acres of the site have been certified by Business Oregon as Project Ready.

Martin Callery, Oregon International Port of Coos Bay, 541/267-7678, MCallery@PortofCoosBay.com

Spalding Industrial Park RSIA – Grants Pass

172 acre two-phase industrial park close to Interstate 5 located in Grants Pass provides an excellent industrial opportunity. 89 acres is served by infrastructure. 83 acres lacks established sewer, water and transportation infrastructure. The most critical need is a sewer lift station, estimated at about \$2.5 million.

Tom Schauer, City of Grants Pass, 541/450-6072/, tschauer@grantspassoregon.gov

Former Croman Mill District Site – Ashland

60 acre former wood products company site close to Interstate 5. Privately owned site requires brownfield remediation, water, sewer, road and telecommunication/utility infrastructure. State Transportation Growth Management funds were used to develop a master plan for the site.

Mike Montero, Montero & Associates, 541/944-4376, montero-associates@charter.net

PORTLAND METRO REGION***East Evergreen Industrial Area - Hillsboro***

116 acre site, located in Hillsboro close to Highway 26, is available for large-scale employment (such as a globally scaled clean/high technology campus). The site has the potential to accommodate 1,700 higher wage jobs on-site. Site barriers include environmental issues, site aggregation (broker agreement with 10 property owners), and a lack of transportation and public utility infrastructure. An estimated \$13 million is needed to address site development issues.

Mark Clemons, City of Hillsboro, 503/681-6229, mark.clemons@hillsbor-oregon.gov

Coffee Creek Industrial Area - Wilsonville

215 acre industrial area is located adjacent to Interstate 5 in Wilsonville. The City has conducted master planning and detailed infrastructure study and prepared cost estimates to assist private-development interests. To develop as a family-wage employment center hosting manufacturing and industrial activities, the area requires land acquisition, assembly and annexation, and installation of public transportation, water, sewer and stormwater infrastructure.

Mark Ottenad, City of Wilsonville, 503/570-1505, ottenad@ci.wilsonville.or.us

NORTH CENTRAL REGION***North Chenoweth Site - The Dalles***

84 acre industrial site along the Columbia River and Interstate 84. Requires water, sanitary, and fiber extension, site grading, and transportation improvements.

Andrea Klaas or Michael Held, Port of The Dalles, 541/298-4148, Andrea@portofthedalles.com or michael@portofthedalles.com

CENTRAL REGION

George Millican DSL Site – Prineville

160 acre industrial site just off Highway 126 requires water and sewer line extension and potential transportation infrastructure improvements. The site is being marketed as Phase 2 of a 320-acre industrial development. 72 acres of the site has been certified by Business Oregon as Project Ready.

Scott Edelman, City of Prineville, 541/447-8338, sedelman@cityofprineville.com

East Redmond Industrial Site - Redmond

465 acre industrial site currently going through the entitlement process. The site requires east side sewer interceptor service which would open up 700 acres of industrial land in the city limits. Estimated costs of site readiness are \$16 million.

Heather Richards, City of Redmond, 541/923-7756, heather.richards@ci.redmond.or.us

SOUTH CENTRAL REGION

Zbinden Family Trust – Klamath Falls

80 acre industrial zoned site within the urban growth boundary adjacent to the Klamath Falls Airport. Requires sewer, water and road infrastructure. Site is landlocked and extension of Brett Way will open up the site.

Joe Wall, City of Klamath Falls Planning, 541/883-5272, jwall@ci.klamath-falls.or.us

NORTHEASTERN REGION

Elkhorn Industrial Park -Elkhorn

50 acre expansion of 70 acre industrial park in Elkhorn. Requires sewer and water infrastructure.

Baker County Economic Development, 541/523-5460, bakercountyedc@gmail.com

Baum Industrial Park – La Grande

60 acre industrial park in La Grande. Requires sewer, water and rail infrastructure. Funding set aside included in Regional Solutions Team funding list.

Dan Stark, Union County Economic Development Group, 541/963-0926, ucedcz@eoni.com

GREATER EASTERN REGION

Pendleton Airport Site - Pendleton

525 acre industrial site included in Pendleton urban growth boundary expansion requires sewer and water infrastructure. 70 acres has been certified by Business Oregon as Project Ready.

Steve Chrisman, City of Pendleton, 541/966-0292, steve.chrisman@ci.pendleton.or.us

Malheur County Industrial Area RSIA

931 acre industrial area located between Nyssa, Ontario, and Vale with seven industrial sites. Level land with Interstate 85, Highway 20/26 and Union Pacific mainline access, with city services readily available. Requires sewer, water and rail extensions, wetland and environmental assessment and mitigation.

Jim Jensen, Malheur County, 541/881-0327, jim.jensen@malheurco.org

Alan Daniels, City of Ontario, 541/212-1676, alan.daniels@ontariooregon.org

Burns Site – Harney County

45 acre industrial site adjacent to Burns Paiute tribal land and former site of the state of Oregon computer back-up facility. Site certification work is underway. Requires water and sewer infrastructure.

Scott Fairley, Greater Eastern Regional Solutions Team, 541/429-2120, scott.g.fairley@state.or.us