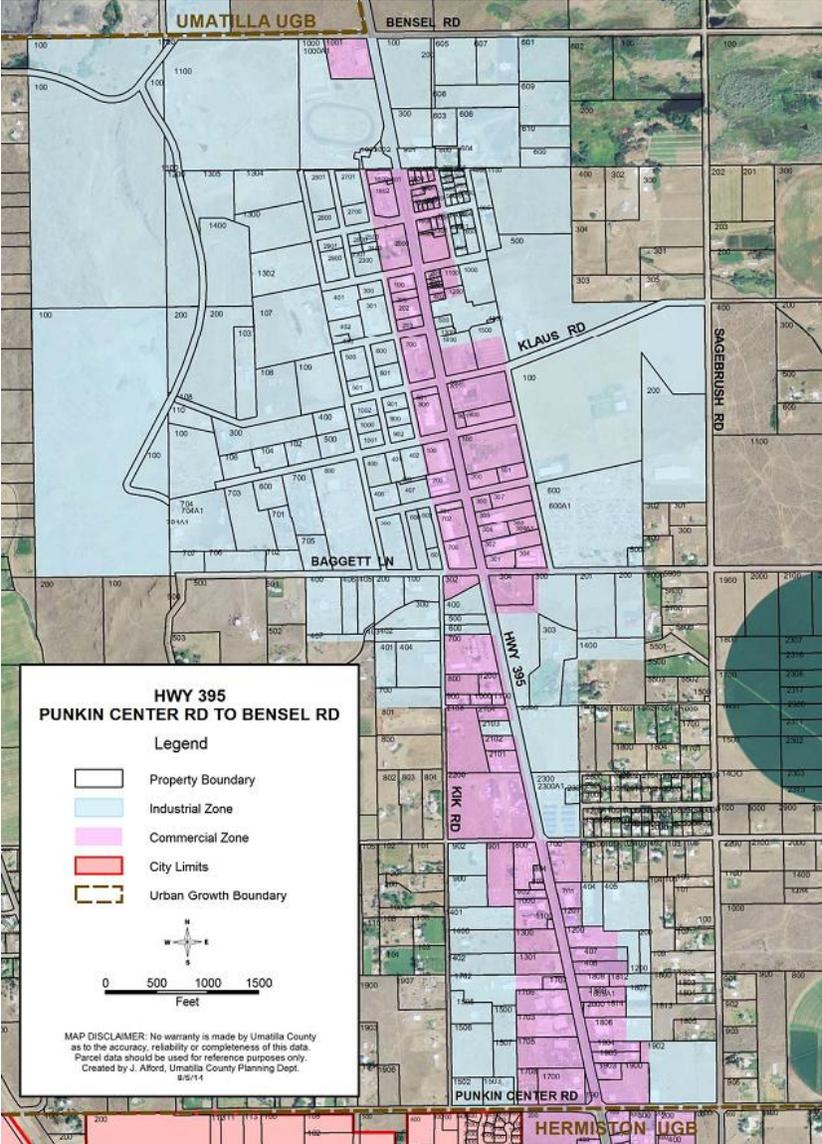


# HIGHWAY 395 NORTH ECONOMIC DEVELOPMENT / PLANNING STUDY

Prepared for:  
**Umatilla County**

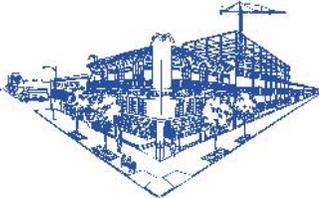


**February 2015**

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

**E. D. Hovee & Company, LLC**

Economic and Development Services



# Table of Contents

I.	395 NORTH INTRODUCTION	1
	Project Objectives	1
	Work Phases	1
	TAC Role and Involvement	2
	Report Organization	3
II.	INFORMATION BASELINE	4
	Corridor Profile	4
	Benchmark Comparisons	11
	Stakeholder Interviews	13
	Best Practices for Corridor Redevelopment	19
III.	REDEVELOPMENT SCENARIOS	28
	Redevelopment Scenarios	28
	Tool Box Resources	32
	Implementation Agenda	33
	APPENDIX. DEVELOPMENT TOOL BOX	43
	A. Planning & Regulatory Tools	43
	B. Technical Assistance	47
	C. Capital Funding Resources	51
	D. Workforce Resources	55
	E. Other Best Practice / Case Study Resources	56
	END NOTES	59

# I. 395 NORTH INTRODUCTION

As with other major highway corridors across Oregon, Highway 395 extending north from Hermiston toward Umatilla serves industry and commerce important to the local and regional economy. Businesses located in the corridor draw customers from Umatilla County – reaching beyond to Morrow County, the Tri-Cities area of Washington State, and traffic generated via proximity to the convergence of the Interstate 82 and 84 freeway systems.

As a part of unincorporated Umatilla County, corridor business and property owners have enjoyed a lower cost setting at the edge of a city but without municipal services that often become pivotal for business vitality and expansion. Despite opportunities for increased investment and aesthetic appeal, the corridor has yet to come close to achieving its long-term development and employment build-out potential.

## PROJECT OBJECTIVES

In response to business and community interest, Umatilla County initiated this Highway 395 North Economic Development/Planning Study. The purpose of the study is to develop an implementation work plan and guidance tool which can be used by multiple jurisdictions to evaluate, protect, enhance and revitalize property values and development potential along the highway corridor.

More specific objectives of the study area are to:

- Address Umatilla County objectives for a viable approach to redevelopment of the Highway 395 light industrial and commercial corridor in the unincorporated area between Hermiston and Umatilla.
- Provide a template that can be applied by the Oregon Department of Land Conservation and Development (DLCD) to other similar underutilized industrial/commercial corridors.
- Be grounded in sound analysis together with an implementation tool box that facilitates public-private redevelopment tailored to corridor specific needs and opportunities.

The target area of this study is the Highway 395 corridor extending from Punkin Center Road north to Bensel Road. With project funding and participation from DLCD, the tool box deliverable is also anticipated to be adaptable for use in other similar corridors statewide.

## WORK PHASES

This economic development/planning study is being conducted in two phases:

- **Phase 1** has involved a project startup meeting with a Technical Advisory Committee (TAC) formed to provide project oversight. This was followed by an information baseline process including on-site stakeholder interviews, a parcel inventory, compilation of pertinent business and employment data, and identification of best practices in Oregon

and other states. A draft report was prepared to summarize results of the information baseline together with benchmark comparison, specification of potential corridor redevelopment scenarios, and an implementation agenda including identification of potential tool box resources.<sup>1</sup>

- **Phase 2** has involved obtaining comments from stakeholders, including conduct of a well-attended public open house on February 18, 2015, followed by submittal of final report documentation containing a reproduction-ready tool box.

## TAC ROLE AND INVOLVEMENT

As noted, a Technical Advisory Committee (TAC) has served to guide this economic development and planning study for the Highway 395 North corridor.

**TAC Participants.** Invited to participate by Umatilla County, TAC members represent a broad cross-section of Highway 395 North study area business and property owner interests. Committee members and TAC resource personnel and associated firm or organizational interests are provided by the following listing.

<b>TAC Member</b>	<b>Firm / Organization</b>
<b>Technical Advisory Committee:</b>	
Bryan Medelez	BJK Transport
Steve Watkins	Columbia Court Club
Kenneth Dopps	Eastern Oregon Machine
Zeno Marvin	Hendon Construction
Vicky Villareal	Krome Trucking
Arlin Phillips	North West Crane Service
Byron Grow	Payless Lumber
Shane Clayson	Pioneer Hi-Bred
William Kik	Sanitary Disposal
Deon Magnuson	Sears
Kari Christiansen	Sherrill Chevrolet
Bill Elfering	Umatilla County Commissioner
<b>TAC Resource Personnel:</b>	
Tamra Mabbot	Umatilla County Planning Director
Karie Walchli	Umatilla County Tourism Coordinator
Grant Young	NE Regional Representative, Oregon DLCD
Tom Hogue	Oregon DLCD
Eric Hovee	E. D. Hovee & Company, LLC - Consultant

The active participation of TAC members and resource personnel throughout this planning process is gratefully acknowledged.

**TAC Meetings.** The following meetings have been held over the course of preparing and reviewing this economic development/planning study:

- Meeting #1 – October 29, 2014: Overview of planning study and work scope with initial TAC discussion of corridor issues and opportunities
- Meeting #2 – December 3, 2014: Interview results, best practices research, presentation and TAC discussion of potential redevelopment scenarios and implementation agenda
- Meeting #3 – January 14, 2015: Review of the draft planning study report document and setting of public open house
- Meeting #4 – February 18, 2015: TAC review meeting and public open house (at the Stafford Hansell Government Center in Hermiston)

## REPORT ORGANIZATION

The remainder of this economic development/planning study report is organized to cover:

- **Information Baseline** – including corridor profile, benchmark comparisons, stakeholder interviews, and best practices
- **Redevelopment Scenarios** – covering scenarios considered, tool box resources, and implementation agenda

The *Appendix* to this report provides a **Development Tool Box** of resources available statewide for corridor development including outline of planning and regulatory tools, technical assistance, capital funding resources, workforce resources, and other best practice/case study resources.

## II. INFORMATION BASELINE

This Highway 395 North Economic Development/Planning Study begins with what is termed as an *information baseline*. The purpose of the baseline is to gather and evaluate data and information useful to inform preparation of redevelopment scenarios and resulting implementation planning.

This information baseline begins with a corridor profile – followed by benchmark comparison, summary of stakeholder interviews, and best practice reviews both in Oregon and nationally.

### CORRIDOR PROFILE

The corridor study area is profiled with a focus on current property ownership patterns and opportunities together with area business and employment activity.

#### Property Profile

The study area comprises a total of just over 861 acres. Of this amount, approximately 709 acres are zoned for industrial and 152 acres for commercial use.

Commercially-designated lands are situated directly on the 395 North corridor. Industrially-designated lands generally do not involve 395 frontage, though there are industrially zoned parcels on 395 near Baggett Lane and at the northern end of the corridor in proximity to Bensel Road.

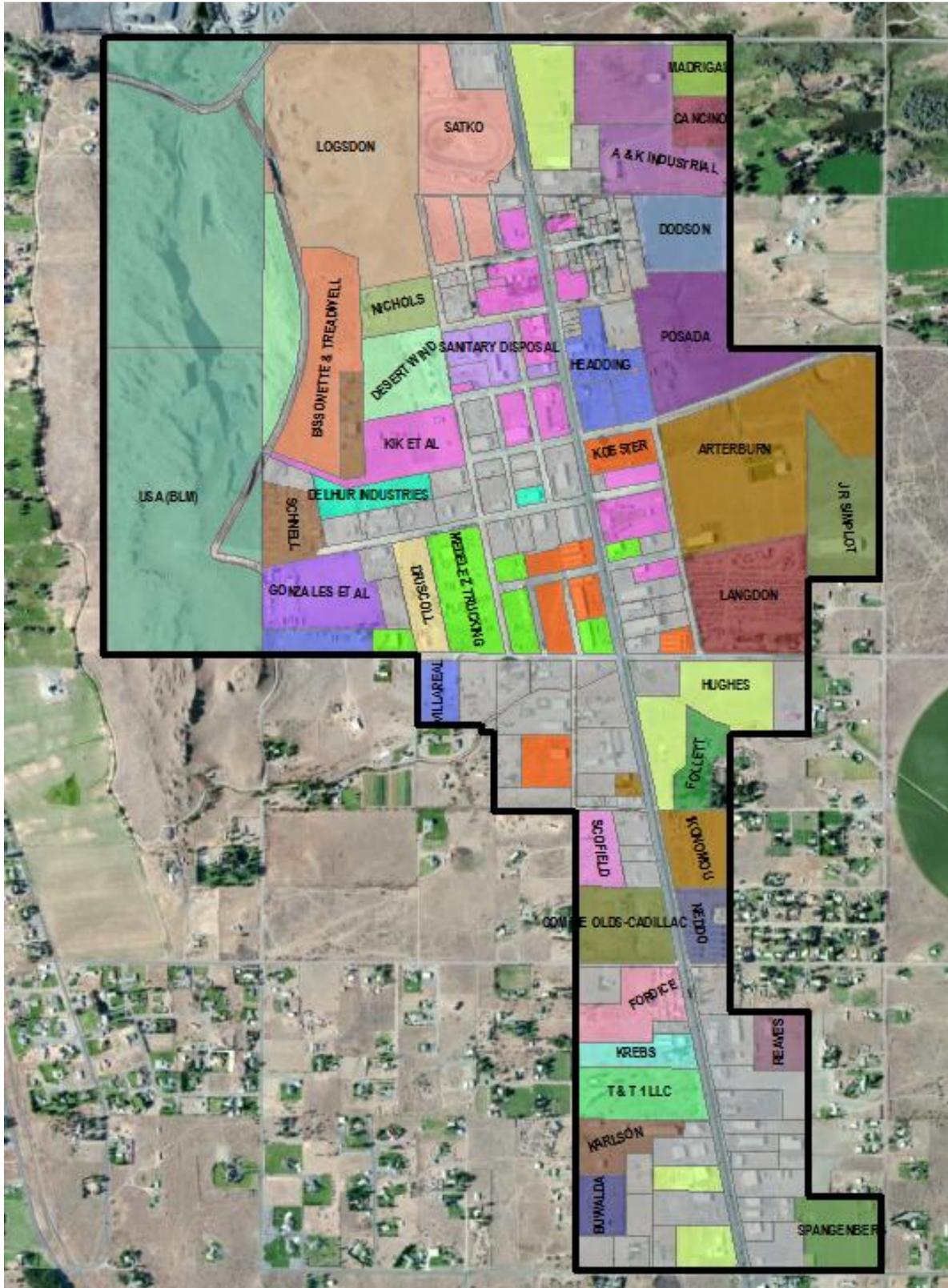
**Property Ownerships.** The 861 acres of the 395 North study area are distributed across 267 tax parcels – with the typical parcel averaging just over three acres in size. However, there is considerable variation in parcel size – with a large number of both very small, as well as large, parcel configurations. Smaller parcels tend to be located on or near the 395 corridor, with large parcels generally (but not exclusively) away from the highway.

As illustrated by the map on the following page, property ownership is relatively consolidated to a much smaller number of property owners. Major owners generally have multiple parcel holdings. The parcels are often adjoining, but some are also dispersed.

Nearly two-thirds (66%) of the land in the study area is held by 21 owners with 10+ acres each. The largest single ownership is by the U.S. Bureau of Land Management (BLM).

Another 20 owners have property interests of 5-10 acres. Taken together, holdings of 5+ acres account for over 700 acres (or over 80% of study area land).

## Major Study Area Property Ownerships (5+ Acres)



Sources: Umatilla County, Esri, and E. D. Hovee & Company, LLC.

### 395 North Study Area Property Ownerships

Owner Name	# of Parcels	Acreage
USA (BLM)	2	154.70
LOGSDON NORRIS	4	54.48
ARTERBURN MICHAEL K	1	47.10
A & K INDUSTRIAL DEVELOPMENT LLC	6	26.32
SATKO PEGGY	6	25.47
DESERT WIND INC	3	23.05
LANGDON JAMES H	2	20.79
MEDELEZ TRUCKING LLC	6	19.91
POSADA HILARIO JR	1	19.00
BISSONETTE JUSTIN & TREADWELL G & L	2	18.57
KOESTER STEVEN & CARI L	10	18.38
GARY HUGHES LLC	6	18.15
KIK CHARLES (TRS)	10	17.96
HUGHES GARY V	2	16.65
J R SIMPLOT COMPANY	1	15.38
B KIK PROPERTIES LLC	7	13.41
DODSON BRAD L & NANCY M	1	12.16
HEADDING DAN	7	11.69
SCHNELL JOHN C	2	11.42
COMRIE OLDS-CADILLAC INC	1	11.14
T & T 1 LLC	4	10.83
SPANGENBERG DAVID	1	9.96
IKONOMOU ANASTASIOS & KANELA	2	9.65
FORDICE CLINTON J & BECKY	5	9.32
VILLAREAL JUAN JR & VICTORIA (TRS)	3	9.27
GONZALES JUAN D JR & ROMERO JOANNA G	1	8.02
SANITARY DISPOSAL INC	5	7.23
KARLSON KERRY W & VENDLA M (TR)	2	7.09
DRISCOLL JOHN M & CAROLE L	2	6.60
DELHUR INDUSTRIES INC	2	6.45
SCOFIELD JULIUS A & RUTH DIANE	1	6.29
NICHOLS RODNEY G	1	6.21
FOLLETT JUSTIN TRAVIS	1	6.16
KREBS DALE A	3	5.72
NEDDO NICHOLAS J & SANDRA D	1	5.68
KIK WILLIAM L & BONNIE S	5	5.34
GONZALEZ JUAN D SR & ORALIA M	2	5.30
REAVES CAROL L & BILL & KRAMER PAUL	1	5.13
BUWALDA RONALD L	1	5.00
CANCINO LADISLAO MADRIGAL 1/2 ETAL 1/2	1	5.00
MADRIGAL EDUARDO ETAL	1	5.00
Remaining Tax Lots of < 5 acres	142	160.48
<b>Total</b>	<b>267</b>	<b>861.46</b>

Sources: Umatilla County and E. D. Hovee & Company, LLC.

**Improvements & Land Valuation.** Characteristics of land development can be considered from the perspective of vacant and developed parcels. Parcels with development can be further categorized based on the comparison of improvements to land valuation.

As assessed by the Umatilla County, the real market valuation of the entire study area is approximately \$51.65 million. This includes land and improvements valuation and equates to a total value of approximately \$60,000 per acre (or under \$1.40 per square foot of land area).

As depicted by the chart below and the map on the following page, categories of improvements to land (or I:L) valuation based on assessment data used for purposes of this evaluation can be summarized as follows:

- **Vacant land** (with no improvements value) – accounts for 37% of study area land and only 8% of real market valuation (RMV). Valuation of these sites averages less than \$14,000 per acre. Noted is that BLM land at the western edge of the study area accounts for nearly half of the vacant land total.
- **Minimally improved land** (with I:L ratio of less than 0.5) – represents 23% of the study area acreage and 15% of the study area’s RMV.
- **Moderately improved land** (with I:L ratio of between 0.5-1.0 ) – accounts for 10% of the study area’s land and 14% of total valuation.
- **Highly improved land** (with I:L ratio of 1.0+) – represents 30% of study area acreage and 63% of RMV.

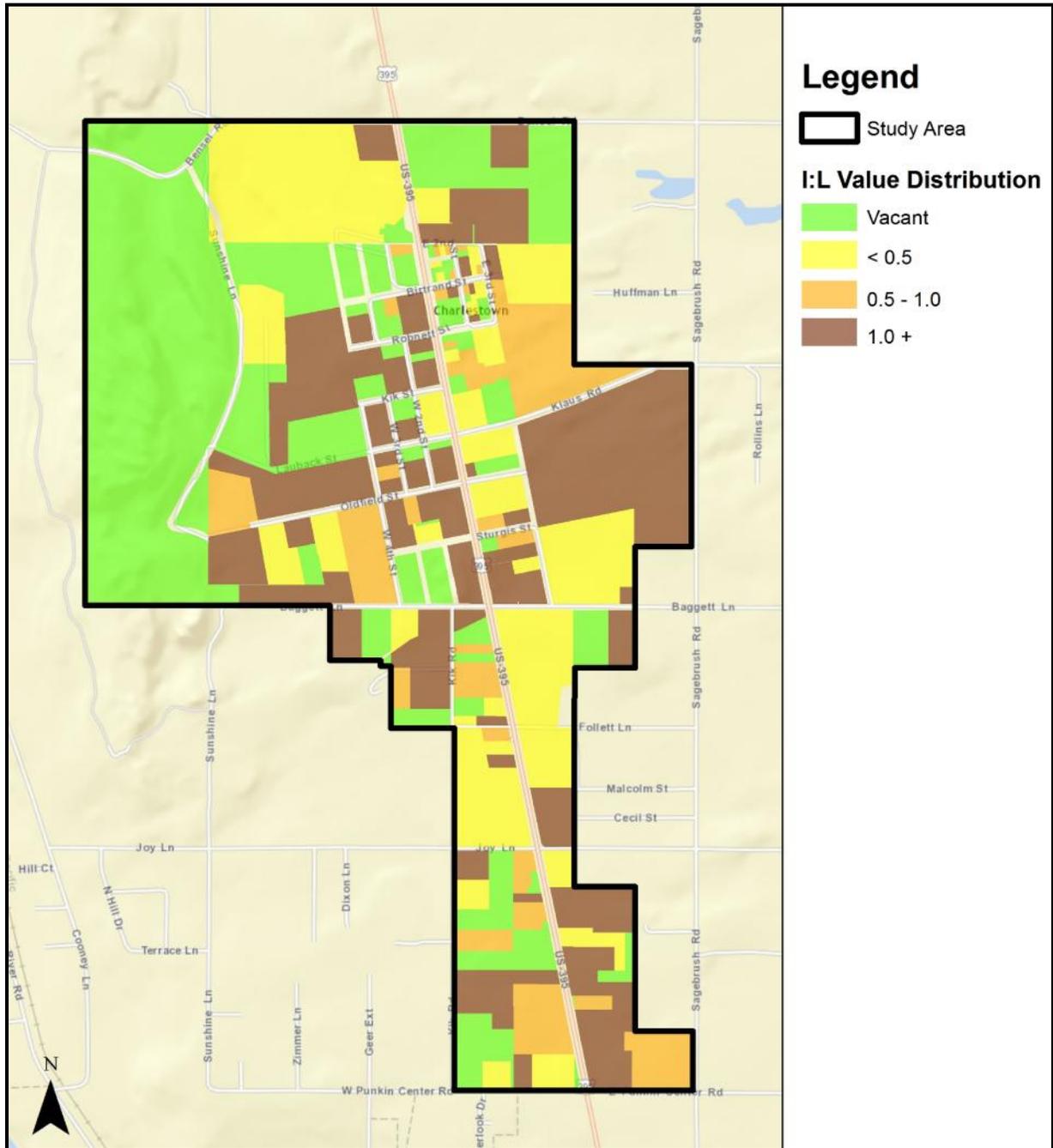
**Study Area Improvements to Land (I:L) Value Summary (2014)**

I:L Category	Land Area		Real Market Valuation	
	Acres	% of Total	Current RMV	% of Total
Vacant	318.67	37%	\$4,376,280	8%
< 0.5	200.61	23%	\$7,520,800	15%
0.5 - 1.0	87.85	10%	\$7,264,970	14%
1.0 +	254.33	30%	\$32,491,530	63%
<b>Total</b>	<b>861.46</b>	<b>100%</b>	<b>\$51,653,580</b>	<b>100%</b>

Note: Current RMV is the sum of land and improvements valuation.

Sources: Umatilla County and E. D. Hovee & Company, LLC.

## Study Area Improvements to Land (I:L) Value Distribution



Sources: Umatilla County, Esri, and E. D. Hovee & Company, LLC.

As illustrated above, with the exception of the BLM land west of Sagebrush Road, vacant lands tend to be relatively dispersed throughout the study area. Similar patterns of relatively dispersed activity are indicated for varying levels of site development intensity.

At present, there appears to be no single focus for highly developed property within the study area – either on or off the 395 North highway corridor.

## Business & Employment Profile

Approximately 79 firms in the 395 North district account for study area employment of over 1,170 jobs as of 2013. As depicted by the following chart, agriculture and wholesale trade account for 36% of employment and transportation and warehousing represent 21%.

**Study Area Covered Employment Distribution (2013)**

NAICS	Employment Sector	# of Firms	# of Jobs	% of Total	Avg Wage
11, 42	Agriculture & Wholesale Trade	13	426	36%	\$30,556
48-49	Transportation & Warehousing	12	249	21%	\$36,540
56, 62	Admin & Support, Waste Mgmt & Remediation Svcs, Health Svcs	7	163	14%	\$22,917
44-45	Retail Trade	16	109	9%	\$36,554
23	Construction	12	86	7%	\$39,671
31-33	Manufacturing	7	73	6%	\$45,604
71-72, 81	Leisure, Hospitality & Other Svcs	8	49	4%	\$13,456
53-54	Real Estate & Professional, Scientific & Technical Svcs	4	18	2%	\$30,051
	<b>Total</b>	<b>79</b>	<b>1,173</b>	<b>100%</b>	<b>\$32,205</b>

Note: NAICS denotes the North American Industry Classification System for type of business.

Data is sorted by # of jobs. Some sectors have been aggregated to avoid disclosure of firm-specific information.

Sources: Oregon Employment Department and E. D. Hovee & Company, LLC.

The remaining 43% of study area employment is distributed across sectors of administrative/waste management/health services, retail, construction, and manufacturing – each accounting for more than 5% of district employment. Leisure/hospitality (including dining) and varied business/professional services account for smaller shares of employment.

The average wage of those employed in the corridor is just over \$32,200 per year. The highest average wage is provided by firms in manufacturing, followed by construction, retail, and transportation and warehousing. Note that employment counts are for employees covered by unemployment insurance. Excluded are workers not covered by unemployment insurance, which can be sole proprietors of small businesses.

## Road Network

On the following page is a map of the street network internal to the study area, illustrating:

- **Road classification** – including county road, public street, and private road designations.
- **Road surface condition** – as paved, gravel or dirt.

As indicated, much of the internal network consists of public streets and private roads. Most of the streets internal to the study area also are either gravel or dirt roads, rather than having paved surfaces. These conditions have and will continue to influence development potential.



# BENCHMARK COMPARISONS

One objective of this study has been to compare study area conditions with a benchmark geography. For purposes of analysis, benchmark comparisons can be made both in terms of property valuation and employment.

## Valuation Comparison

As discussed with the Technical Advisory Committee (TAC), an assessed valuation benchmark comparison is with industrial and commercial properties within the City of Hermiston. With nearly 1,576 acres of industrial and commercial land, Hermiston has approximately 80% more employment designated land than the 395 North study area. Total assessed valuation is over \$281 million as compared with assessed valuation of close to \$52 million for the study area.

### Comparative Employment Land Area & Real Market Valuation (RMV)

Scenario	Acreage	RMV	RMV/Acre
<b>395 North Study Area</b>			
Commercially Zoned	152.13	\$22,411,110	\$147,316
Industrially Zoned	709.33	\$29,242,470	\$41,225
<b>Total</b>	<b>861.46</b>	<b>\$51,653,580</b>	<b>\$59,961</b>
<b>City of Hermiston</b>			
Commercially Zoned	470.48	\$202,142,790	\$429,652
Industrially Zoned	412.15	\$24,381,500	\$59,157
Combination Zoned	693.22	\$54,893,080	\$79,186
<b>Total</b>	<b>1,575.85</b>	<b>\$281,417,370</b>	<b>\$178,581</b>

Sources: Umatilla County and E. D. Hovee & Company, LLC.

As indicated by the chart above, Hermiston has an additional combination zone which allows for both commercial and industrial uses. Based on per acre values, this zone appears more strongly oriented to industrial than commercial uses.

Other items of note are as follows:

- Less than 20% of the 395 North study area is currently zoned for commercial use as compared with 30% of employment land in Hermiston (assuming that both industrial land and combination zoned land are regarded as primarily industrial).
- Real market values of commercially designated land in Hermiston are nearly three times greater than commercial land in the 395 North corridor. This could be due to differences in the amount of zoned land that is developed together with the intensity of development that occurs with improved sites.
- Valuations of industrially zoned land in Hermiston are somewhat above values for the 395 North corridor – more so if combination zoned lands are also considered.

## Employment Comparison

For employment, a benchmark comparison is made with the full 97838 zip code – for which data has been compiled by the Oregon Employment Department (OED). This zip code covers both the City of Hermiston and the 395 North study area (including surrounding unincorporated area).

### Study Area & 97838 Hermiston Area Zip Code Employment (2013)

NAICS	Employment Sector	2013 Employment		
		395 North	97838 Zip	% of Total
23	Construction	86	323	27%
31-33	Manufacturing	73	1,517	5%
11, 42	Agriculture & Wholesale Trade	426	2,256	19%
44-45	Retail Trade	109	1,461	7%
48-49	Transportation & Warehousing	249	1,741	14%
53-54	Real Estate & Professional, Scientific & Technical Svcs	18	370	5%
56, 62	Admin & Support, Waste Mgmt & Remediation Svcs, Health Svcs	163	2,287	7%
71-72, 81	Leisure, Hospitality & Other Svcs	49	1,238	4%
21-22, 51-52, 55, 61, 92	Other Remaining Sectors (not represented in 395 North)	NA	1,799	NA
	<b>Total Employment</b>	<b>1,173</b>	<b>12,992</b>	<b>9%</b>

Note: NAICS denotes the North American Industry Classification System for type of business. Sectors not represented in the 395 North study area (shown as NA) include 21 mining, 22 utilities, 51 information, 52 finance & insurance, 55 management of companies & enterprises, 61 educational services, and 92 public administration.

Sources: Oregon Employment Department and E. D. Hovee & Company, LLC.

Added notes of interest from this employment comparison include the following:

- With close to 1,200 employees, the 395 North study area currently accounts for about 9% of total zip code area covered employment estimated at just under 13,000.
- Employment sectors for which the corridor appears to have the highest proportions of zip code employment are construction (27% of the total zip code), agriculture and wholesale trade (19%), and transportation and warehousing (14%). Together these sectors account for 65% of 395 North corridor employment.
- The 395 North corridor is less well represented but has some employment in sectors that include manufacturing, retail trade, real estate/professional services, administrative/waste management/health services, and leisure/hospitality services (including dining).

This analysis helps define current competitive strengths on which the district can build. Under-represented sectors may be viewed as opportunities for added diversification in the future.

## STAKEHOLDER INTERVIEWS

On-site stakeholder interviews were conducted on October 30-31 individually with representatives of the Technical Advisory Committee (TAC). Topics covered included:

- Interviewee background
- Corridor strengths and weaknesses
- Opportunities
- Tool box
- Comparables & metrics
- Priorities
- Other suggestions

While serving as a general guide for the interview conversations, interviews were intended to be informal, so discussion focused on each interviewee's areas of expertise and interest. Interviews were conducted on a confidential basis. Results have been aggregated to identify common themes together with diverse interests. Comments are not attributable to specific individuals.

### Persons Interviewed

The following TAC members contributed their time and expertise to the interview process.

Person Interviewed	Firm / Organization
Bryan Medelez	BJK Transport
Steve Watkins	Columbia Court Club
Ken Dopps	Eastern Oregon Machine
Zeno Marvin	Hendon Construction
Vicky Villareal	Krome Trucking
Arlin Phillips	North West Crane Service
Byron Grow	Payless Lumber
Shane Clayson	Pioneer Hi-Bred
William Kik	Sanitary Disposal
Deon Magnuson	Sears
Kari Christiansen	Sherrill Chevrolet

What follows is a summary of major observations noted from these conversations.

## Strengths & Weaknesses

Interview conversations began with identification of strengths and weaknesses of the 395 North study area for business.

**Corridor Strengths.** Questions addressed covered discussion of: *What works well now? What are examples of successful businesses? In what ways is Highway 395 North a good place to own property or do business?*

Favorable location and cost of doing business are widely cited:

- Strong local and regional growth with Hermiston now as the largest city in eastern Oregon
- Good retail location to serve local plus Tri-Cities market plus well-traveled 395 highway visibility
- Central location for distribution and ag-service firms serving the Umatilla Valley of wider tri-state market
- Availability of large, low cost sites with ample yard areas
- Lower taxes in unincorporated Umatilla County
- Water availability with wells/community systems; septic is viable with engineered “package” systems

**Corridor Weaknesses.** The flip side of the coin covered topics such as: *What isn't working so well? What are the major issues that need to be addressed?*

Issues cited relate to infrastructure, regulation and image:

- Excessive 395 highway speeds creating safety hazards for trucks, autos and pedestrians
- Poor internal street network, unsafe and costly to users
- Lack of municipal water, a particular negative for fire flow with new or improved structures
- Lack of sewer requiring large drain sites and inefficient site utilization
- Zoning with limited flexibility for current and prospective corridor uses; expensive for site-by-site rezone
- Unkempt image of corridor as gateway to Hermiston and as a deterrent to business and resident recruitment
- Uncertain public regulatory roles at interface between urban and rural Umatilla County

### What Stakeholders Say (Strengths/Weaknesses)

#### Strengths

“Central to agriculture ...”

“North side works for retail, draws from Washington”

“Room for growth ...”

“Quick access to freeway via 730”

Industrial site is “away from 395, with room, not bothering neighbors”

“North side is better ... tried and true”

“Septic drainfields are not an issue with sandy soil”

#### Weaknesses

“Last seven years level business, peaked in 2008”

“Wanted to do a flea market; need commercial not industrial zoning”

“Current (older) building is not insurable ... can't spend dollars on it when I can't get insurance”

“... look of the town, not organized but haphazard”

“Minimal regulations (for landscaping) now”

“Pumped regional water to Simplot, should be refined at the source”

“DEQ threatened to shut down the business” over septic/drainfield issues

“City and County have not worked well together ...”

## Opportunities

Key questions centered on topics of: *What are the best bets for immediate, visible momentum – plus future potentials not yet ready for prime time? What is your vision of the corridor 10, 15, 20 years from now?*

Responses are organized around the four principles of the nationally recognized and Oregon Main Street programs.

**A) Economic Development.** Prospects consistently cited for investment yielding added jobs and tax base include:

- Expansion of existing facilities already in the corridor – especially industrial and related service businesses
- Further retail development along the highway corridor for land extensive uses with low utility needs – as for auto dealers, industrial sales, and service/repair
- Longer term potential for added dining, lodging and large footprint retail center uses – if required utility and transportation infrastructure can be provided

**B) Infrastructure & Design Upgrades.** Suggestions were noted for both public rights of way and private owners, as for:

- Reduced speeds, selective signalization, landscaping, sidewalk extensions, and/or lighting on 395 North
- Water system improvements – short-term for fire flow and longer term for added capacity and quality needs
- Improved options for wastewater – both engineered septic options and for longer term public system
- Creation of an internal paved road network for east-west and north-south streets on both sides of 395
- Facade improvements and reduced front yard storage for businesses directly fronting 395

**C) Promotional Activities.** Marketing and promotion could occur within the corridor, community-wide, and/or regionally:

- Little need for joint promotion due to diverse customer needs across the businesses now in the corridor
- Countervailing view that some promotion may be pivotal to improve the corridor image or brand

### What Stakeholders Say ... About Opportunities

#### **Economic Development**

“Will get more of what we have”

“... discount mall, industrial park ... campus look with low water/sewer impact”

“Do high density residential on Punkin Center Road”

#### **Infrastructure & Design**

“Need cohesive help, but low cost ... no need for a building theme”

With 395 landscaping, “businesses have to provide water”

“Do wheat grass, sage, don't water”

“Do sidewalks as businesses come in”

“Road connection from Punkin Center would be a good route to I-82”

“Fix the back roads”

“Make (the area) more eye-appealing”

“Need to make the avenue customer friendly”

#### **Promotional Activities**

“Don't see a need for common promotion ... will come later”

“Get national retail tenants”

“Name recognition is important”

#### **Organizational Capacity**

“Move city limits to Bensel”

**D) Organizational Capacity.** The focus is on what it may take for successful, sustained implementation short- and long-term. Because the orientation of most businesses is on their own internal operational and customer needs, there has been relatively little attention to date given to the potential benefits that might occur with cooperative action. However, this was a topic of interest to some, including suggestions related to:

- Reminder that property and business owners previously “galvanized” to achieve statewide legislative changes to assure continued industrial/commercial use of the 395 corridor (outside of a City UGB)
- Importance of determining jurisdictional responsibilities to more pro-actively address issues ranging from zoning to fire protection and highway safety
- Need to link corridor-specific with regional economic development marketing and government/organizations (e.g. Chamber of Commerce, Port of Umatilla, City of Hermiston)

## Tool Box

Discussion centered on the question of: *What private and public sector actions are important to encourage property reinvestment, business expansion, and new development?*

While there was little discussion of specific public sector programs or funding resources, there were suggestions made with respect to the types of actions and resources that will prove pivotal to study area economic development – both immediately and for the long haul including:

- Determination of roles of public agencies to address fire flow and longer term needs affecting expansion of existing uses and new building development (involving the Fire Department, City of Hermiston, Regional Water System, Umatilla County, and private/community water system operators)
- Need for direct involvement with ODOT both with respect to safety and landscaping/beautification improvements extended north in segments or along the full length of the 395 North corridor to Bensel Road (and possibly eventually to SR 730)
- Consideration of public/private roles, funding resources and priority streets for short/long-term improvement that would parallel 395 North (as with Kik Road or Sunshine Lane to the west of 395 or Sagebrush Road to the east), as well as for significant east-west streets (Joy Lane, Baggett Lane, Klaus Road, and Bensel Road)
- Technical assistance to owners for determination of short-term options for accommodating new or improved development with engineered on-site sewage treatment systems
- Planning for longer term development of conversion to municipal sewage treatment in conjunction with future potential annexation
- Expanding the vision beyond the district’s primary employment role to perhaps include parks or open space area that serves the community and improves area appeal

## Comparables & Metrics

These were topics that received more discussion as part of TAC meetings, less so in the time frame available for individual interview conversations.

**Comparables.** This question was framed in two ways: *What is the competition to the 395 North corridor? And what other communities in or outside of Oregon have successfully improved or revitalized commercial highway corridors?*

- For industrial/service companies, competitive locations locally include the south side of Hermiston (albeit more suited for larger corporate users)
- Redevelopment of the Umatilla Army Depot 800+ acre site at the I-84/I-82 interchange is similarly anticipated to be attractive primarily to distribution and manufacturing firms oriented to national and/or greater tri-state markets
- The Port of Morrow is also highly competitive for heavy industrial development – especially for firms requiring direct rail or barge access
- For retail and related customer service businesses, competitive locations include downtown Hermiston (requiring smaller store spaces) and the Tri-Cities (for major mall-related shopping)
- Few examples have been identified to date by TAC members as to cities that might serve as models for successful revitalization of commercial highway corridors

**Metrics.** A question addressed primarily by the full TAC was: *How might success be measured? What are important benchmarks to consider?*

- Ability for existing businesses to remain competitive and expand in the 395 North area
- Attraction of other similar businesses
- Solving critical infrastructure questions for traffic circulation and safety, as well as for viable water service and wastewater treatment options both short- and long-term

### What Stakeholders Say ... About Tools, Comps & Metrics

#### **Tool Box**

"Cut speed on 395 to 35"

"Immediate Opportunity Funds were used to pave (Bensel) road to the site" (County labor/ODOT \$)

"Use BLM land as trade for DLCD" as other supportive land use

"With industry, don't put junk in front but screen"

"Oldfield Street would require an LID (local improvement district)"

"We share a well ... it's ok but needs repairs at times"

"Need infrastructure for fire loop"

"Sidewalks improve safety, helps with insurance cost"

"Like the idea of multi-purpose green space ... maybe soccer fields"

#### **Comparables**

"Competition is from Pasco and Portland"

"Competition is good for business ... but can get cutthroat"

#### **Metrics for Success**

"Stage it out, but need immediate things" to demonstrate success

"Don't look like 82<sup>nd</sup> Avenue" (in Portland)

## Priorities

Questions posed were: *What next steps are most critical to generating visible, positive momentum? Who are the public and/or private organizations that will need to lead this effort?*

As depicted by the comments to the right, priorities consistently mentioned by those interviewed related to:

- Street infrastructure – aimed first to improve safety but also to upgrade corridor aesthetics and complete side street and road improvements as a complete circulation system for the 395 North district
- Utility infrastructure – focused first on fire flow and then on options for improved water quantity/quality throughout the district
- Zoning/regulatory flexibility – accommodating a range of industrial and commercial business activities while taking action to enhance quality of the 395 experience
- Cooperative action – assuring that study area redevelopment is tailored to addressing specific needs of this unincorporated industrial/commercial employment center in cooperation with Hermiston and regional economic development initiatives

Discussion with the TAC as a group (from the first meeting in late October 2014) is consistent with these priorities. Also emphasized by the TAC is the importance of looking at corridor redevelopment as a 20-30 year process, but with expectation of immediate as well as longer term successes.

## Other Suggestions

Interviews closed with this question: *Is there anything missed that would be important to consider in shaping a strategy and implementation plan for the Highway 395 North corridor?*

Among interviewee comments received were suggestions for:

- Property owner investments made both individually and cooperatively
- Continued strengthening of this district’s competitive advantage to successfully serve locally grown business, industry, and entrepreneurial initiative

### What Stakeholders Say (Priorities & Suggestions)

#### **Priorities**

“Pressurized water is #1 ... that’s huge”

Of water/sewer issues, “fire is the bigger challenge ... a code issue”

“We see area growth but want controlled growth ... don’t allow just any business”

“Get wider opening, turning radii” for trucks accessing 395 from side streets

“Highway safety near Punkin Center ... good discussion for the group”

“Tie in with whole Hermiston area development ... part of the group should be connected with the Hermiston Chamber”

#### **Other Suggestions**

Property and business owners should “show by example”

“Could get property owner support for road improvements ... What’s the process?”

“Paving Sagebrush Road is premature now, but would be nice in the future”

“Landscaping is nice but not functional ... do it as businesses come”

“Stay mom and pop, not corporate”

# BEST PRACTICES FOR CORRIDOR REDEVELOPMENT

Umatilla County together with the property and business owners of the 395 North study area are not alone the effort to improve industrial and commercial highway corridors. There is considerable experience elsewhere – both nationally and in Oregon.

This discussion summarizes what has been learned from a review of available literature. This review covers information regarding organizations that have both researched or provided assistance with corridor redevelopment and revitalization activities. In addition, specific case study communities are noted. A detailed reference listing is provided as part of the Appendix to this report.

The intent of this best practice review is to provide an overview as to initiatives taken and what has been learned elsewhere. More detailed discussion of tool box resources applicable to Oregon (as well as some resources proven elsewhere) also is provided by the report appendix.

## National Best Practices

Nationally, organizations that have taken some interest in and conducted research regarding business corridor revitalization have included:

- **The American Planning Association (APA)** – a professional institute for certified planners including research projects aimed to provide practical, up-to-date information about best practices in urban and regional planning.
- **Context Sensitive Solutions (CSS)** – described as a “collaborative, interdisciplinary, holistic approach to the development of transportation projects” under the auspices of the Federal Highway Administration (FHWA) provides case study research of corridor projects nationally, including several in Oregon.
- **Local Initiatives Service Corporation (LISC)** – a national technical assistance organization working in collaboration with local community development groups nationwide. LISC identifies eight principles required for successful commercial corridor revitalization – that revitalization be driven by the community, comprehensive, collaborative, vision directed, design supported, capital intensive, diverse, market oriented, and sustainable.
- **National Main Street Center (NMSC)** – assisting more than 2,000 older commercial districts across the U.S. including linkages with Oregon Main Street communities, using a 4-point approach that also serves as an organizing method for the implementation agenda with this economic development/planning study.
- **Urban Land Institute (ULI)** – a nonprofit research and education organization oriented to serve the real estate development industry across the U.S.
- **U.S. Environmental Protection Agency (EPA)** – a federal agency best known for its regulatory functions, but also actively involved with *smart development* initiatives both in urban and smaller rural communities.

With the exception of the federal CSS and EPA Smart Growth programs, national organizations have tended to focus on development within metro urban and suburban markets. While many of the concepts may be applicable in some form to an unincorporated corridor area, there is less documentation for this type of developed setting just beyond an existing city limits.

In addition to organizations with national reach, there are a variety of documented corridor programs at the state and local level. To date, the best available documentation tends to be for the older (often rust-belt) cities of the Midwest and East Coast. On the West Coast, corridor development initiatives generally appear to be linked primarily to larger urban centers.

## Commercial Corridor Revitalization

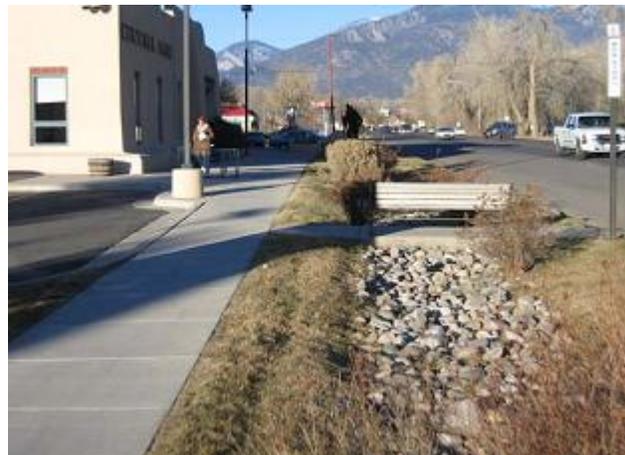
In addition to a focus on urban and suburban markets, much of the corridor revitalization literature is oriented to commercial rather than industrial development. This is clearly the case with the national organizations cited. Many of the tools also center on regulatory and design including public investment mechanisms to affect the quality of the corridor environment.

As an example, the EPA-funded *Smart Growth* study for the rural eastern **Idaho Highway 33** corridor running from Victor to Driggs in a county of less than 8,000 residents (near Jackson, Wyoming) is one of the few that addresses an unincorporated area between the two incorporated communities. From a conceptual standpoint, the study addresses three types of distinct districts between the two communities located just over eight miles apart:

- A rural corridor area essentially midway between the two communities
- Two rural to urban transition areas
- The two downtowns at the northern and southern ends of the corridor being considered

*Smart growth* implementation measures include examples of development guidelines and policies used by other communities around the West together with guidelines for connectivity and parking. Outside the downtowns, a major emphasis is on guidelines to support the more auto-oriented portion of the corridor. Specifically noted are the challenges created by constant ingress and egress from driveways serving single lots, which create highway safety issues. One recommendation is to provide a “backage road or local access road, running parallel to the highway and connected, when possible, into the existing street network as it extends back towards the built-up part of the cities.”<sup>3</sup>

### Functional & Attractive for Pedestrians



**In Taos, New Mexico (another EPA evaluated Smart Growth project), a planted buffer makes the sidewalk feel safer and more comfortable with clear separation from the roadway.<sup>2</sup>**

Other considerations beyond land use configuration and design are also important for commercial corridor development. Academic research conducted for commercial corridors outlines a framework of considerations applicable in non-urban situations, as well. The research highlights utility of NMSC and LISC guidelines “for commercial corridor revitalization that have been utilized in the transformation for commercial districts across the country.”<sup>4</sup>

Within **New Orleans** (still recovering from Hurricane Katrina), the study found that major deterrents to commercial corridor revitalization resulted from large amounts of vacant properties within the district, complicated ownership issues with problematic properties, and lack of strategic governmental coordination for this type of economic development strategy.

Yet another approach to commercial revitalization is well exemplified by a *Great Streets Program* provided by the **City of Minneapolis** to 116 commercial corridors, nodes, transit station areas, and other areas throughout the city. The program is notable for its emphasis on:

- Customizing the City’s approach to the unique opportunities and challenges of each business district with varying types and levels of public investment.
- Offering a multiplicity of financial tools including business district support grants, facade improvement matching grants, real estate development gap financing loans, small business technical assistance grants, and small business loans.
- Measuring and documenting results – primarily the increase in property valuation.

Taken together, these varied commercial district approaches serve to illustrate a range of best practices being applied across the U.S. Key elements appear to include: an organizing vision (as with NMSC or LISC), customized comprehensive planning and design guidelines, addressing property specific and regional governmental cooperation, and public-private investment. The precise mix will vary from one community to the next – but all are likely to be represented in some fashion for successful commercial corridor redevelopment.

## **Industrial Corridor Revitalization**

Virtually none of the national organizations cited above have given similar attention to revitalization of industrial highway corridors. However, there has been action at the local level, primarily in the U.S. Rust Belt but also increasingly in major metro areas of the West Coast.

The **Utica, New York Central Industrial Corridor** illustrates the Rust Belt challenge of re-purposing a tired and depleted former industrial powerhouse. A draft 2014 ReVITALization Plan targets a 1,100-acre study area along the Erie Canal, of which almost one-third of the land is vacant and is characterized by over 50 potential brownfield sites.

The full corridor includes four subareas. Two of the subareas, which account for just under 460 acres, are expected to remain focused on a mix of light industrial and auto-oriented commercial use.

Recommendations for Utica’s Oriskany Street and Broad Street industrial districts include:

- Use of design standards to facilitate consolidated development patterns
- Gateway beautification improvements
- Protection of adjoining residential neighborhoods from incompatible development
- Development of an internal road structure to limit truck traffic on public streets
- Unified standards for public and private industrial park development
- Commercial uses that complement industrial activity throughout these subareas
- Encouragement of property owners to improve building and property appearance

The **Milwaukee, Wisconsin 30<sup>th</sup> Street Industrial Corridor** offers a 2011 master plan to transform an 880-acre industrial corridor into a “major modern employment center and economic hub.” The plan covers six overall strategic zones along a relatively lengthy, but narrow, corridor ranging from about two to ten blocks wide. A 4-prong *implementation matrix* features:

- Strategic business park development – as the #1 initiative with 84 acres acquired by the City’s redevelopment authority and planned for public-private business recruitment and re-branding as the Century City Business Park.
- Land use regulatory framework – involving rezoning of key parcels, enforcement of code requirements for recycling/salvage uses, implementation and enforcement of buffering and screening requirements, and preparation of plans for key redevelopment zones.
- Transportation – targeted to improvement of priority intersections and streets, a truck access program, traffic calming measures, and preservation of rail lines.
- Stormwater – leading to dual-purpose open space and stormwater detention features corridor-wide with enhanced measures at the Century City Business Park including permeable surfaces, curb extension rain gardens, and stormwater planters.

Moving to the West Coast, the **Long Beach (California) Redevelopment Authority** was noted for building facade improvement incentives in both commercial and industrial areas of the City. To help address the state’s budget deficit, local redevelopment agencies across California were dissolved effective October 1, 2011.

While operative, the redevelopment agency offered programs to facilitate facade improvements ranging from exterior painting to decorative perimeter fencing to signage to landscaping. Tools used included a commercial improvement rebate program coupled with, in some instances, active code enforcement.

### Industrial Facelift



**A new facade, windows, entry and fencing are improvements to this Long Beach, CA building.**

**The Fredrickson Manufacturing Industrial Center** is a more than 2,650-acre industrial district situated south of Tacoma. The Port of Tacoma, City of Tacoma and Pierce County have all played major roles in bringing this unincorporated area to the fore for industrial and related employment growth. From 2000-08, Fredrickson was second only to Paine Field in Everett for manufacturing/industrial job growth in the region.

Refined zoning identifies Employment Center, Community Employment, and Employment Services uses – as well as a Park and Recreation designation.

While not directly accessed via an interstate freeway, this industrial center is well served with highway and rail transportation. The primary north-south highway spine is Canyon Road with multiple east-west cross street accesses. An access management plan has focused on investment in corridors and connectors. Over a 10-year period, more than 20 transportation projects have been completed at a total investment cost of just over \$100 million. Substantial emphasis has also been placed on workforce development programs.

**Diverse Manufacturing/Industrial Center with Room To Grow**



**Major employers include aerospace, forest building products, composites, paving, and metals/rebar firms – as well as a county public works facility and a large format retailer. Ten firms at Fredrickson have 100+ employees; 1,685 acres remain available for development.**

Of particular note with the district’s development strategy are financial incentives including:

- Amortization of sewer system development charges
- Reduction in transportation impact fees
- Executive priority projects
- Latecomers agreements

## Oregon Corridor Experience

As is the case elsewhere across the U.S., corridor development and improvement programs in Oregon have been largely focused on commercial districts in metro areas of the state.

**Statewide Initiatives.** Together with DLCD, ODOT has been a major partner to local communities with initiatives such as Transportation and Growth Management (TGM) grants. Both DLCD and ODOT provide a range of resources – including some of particular applicability to state highway corridors. These are detailed as part of the Development Tool Box with the Appendix to this report.

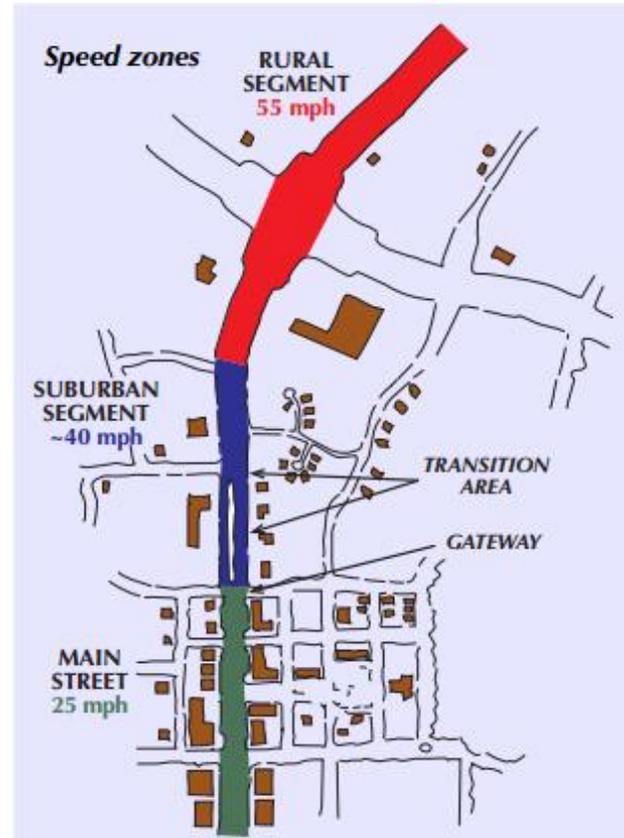
Other statewide organizations with history and potential to be involved in corridor development include the Oregon Main Street Program and Rural Development Initiatives.

Formerly operated under the Oregon Downtown Development Association and now part of the Oregon Parks & Recreation Department (OPRD), the **Oregon Main Street Network** works with 78 communities across the state to assist with implementation of the national 4-point Main Street approach.

Northeast Oregon communities participating at varied levels include Baker City, Enterprise, Irrigon, La Grande, Milton-Freewater, Pendleton, and Weston. Primarily focused on downtown, the National Main street approach also has been used with neighborhood district and commercial corridor revitalization (and is applied as the 4-point approach utilized for this planning study).

**Rural Development Initiatives (RDI)** is a non-profit organization created by the Oregon Legislature – initially to address rural forest and natural resource related issues. RDI is now primarily focused on leadership development, but also with an emphasis on collaborative partnerships for rural economic vitality. RDI conducts economic vitality summits and in 2012 launched a Home Town Competitiveness (HTC) program in the Western Treasure Valley area along the Oregon/Idaho border.

### Speed Transition From Urban to Rural



ODOT has long recognized the need for changes in speed designations depending on the adjoining development character, as depicted by this 1999 illustration from the ODOT publication: *Main Street ... when a highway runs thru it: A Handbook for Oregon Communities*.

**Commercial Corridors.** At the local jurisdiction level, there is some activity with respect to commercial corridor revitalization. This is especially the case in Portland, where commercial corridors have become among the hottest real estate markets in the city. Examples include the **NW 23<sup>rd</sup>, Hawthorne, Alberta, Interstate, Martin Luther King, Jr. and Mississippi Street** corridors. While private investment is now leading the way, there was some early pump-priming with public investment and incentive programs in most of these districts.

Portland commercial district initiatives have ranged from street and transit investments to property owner assistance, as through the Portland Development Commission's Development Opportunity Services (DOS) program to reimburse business and property owners for 80 percent of approved pre-development design/feasibility analysis costs, up to a maximum of \$12,000. For commercial corridors within City-approved urban renewal districts, tax increment financing (TIF) funding is also available.

Outside Portland, revitalization efforts targeted explicitly to commercial corridors are limited. However, due to its responsibilities for state highways, ODOT has participated in projects involving collaborative planning with local jurisdictions in commercial corridors throughout the state. In some cases, the collaboration has been focused on access through a traditional downtown area; in others, the emphasis has been on commercial corridors more at the edge of the community.

One of the better known urban projects was on Highway 99 into and through **Newberg** involving use of a raised median with U-turns. Another project of interest was in **Taft** – one of five business districts in Lincoln City (profiled by the inset to the right).

Another example is **McMinnville's Northeast Gateway**, which serves as an industrial district transitioning to mixed industrial use on Lafayette Avenue including a Granary District situated just north of the City's historic downtown. A planning process led to the 2013 City Council adoption of the Northeast Gateway Planned Development Overlay Ordinance (PDO). The PDO was created to guide the transition of what has been a light and heavy industrial area to a vital, mixed-use and pedestrian friendly neighborhood. The City's urban renewal district encompasses the downtown and gateway areas, providing access to tax increment funding for public investment in support of ongoing redevelopment.

### The Taft Experience

An Oregon transportation project highlighted by CSS/FHWA is the *Taft Village Redevelopment Plan* in Lincoln City.

As one of five business districts in Lincoln City, Taft received state designation as a Special Transportation Area (STA) within a UGB where the need for local access can outweigh goals of highway mobility (on a non-freight route).

ODOT highway and related local urban renewal improvements made included:

- Building a green median
- Sidewalk widening
- Addition of cross walks (across four traffic lanes)
- Gateway feature at village entrance
- Historic-style street lamps
- Utility undergrounding
- 0% loans for commercial building upgrades

Using STA modified design strategies, more than \$10 million in roadway and streetscape improvements were made. Early returns included opening of more than 15 new businesses plus remodeling of others.

While 395 North serves a more industrial business area, this example illustrates the customized attention that active local and ODOT collaboration may yield.

**Industrial Corridors.** Much of the industrial corridor economic development focus in Oregon has occurred in larger cities. Perhaps the best example of a coordinated public-private program centered on an industrial corridor in the state is with **Portland's Airport Way.**

Prior to the mid-1980s, the Columbia South Shore area east of the Portland International Airport was largely undeveloped.<sup>5</sup> The South Shore *game-changer* occurred with construction of Airport Way as a central spine to anchor industrial development extending from the airport and the I-205 freeway east to the I-84 freeway at NE 181<sup>st</sup> Avenue.

Within an 1,800+ acre district, urban renewal funding has been used for Airport Way plus secondary streets and utilities, light rail extension, and Columbia Slough trails. The district is today home to much of the city's industrial base – including regional distribution activity together with companies in advanced manufacturing and athletic and outdoor clusters.<sup>6</sup>

### Airport Way as Investment Spine



**Portland's Airport Way was designed to be both functional and aesthetically appealing. Near the airport, uses are largely commercial including lodging and retail; further east, the district comprises a significant proportion of the Portland metro region's industrial and business park space.**

**Hood River's Waterfront Business Park** has blended traditional plus advanced industrial use with river-related recreation and an increasing component of retail activity. The Port of Hood River has taken a lead development role – for public beach access, a 150-slip moorage, and waterfront business park with sites for sale and lease, as well as building space for lease.

Light industrial zoning allows for a range of industrial uses including those with outside storage, as well as size limited office and on-site sales/display of products “accessory and essential to the permitted use.” In December 2014, the City Council adopted an overlay zone to set urban design standards for industrial and commercial properties in closest proximity to the river.

### Hood River Combines Industry & Commerce – for Mutual Benefit



**Industry use in the foreground with commercial and office development toward the river and mountain.**



**Recent office/industrial construction on Portway Drive round out the mix.**

## Take-Aways

From this sampling of diverse commercial and industrial corridor initiatives nationally and in Oregon: *What are the key messages? The take-aways?*

- As noted for commercial corridors, key messages appear to include the importance of a guiding vision, customized planning and design guidelines, addressing property specific and regional governmental cooperation, and leveraging public-private investment.
- Tools used for the commercial counterparts are being increasingly applied to industrial areas – with more attention given to the appearance and quality, as well as the functionality of the corridor. More attention is also given to core infrastructure – ranging from internal street networks to functioning utility systems. Financial incentives play a role, where clearly targeted to desired economic development outcomes.
- Like most of the nation, Oregon does not have statewide programs that explicitly target commercial or industrial corridor development. However, state agencies such as DLCDC, ODOT, and now OPRD as well as Business Oregon, all have programs or tools that can be used for corridor improvements in addition to other forms of community and economic development. Communities have found ways to utilize these agency resources to assist with corridor revitalization strategies; also important in some communities has been application of urban renewal and tax increment financing.

## Frame of Reference

A final note is offered on the role of regulatory, infrastructure or direct financial incentives as a means of encouraging desired economic development outcomes. Incentives can be considered as being place-, business-, or employee-based:

- **Place-based** incentives are targeted to the characteristics of a particular geography. Examples of place-based strategies include zoning or infrastructure improvements targeted to a specific business district. This is the role typically played, for example, by programs of DLCDC, ODOT or OPRD (with Oregon Main Street).
- **Business-based** incentives are aimed to meet the needs or encourage desired outcomes for specific types of businesses, largely irrespective of geography. Selection of the target is by type or size of business, as for a large high tech firm or a small artisan wine or specialty foods processor. Business-based incentives are often the focus of regional or statewide economic development organizations – as with Business Oregon.
- **Employee-based** incentives represent an up-and-coming form of economic development investment, focused on workforce preparedness and training. The combination of the large baby boom cohort leaving the workforce combined with rapidly changing business workforce needs means that this is likely to be a more important resource in the economic development tool box than previously.

While corridor development is often thought of as primarily place-based, effective strategies will need to call on business- and employee-based strategic resources as well.

# III. REDEVELOPMENT SCENARIOS

Considered with this economic development/planning study are redevelopment scenarios, tool box resources for redevelopment, and a potential implementation agenda.

## REDEVELOPMENT SCENARIOS

Three 395 North redevelopment scenarios are identified for discussion with the TAC:

- A) **Status Quo** – assuming continuation of existing market trends and jurisdictional roles
- B) **County & Property/Business Owner Partnership** – to maximize opportunities as a non-urban industrial/ commercial corridor
- C) **Urban Incorporation** – assuming eventual transition to the UGBs and annexation to the Cities of Hermiston and/or Umatilla

While these may be thought of as alternative (or mutually exclusive) outcomes for the 395 corridor, they might also be viewed as sequential – where an initial scenario is supplanted by the second and later the third scenario.

What follows is an outline of each scenario – including a listing of anticipated outcomes together with respective advantages and disadvantages.

### Scenario A – Status Quo

As summarized above, this scenario assumes a continuation of existing market trends together with continuation of current jurisdictional responsibilities for infrastructure and service delivery.

Anticipated *outcomes* of this scenario over the next 10-20 years can be expected to include:

- Continued modest pace of development of 395 frontage for commercial service-retail uses, with parcels away from 395 developed primarily for industrial use – meaning that a more accelerated pace of investment is likely deferred until Hermiston and Umatilla UGBs have been relatively fully developed.
- Relatively low densities of site coverage and employment similar to existing patterns of 395 North development.
- Little incentive for cooperative action to substantially improve the safety and image of the 395 North highway corridor.

*Advantages* of this approach include minimal need for added public expenditure or public-private partnership to facilitate change – including less risk of failure. There also will likely be an adequate overall inventory of industrial/commercial land within existing UGBs of Hermiston/Umatilla together with redevelopment of designated portions of the Umatilla Army Depot site.

*Disadvantages* include loss of opportunity to better serve expansion needs of local ag-service industries together with added local area commercial retail-service activity central to the Umatilla basin plus capture of the business of Washington State residents. Continued, if not increased, highway safety and image issues may also limit the attractiveness of the Hermiston/Umatilla area for major corporate investment and employee recruitment. Tax base growth of the corridor and western Umatilla County area may be unduly impeded or delayed accordingly.

## **Scenario B – County/Owner Partnership**

A second scenario assumes that Umatilla County in partnership with study area property and business owners take a more active role in encouraging and facilitating the development of the full corridor study area, with resources as may be realistically available to a non-UGB industrial/commercial exception area. This role would include partnerships between public and private entities to improve water system capacities, resolve fire flow issues, efficient septic systems, and 395 North traffic and landscape improvements.

*Outcomes* of this approach could include:

- Greater pace of development both of 395 frontage for commercial service-retail and of interior parcels off the 395 frontage for industrial use.
- More rapid build-out of the corridor study area at somewhat increased densities of site coverage and employment.
- Focused initiatives to improve the safety and image of the 395 North highway corridor to the extent that necessary public and private funding resources can be secured.

*Advantages* of a County/Owner Partnership scenario include greater likelihood of resolving water, wastewater and transportation issues in a manner that increases the interests of private firms to expand and locate in the corridor together with improved corridor image and expanded tax base.

*Disadvantages* include continuation of lower development density and limited land utilization, the challenge of raising sufficient funding resources to make a meaningful difference long-term, and risk of non-participation by other public agencies responsible for pivotal infrastructure (as with the adjoining cities for fire flow or ODOT for highway corridor and related improvements).

## **Scenario C – Urban Incorporation**

A third scenario illustrates potential outcomes associated with eventual UGB expansion and annexation of the 395 North study area to Hermiston and/or Umatilla.

*Outcomes* of this scenario could include:

- Full provision of municipal water and sewer services – though likely implemented on a phased basis.

- Greater opportunity for improvements to 395 North as a multi-use urban transportation corridor – including emphasis on traffic calming, safety and beautification.
- Most rapid build-out of the corridor study area at the greatest densities of site coverage and employment.

*Advantages* of this third scenario include the most rapid pace of commercial and industrial build-out, greater employment and tax base, and best image enhancements of benefit to greater western Umatilla County economic and community development.

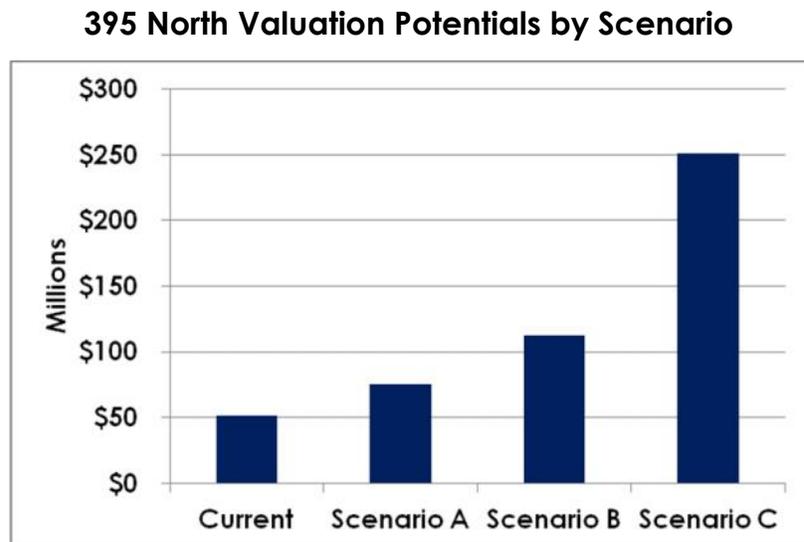
*Disadvantages* are associated with potential for increased property tax rates that may occur with annexation coupled with greater need for inter-jurisdictional and public-private cooperation over a multi-year period to achieve successful implementation.

## Scenario Outcomes

Questions that might be asked are: *To what degree will development and associated valuation change as a result of the scenarios considered? How would these scenarios compare to existing valuation in the 395 North study area?*

Potential changes in build-out valuation are illustrated by the graph to the right:

- With **Scenario A Status Quo** conditions, development is expected to occur on remaining vacant land in a manner consistent with already developed study area sites. Assessed value with build-out at current intensities of development across the full study area could increase from about \$52 million at present to just over \$75 million.



Source: E. D. Hovee & Company, LLC. Scenarios are illustrative based on assumptions as noted. Estimates are in 2014-15 dollars. Assumed with Scenarios A-C is the potential for added redevelopment throughout the full 395 North study area.

- Under a **Scenario B County & Property/Business Owner Partnership** alternative, value of development at build-out could increase to over \$110 million. This scenario assumes that all parcels (on average) come up to the level of valuation of the more intensely developed corridor parcels currently, i.e., those properties with an existing

improvements to land (I:L) valuation ratio of more than 1.0. Also assumed is that frontage parcels on 395 currently zoned industrial (about 70 acres) are re-designated to a commercial or similar zone.

- **Scenario C Urban Incorporation** assumes that industrial and commercial development occurs to a level of intensity similar to that within the incorporated limits of Hermiston (based on values of more intensely developed properties with I:L ratios over 1.0). Potential valuation with this scenario across the full study area at build-out reaches to just over \$250 million (as estimated in 2014-15 dollars).

As noted, each of Scenarios A-C is intended to illustrate the potential for added development across the full 861 acre 395 North study area. If some areas are determined as unsuitable or unavailable for eventual development, valuation potentials would need to be adjusted accordingly. A key question is whether some portion or all of the BLM lands comprising close to 155 acres in the study area might eventually be made available for economic development.<sup>7</sup>

In addition to possible downward adjustments, there are other factors that could increase study area valuation potentials. For example, greater intensity of development and/or a stronger mix of commercial use could serve to increase potential valuation above what has been indicated with this preliminary illustrative analysis.

## Preferred Scenario

All three redevelopment scenarios were discussed with the Technical Advisory Committee (TAC). Based on TAC discussion, there was agreement to pursue an approach that:

- Reflects a *Scenario B* County/Owner Partnership approach to 395 North corridor redevelopment for at least a near-term time horizon.
- Transitions to a *Scenario C* option for eventual urban incorporation at such time as appropriate private owner, County, City and DLCD support for a specific UGB expansion and annexation can be secured.

As was noted by a TAC participant, the purpose of a corridor plan is to “look big,” followed by a step-by-step determination of how best to implement the plan. The remainder of this report illustrates tool box resources and an implementation agenda that could serve to carry out this TAC recommended approach.

## TOOL BOX RESOURCES

A development **tool box** is intended to serve as an organized repository of resources readily available to apply to encourage, leverage and shape development along the urban and rural highway corridors of Oregon.

Not all tools are applicable to all situations. The objective is to pick the right tool for the job at hand. Having the right tool means a resource that is available, user-friendly and effective to address the user's objective.

A detailed listing of tool box resources is provided by the Appendix to this report. The listing is limited to tools generally useful and potentially applicable for highway corridor development and revitalization activities in smaller, as well as larger, communities across the state of Oregon.

The focus is on employment-related industrial and commercial activity. Not included are resources related to residential use or mixed use with a combination of commercial and residential activity.

Resources in the development tool box are compartmentalized as comprising:

- A. Planning & regulatory tools
- B. Technical assistance
- C. Funding resources
- D. Workplace resources
- E. Other best practice/case study resources

For the 395 North highway corridor, the tools selected should be fitted to the redevelopment scenario that represents a preferred choice for project stakeholders. Specific tool box resources can be matched to individual projects as outlined for the implementation agenda – as may be most applicable and available for action items with this corridor.

Tool box resources may change over time. The resources that appear most applicable to a particular agenda action today may change by the time a project is ready to proceed to implementation. This is especially true for projects anticipated to for mid- to long-term implementation.

With a preferred scenario and understanding of potentially useful development tools, it is now possible to turn to the details of an implementation agenda for the 395 North corridor.

## IMPLEMENTATION AGENDA

As was the case with alternative redevelopment scenarios, a *trial balloon* for a possible implementation agenda was presented and discussed with the TAC at its December 2014 meeting. This agenda is consistent with the recommended strategy of an initial Scenario B County and Property/Business Owner Partnership approach to corridor development transitioning longer term to Scenario C Urban Incorporation.

### Opportunity-Driven Implementation

Projects and related implementation actions have been identified not only to address current needs, but more importantly to kick-start unrealized opportunities for the Highway 395 North corridor. The proposed implementation agenda reflects a typology consistent with the nationally recognized Main Street program, covering actions related to:

- **Economic Development (ED)** – yielding investment for added jobs and tax base
- **Infrastructure & Design Upgrades (ID)** – for public rights of way and private property
- **Promotional Activities (P)** – for corridor marketing both community and region-wide
- **Organizational Capacity (O)** – as needed for sustained action short- and long-term

### Phased Action

A proposed implementation agenda also is divided into three overall time periods:

- **Short-term (1-3 years)** – representing those projects and other related actions that can be accomplished readily without need to secure significant funding and can draw from existing, readily available public and private sector resources.
- **Mid-term (3-10 years)** – for projects over which there appears to be strong consensus as to corridor need or opportunity and for which there is a reasonable chance of securing resources for implementation within up to a 10-year time period.
- **Long-term (10-20 years)** – for projects and related actions requiring significant interjurisdictional coordination and/or consensus building and/or for which long-term sources of funding are not readily identified at present.

### Agenda Outline

A summary one-page outline of the proposed implementation is provided on the following page. Additional project-specific detail including added results of TAC and Umatilla County input is then provided on the subsequent pages of this economic development/planning study.

This is a full agenda that likely is not achievable with existing Umatilla County resources alone. Staffing capacity within the Umatilla County planning office or in conjunction with a business association or other resources is an item that will warrant further discussion prior to plan adoption.

## Implementation Agenda Outline

Action	Type	Comments
<b>Short-Term</b>		
(1-3 Years)		
<b>A1-395 North Paving &amp; Refinement Plan</b>	ID, ED	ODOT-funded to focus on traffic calming for improved safety, beautification, and long-term internal road network
<b>A2-Water Fire Flow Plan</b>	ID, ED	Interjurisdictional cooperation to identify cost-effective fire flow options, possibly starting at southern end of study area
<b>A3-On-Site Waste-Water Assistance</b>	ID, ED	Technical assistance as to best practices and options for cost-effective on-site engineered/package septic systems
<b>A4-Zoning Review</b>	ID, ED	Review/revise Comprehensive Plan/Zoning Code to provide either for a) greater commercial orientation to 395 frontage with threshold design standards and/or b) transition to form-based or performance zoning for industrial/commercial uses with design standards for new buildings on 395 frontage
<b>A5-395 North Business Association</b>	O, ED	Establish ongoing business/property organization to serve as facilitator and advocate for corridor improvement; could be formed from current TAC, separately with private and public sector representation, or with an existing organization
<b>Mid-Term</b>		
(3-10 Years)		
<b>B1-395 North Corridor Improvements</b>	ID, ED	Fund and construct initial phase of improvements for traffic calming, beautification and intersection radius improvements
<b>B2-Water Capacity &amp; System Plan</b>	ID	Evaluate options and select preferred approach for municipal water service including consolidation with community systems
<b>B3-Wastewater System Plan</b>	ID	Determine options and potential phasing approach for development of a municipal sewer system
<b>B4-UGB Expansion Plan</b>	ID, ED	Work with Cities of Hermiston and/or Umatilla to assess and determine appropriate jurisdiction and plan for UGB inclusion
<b>B5-Business Association Advocacy</b>	ID, ED	Principal activities to include assistance with funding options (especially private shares) and district branding
<b>B6-Corridor Branding</b>	O, P	Initiation of 395 North corridor branding with distinct image/logo campaign – in conjunction with streetscape implementation (as with banners, gateway/business signage)
<b>Long-Term</b>		
(10-20 Years)		
<b>C1-Internal Street Network</b>	ID, ED	Complete paved internal road system with north-south routes parallel to 395 plus east-west/cross-street connectors
<b>C2-UGB Expansion &amp; Annexation</b>	ID, O	Complete economic/land use analysis together with service transition plans for annexation to Hermiston and/or Umatilla
<b>C3-Organizational Review</b>	O, P	Re-assess business association options including options for inclusion with Hermiston area business organizations

*Legend:* ED-Economic Development; ID-Infrastructure & Design; P-Promotion; O-Organization

## Short-Term Implementation (1-3 Years)

As outlined by the preceding one-page summary, five implementation actions have been identified as priorities to get underway at the earliest opportunity (within the next 1-3 years):

- A1-395 North Paving & Refinement Plan
- A2-Water Fire Flow plan
- A3-On-Site Wastewater Technical Assistance
- A4-Zoning Review
- A5-395 North Business Association

A more detailed description of each project or related implementation action follows.

### **A1-395 North Paving & Refinement Plan**

ODOT-funded to focus on traffic calming for improved safety, beautification, and long-term internal road network

At least three related potential ODOT funded opportunities for Highway 395 North appear to be possible in the near term:

- A highway corridor refinement plan – possibly through the ODOT Statewide Planning and Research (SPR) program or Transportation and Growth Management (TGM) program. This funding could be used to prepare a comprehensive plan for long-term right-of-way, access, signalization, and design standards – including the potential to also address sidewalk/pedestrian access, landscaping, speed and safety considerations.
- Pavement preservation project – currently planned by ODOT for US 395, extending from Highway 730 south to 4<sup>th</sup> Street in Hermiston and programmed for 2016 construction (together with Hermiston signal safety improvements planned in 2015).
- Speed zone study – as might be conducted by ODOT either subsequent to the preservation project or perhaps earlier as an integral component of a highway corridor refinement plan.

A refinement plan should include illustration of alternative street section improvements and design enhancements, with a selected standard adopted that also reflects local agency, property owner and business input. As part of the planning process, it may be possible to address longer term options for internal street network needs – especially as such improvements could be demonstrated to also improve 395 corridor conditions.

This should address potential north-south improvements as with Sagebrush Road to the east of 395 and Sunshine Lane and/or a closer-in corridor as with Kik Road west of 395. Improvement of east-west connections across 395 are also important to address – as for Klaus Road, Baggett Lane, Joy Lane (as well as Bensel Road and Punkin Center Road).

While not directly part of highway corridor improvements, related topics identified by the TAC as warranting consideration in conjunction with transportation improvements include safety and security for business district properties and businesses. A possible option would be to fund police or security patrol with assigned presence in the corridor. Also of importance is stronger enforcement of current (or changed) corridor speed limits – as might occur with stepped-up patrol presence on the corridor.

Evaluation of better means for code enforcement or cooperative public-private initiative to address nuisance issues is also suggested for inclusion with this planning process. A final item raised in discussion with the TAC is the potential for future set-aside of park, open space and/or sports fields within the corridor area as part of the district’s enhanced amenity value.

### **A2-Water Fire Flow Plan**

Interjurisdictional cooperation to identify cost-effective fire flow options, possibly starting at southern end of study area

Of all the water, sewer and drainage issues identified through the TAC/stakeholder interview process, adequacy of water flow for fire suppression appears to represent the most pressing issue for corridor businesses. Lack of adequate fire flow can affect insurance availability and cost as well as ability to secure permitting for new construction. The primary remedy currently is for development of fire flow capacity either on-site by the property owner at considerable cost or in cooperation with adjoining owners.

The alternative and likely lower cost option would be to secure service through extension of existing municipal systems or via creation of a new or expanded water district (public or private). The most critical need appears to be for retail and related customer oriented businesses, especially at the southern end of the corridor study area.

Long-term solutions will likely come as a result of broader water capacity and system plan for the entire district (see mid-term actions). For the short-term, the priority should be to work with currently affected property owners in consultation with nearby public and private purveyors to determine cost-effective alternatives for ongoing business operations.

### **A3-On-Site Waste-Water Assistance**

Technical assistance as to best practices and options for cost-effective on-site engineered/package septic systems

Due to the lack of a municipal sewer system for 395 North properties situated outside the Urban Growth Boundary (UGB), the most common option is for each property to develop its own on-site septic system. This can be challenging since the soils are not ideal for absorption. On-site systems can fail with risks to the ground-water aquifer.

Additional site area is required, especially for businesses with on-site customer activity or water process use – requiring more land per building footprint and reducing ultimate development capacity of the area as compared to urban areas with sewer system services.

While a long-term solution likely involves eventual transition to municipal sewer, in the short-term there are better and increasingly cost-effective options available for on-site treatment as through engineered and package septic systems. What is suggested is consideration of an outreach program – likely under the auspices of Umatilla County – to provide technical assistance including information regarding alternatives available to owners looking to build, expand, or improve existing on-site wastewater systems. Technical assistance might also identify how on-site systems can be transitioned to municipal connections at the time that such service becomes available.

#### **A4-Zoning Review**

Review/revise Comprehensive Plan/Zoning Code to provide either for a) greater commercial orientation to 395 frontage with threshold design standards and/or b) transition to form-based or performance zoning for industrial/commercial uses with design standards for new buildings on 395 frontage

TAC interviews indicated strong interest in rezoning that could provide for:

- Commercial use designation along the full frontage of the 395 North corridor between Punkin Center Road and Bensel Road.
- Flexibility for light industrial as well as commercial use along the corridor subject to design and/or performance standards for improved on-site landscaping, less visible outdoor storage, and property maintenance/upkeep.
- Continued allowance for heavier industrial uses for properties not fronting on 395 North including greater flexibility for outdoor storage, but with encouragement of improved property maintenance especially along street frontages.

There are numerous zoning and related regulatory tools by which these objectives might be accomplished. As described further with the Appendix, tool box resources available include refinement of the current use-based code or transition to more of a performance or form-based zoning code.

Increased flexibility of use based classifications is increasingly important as more businesses conduct operations which may involve multiple uses on the same property – as with mixing manufacturing or distribution with on-site retail sales or with businesses that change their primary on-site use over time.

One option being used by other jurisdictions in Oregon and nationally is to apply some of the provisions of performance or form-based zoning to minimize nuisances from adjoining properties and/or improve area aesthetics as an overlay on top of the existing use-based zoning mechanism. If this approach is taken, special care is suggested to assure that new regulatory provisions can be offset by reduction of the regulatory burden or increased flexibility with existing provisions.

## **A5-395 North Business Association**

Establish ongoing business/property organization to serve as facilitator and advocate for corridor improvement; could be formed from current TAC, separately with private and public sector representation, or with an existing organization

Business and property owners in the study area have previously organized to address issues of common interest – notably the retention of industrial zoning as an unincorporated Goal 14 exception area consistent with Oregon land use law. The current TAC process was initiated by Umatilla County at the request of area business and property owners but is currently intended to serve only for the duration of this economic development planning process.

The odds of achieving the short-, mid- and long-term objectives of this proposed plan are enhanced if there is ongoing business involvement combined with supportive participation from affected public agencies. This could occur through a variety of options such as extending the functions of the current TAC to guide plan implementation, coordination with an existing organization such as the Hermiston Chamber of Commerce, and/or creation of a 395 North business organization with added objectives such as business advocacy and promotion. A mixed approach with responsibilities distributed across varied organizations might also be considered.

### **Mid-Term Implementation (3-10 Years)**

Six projects have been identified for implementation over a mid-term time horizon (that could range from 3-10 years):

- B1-395 North Corridor Improvements
- B2-Water Capacity & System Plan
- B3-Wastewater System Plan
- B4-UGB Expansion Plan
- B5-Business Association Advocacy
- B6-Corridor Branding

It is likely that project opportunities currently viewed as priorities may change over the next three years – for reasons ranging from funding availability to changing economic and business conditions. What is known regarding priorities as currently identified is described as follows.

## **B1-395 North Corridor Improvements**

Fund and construct initial phase of improvements for traffic calming, beautification and intersection radius improvements

As noted, an initial phase of improvements can be expected with the pavement preservation project currently planned for 2016 construction. Added improvements would address remaining needs covered by the longer term corridor refinement planning process. Implementation could occur either as a single project or on a phased basis – depending on such factors as funding availability and property/business owner plus local jurisdiction input.

## **B2-Water Capacity & System Plan**

Evaluate options and select preferred approach for municipal water service including consolidation with community systems

A variety of options are potentially available for addressing longer term water system and service needs associated with full build-out of the 395 North corridor study area – whether singly or in combination. Potential options and resources identified for consideration include:

- Opportunity for added wells (of up to 5,000 gallons per day) – as the study area is not identified as being in a critical service area.
- Tap in to the in-place but underutilized regional water system with a separate filtration plant – constructed to use a Port water right for City of Hermiston operated service currently available to major industrial food processing and energy-related water users.
- Linkage to Hermiston and/or Umatilla water systems – over a longer term as a possible extension of short term fixes made earlier to address today’s pressing fire flow issues.
- Linkage to the Northeast Oregon Water Association – as with joint opportunities related to aquifer recharge and the Columbia River Supply Project.
- Creation of a new Public Utility District – formed for the explicit purpose of serving the 395 North unincorporated industrial-commercial district.
- Sale or merger of existing private and community water systems with a consolidated district-wide purveyor.

A water system plan would include evaluation of cost and funding implications of these or other service options that might be put on the table. The plan should lead to a recommended organizational framework, funding mechanism and timeline for implementation.

## **B3-Wastewater System Plan**

Determine options and potential phasing approach for development of a municipal sewer system

While not necessary today, extension of sewer service throughout the 395 North study area combined with appropriate municipal treatment capacity will be pivotal if the area is to reach full build-out potential over the next 20+ years – with maximum opportunity for added tax base and job creation. The continued absence of sewer essentially will lead to greater sprawl of industrial and commercial uses over more land area than would be the case if sewer service can ultimately be provided, leading to reduced land requirements per square foot of building area.

Wastewater system planning should be conducted in conjunction with UGB expansion planning (considered next) as both a major determinant of UGB related expansion feasibility and as dependent on resulting UGB decisions. This planning process should be conducted in conjunction with the adjoining cities, Umatilla County and other related utility purveyors. Issues to be addressed likely include funding (together with estimating costs to study area property owners) plus mechanisms for phasing any transition from existing septic to municipal service.

**B4- UGB  
Expansion Plan**

Work with Cities of Hermiston and/or Umatilla to assess and determine appropriate jurisdiction and plan for UGB inclusion

Umatilla County and the Hermiston/Umatilla area have a substantial inventory of as yet undeveloped industrial land. In large part, this is due to the transfer of the Umatilla Army Depot site away from military operations to local land use control – with 1,278 acres of land added to the industrial land inventory of Umatilla County.

However, the Depot Industrial zone together with much of the other industrial area is oriented to serving large scale regional distribution related uses based on immediate access to the interstate freeway system and less so to ag-related and local-service business needs of Umatilla and Morrow Counties.

Consequently, there is a potential case to be made for inclusion of the 395 North study area within the Hermiston and/or Umatilla UGB on the basis of greater suitability to meet specific industrial/commercial needs of the region not as well addressed by other portions of the vacant land inventory. This case is further enhanced with recognition that continuance as Goal 14 exception area (without sewer service) will result in lower density of development, less efficient delivery of public services, and unneeded industrial-commercial sprawl than would be the case if the study area is explicitly afforded full urban services with UGB designation.

Consideration of this option for UGB expansion might be accomplished either in conjunction with periodic review or as a separate initiative beginning with a Goal 9 stipulated Economic Opportunities Analysis (EOA) – as with the Depot property. When initiated, the planning process should appropriately involve representation from Umatilla County, the Cities of Hermiston and Umatilla, DLCD, and directly affected area business and property owners.

Timing of both UGB expansion and wastewater system planning is highly variable and dependent on reaching interjurisdictional consensus as to a reasonable basis for proceeding.

**B5-Business  
Association Advocacy**

Principal activities to include assistance with funding options (especially private shares) and district branding

While initially formed to shepherd corridor plan implementation, an ongoing business organization might serve as a mechanism to consider two related advocacy functions of interest to participants:

- Cost-effective options for funding of major area infrastructure improvements – especially for improvements that may include some form of private funding match (as through a local improvement district).
- Initial steps to advocate for branding and promotion of the corridor as a distinct business district serving the Hermiston/Umatilla community – whether by the

association directly or in partnership with other area economic development, business and public organizations.

## **B6-Corridor Branding**

Initiation of 395 North corridor branding with distinct image/logo campaign – in conjunction with streetscape implementation (as with banners, gateway/business signage)

Branding activities could be further ramped up if a business association (or similar grouping) funded its own marketing and promotional program. This could be timed to occur in conjunction with streetscape implementation for the 395 North corridor. Alternatively, implementation could be deferred until there is a greater critical mass of businesses sharing common interests on the corridor – especially those with strong local/regional customer orientation.

## **Long-Term Implementation (10-20 Years)**

Three projects are identified as taking more time to come to full fruition – due to challenges that might be expected for funding, interjurisdictional coordination and consensus building:

- C1-Internal Street Network
- C2-UGB Expansion & Annexation
- C3-Organizational Review

Over the next 10-20 years, considerable change in study area needs and opportunities can be expected. Some projects likely will change or possibly not occur as perceptions of need or opportunity shift; other opportunities currently unforeseen may arise. What can be described regarding potential project details as identified with this 2015 planning process follows.

## **C1-Internal Street Network**

Complete paved internal road system with north-south routes parallel to 395 plus east-west/cross-street connectors

This longer term project is aimed to complete and improve the road system internal to the 395 North district – extending from Punkin Center Road to Bensel Road and from Sunshine Lane to Sagebrush Road. Major questions to address will include ownership and maintenance responsibility including funding for specific streets (including the assessment of feasibility of private funding shares to be covered through mechanism such as LID or half-street improvements with new development).

Also to be determined is whether improvements occur incrementally (possibly property-by-property) or more systematically based on priority street segment phasing. A related question is whether and to what extent roads are to meet County or lesser standards, for example, if privately funded. To the extent possible, phasing should occur consistent with related utility improvements.

While full completion of an internal street network is indicated as an overall long-term priority, there may be near-term opportunities for more rapid improvements of specific street segments – whether undertaken by single owners or groupings of adjoining benefitted property owners.

### **C2-UGB Expansion & Annexation**

Complete economic/land use analysis together with service transition plans for annexation to Hermiston and/or Umatilla

If mid-term interjurisdictional agreement and state DLCD approvals can be achieved for UGB expansion, the next steps will be to set in place the mechanics for proceeding with actions for annexation to sponsoring jurisdiction(s). This could be accompanied by also setting in place the timing and funding for associated district-wide infrastructure (especially sewer/wastewater) improvements.

### **C3-Organizational Review**

Re-assess business association options including options for inclusion with Hermiston area business organizations

There is a strong case to be made for an organizational structure that focuses specifically (or exclusively) on the needs and opportunities presented by the 395 North study area short- and mid-term – at least until such time as institutional mechanisms are locked in place for build-out of infrastructure services and associated jurisdictional responsibilities.

Once this occurs, there will be the opportunity for a 395 North organization to consider other options including even more direct linkages to or incorporation within other existing area business and governmental organizations. This transition can occur most effectively if strong communication and partnerships are explored even from the early years of 395 North advocacy and branding activities.

# APPENDIX. DEVELOPMENT TOOL BOX

Like the collection of tools that a homeowner or renter keeps handy for home improvements or repair, a development **tool box** is intended to serve as an organized repository of resources readily available for application to encourage, leverage and shape development along the urban and rural highway corridors of Oregon.

Not all tools are applicable to all situations. The objective is to pick the right tool for the job at hand. Having the right tool means a resource that is available, user-friendly and effective to address the user's objective.

This development tool box is limited to tools generally useful and potentially applicable for highway corridor development and revitalization activities in both smaller and larger communities across the state of Oregon. The focus is on employment related industrial and commercial activity. Not included are resources related to residential use or mixed use involving a combination of commercial and residential activity. Web site addresses are provided for many of the tool box resources – current as of year-end 2014.

Resources in the development tool box are compartmentalized as comprising:

- A. Planning & regulatory tools
- B. Technical assistance
- C. Funding resources
- D. Workplace resources
- E. Other best practice/case study resources

Resources to consider with each compartment are described, in turn.

## A. PLANNING & REGULATORY TOOLS

Planning and regulatory tools tend to be primarily *place-based*. That is, a planning framework together with implementing regulations will be defined for a specific geographic area – as for a city, county or a sub-portion of a local jurisdiction.

Planning tools also often have *business-based* applications. This often occurs with use-based zoning regulations that may vary by type of business activity, typically ranging from uses defined as being of heavy or light industrial nature, or office/service and retail commercial.

### Land Use Planning / Zoning Mechanisms

This overview addresses traditional use-based zoning (common to most jurisdictions in Oregon) and more recent approaches of performance and form-based zoning.<sup>8</sup>

**Use-Based Zoning** typically provides geographically defined zones. Within each zone there is a list of uses permitted outright versus permitted on a conditional basis or not permitted. With

employment activities, uses categories are often defined on the basis of widely accepted classifications such as the North American Industrial Classification System (NAICS).

This traditional method is often also referred as Euclidean zoning, premised on the concept of separating, controlling, or buffering what are perceived as incompatible activities. A typical zoning system may involve distinctions between heavy industrial, light industrial, retail commercial, office/service commercial, residential and park/open space use. In Oregon, distinctions between industrial versus commercial use have been encouraged by Goal 9 stipulations that statutorily defines “industrial use” separately from “other employment use.”<sup>9</sup>

However, jurisdictions have often blended industrial with commercial uses as for, example, with business or industrial park designations that combine different variations of commercial and industrial use. More recently, urban jurisdictions have allowed for inclusion of residential with commercial in mixed use zones.

These combinations may make the analytical work of a Goal 9/Economic Opportunities Analysis (EOA) more challenging. However, they may also better reflect economic reality on the ground as for public live/work preferences or policy objectives for more livable communities.

**Performance-Based Zoning** is focused more on limiting impacts of development (such as traffic, noise, glare, odors) on neighboring properties than on the uses that may be outright or conditionally permitted. Nationally, performance zoning was first used in industrial areas to control effects such as vibration, noise, glare, or heat that reached beyond the property line.

Few, if any, communities in the Pacific Northwest have pure performance zoning. Use of this tool as an overall framework for local zoning appears to be declining elsewhere across the U.S. or switching to more of a hybrid approach (combined with traditional use-based zoning).

**Form-Based Zoning** is focused on the form, scale, and detailing of buildings, blocks and streets, often as a means of community *place-making*. Lists of permitted uses as a means to regulate development may be minimal to non-existent.

Form-based zoning is most prevalent in areas with a clearly established character intended to be maintained (as with historic downtowns), with as yet undeveloped areas being master planned, or with a well articulated vision for future development especially within a non-traditional mixed use environment. Form-based codes have been used across other parts of the U.S., but have been slow to come to the Pacific Northwest.

#### Oregon Applications

Wilsonville is an example of a jurisdiction that has applied **performance standards** to industrial developments in any zone. The City also allows office uses related to corporate HQ, technology, and R&D uses in its Planned Industrial Zone.

Lebanon further divides all use-based types into Class I, II and III categories based on the **types of impacts** and public review (from least to most significant).

Pendleton has a **form-based zoning overlay** in its Central Commercial zone (as part of its *River Quarter Enhancement Plan*) including provision for artisanal manufacturing with on-site retail.

### Comparing Alternative Methods of Zoning Regulation

Performance and form-based zoning offer the distinct advantage of avoiding traditional segregation of uses. This is important as there is greater demand for mix of uses that may be more marketable and create more livable communities.

More flexible use mechanisms also respond better to businesses that no longer conform well to traditional business distinctions (as may be classified, for example, by sometimes confusing NAICS listings). Increasingly, businesses often conduct more than one type of business activity under one roof. A business may conduct a mix of manufacturing, wholesale, retail and office related functions on-site. And the mix of these functions on-site may change over time.

A disadvantage of performance and form-based regulatory methods is that they can consume more time to formulate (including community discussion) and then to administer. In cases where a new technique is added on to existing zoning as a hybrid ordinance (as with a zoning overlay), the complexity for the applicant actually may be increased and/or the flexibility lessened.

While Oregon experimentation with non-Euclidean zoning techniques remains somewhat limited to date, it is coming – especially in industrial and business park or mixed employment areas where tenant demand increasingly requires a mix of manufacturing and distribution together with amenities of employee oriented retail services.

Experimentation is also on the rise in areas closer to urban centers and in master planned developments. Most often, performance and form-based applications are occurring as hybrid variations on use-based zoning.

As one added example, the Juniper Ridge development in Bend includes in employment sub-district with an overlay zone. Permitted uses range from light to heavy industrial with office, vocational/business schools, small scale personal and business services including dining of up to 2,500 square feet, or in some cases to 10,000 square feet when located on an arterial or collector street.

### **Portland Hybrids**

As Oregon's largest city, Portland has maintained Euclidean distinctions in some areas while encouraging more mixed use innovations in others. EX Central Employment zones allow for industrial, business and service mixes together with residential.

The Central Eastside industrial district (across from downtown Portland) maintains the exclusion of residential use from its general industrial zone but has created an Employment Opportunity Subarea (EOS) between Water Avenue and MLK, Jr Boulevard for size limited retail use and office use – better accommodating emerging industries to “increase the diversity of density of employment uses in the district.”

## Intergovernmental Agreements

Oregon Revised Statutes (ORS 190) provides for intergovernmental agreements (IGAs) between units of local government to all the performance of functions or activities by one unit of government or another. The agreement may provide for the performance of a function or activity by means including a consolidated department, jointly providing administrative officers, joint facilities or equipment, and/or new intergovernmental entity created and governed by a board or commission acting on behalf of the units that are parties to the IGA.

One provision (ORS 190.083) relates to county agreements for transportation facilities – for operation, maintenance, repair and modernization. Included is bonding and taxing authority, with taxing authority subject to voter approval.

### Umatilla Army Depot Reuse

The IGA approach has been successfully applied to the transition of a federal military base closure back to local control. In September 2014, an initial local redevelopment authority was re-organized through a Section 190 IGA as the Columbia Development Authority with board representation from the Counties and Ports of Morrow and Umatilla and the Confederated Tribes of the Umatilla Indian Reservation. The 17,165 acre former chemical depot is managed with 7,500 acres for National Guard training, a 5,700 acre multi-use refuge, and with 3,965 acres for industrial, agricultural, and right-of-way redevelopment.

Website address (as of Jan 2015):  
<http://www.umadra.com/>

### Intergovernmental Agreements – The East Multnomah County Experience

Perhaps the best known example of an intergovernmental agreement (IGA) re-organizing the delivery of urban services in Oregon was the 2004 IGA between the City of Portland and Multnomah County that set the stage for transition of the unincorporated area between Portland and Gresham to the jurisdiction of the two cities. This occurred subsequent to the 1983 adoption of an Urban Services Policy by the City of Portland and subsequent resolution by Multnomah County to stop providing “municipal services” within unincorporated areas of the County.

From 1986-94, Portland annexed 27 square miles and 113,000 residents into the City. This was followed by extension of sewers through a Mid-County Sewer Project, completed by 1998 under budget and years ahead of schedule. While focused on residential areas, the extension of services also proved to be of benefit to area industries and commercial businesses that were also brought into the City. A report by the East County Sanitary Sewer Commission had found that “the lack of sanitary sewers was deterring businesses from locating in east county and was negatively impacting job creation there.”

For a review of the experience for the portions of East Multnomah County that were annexed into the City of Portland, see the document: *East Portland: History of City Services Examined*, prepared by the Office of the City Auditor, April 2014.

Web site address is:

<http://www.portlandonline.com/auditor/index.cfm?a=488003&c=64479>

## B. TECHNICAL ASSISTANCE

For public agencies and non-profit organizations, technical assistance often represents the *bridge* between planning/regulatory tools and funding resources. Technical assistance may be either place- or business-based. Unlike an academic education, technical assistance is most effective when targeted to address specific questions about how best to take on a locally articulated issues affecting highway corridor revitalization.

Technical assistance resources that may be potentially useful for corridor development across Oregon are identified as primarily associated with state agency and non-profit resources.

### Oregon Based Technical Assistance

Programs provided that may be of value for corridor revitalization include the following.

**Business Oregon Industrial Land and Infrastructure Programs** are available to assist with industrial site certification. Recognized as “one of the most comprehensive shovel-ready programs in the country,” certified sites are intended to be *shovel-ready* for construction within six months or less. Sites become certified by going through a more recent decision-ready designation as a fast-track tool to quickly assess site readiness before achieving full certification. As of year-end 2014, there were 68 certified industrial sites in Oregon, with 15 communities in the process of application for added site certification.

Business Oregon also provides programs to assist with site assessment to cleanup of brownfield (or environmentally contaminated) properties.

Web site information is available at:

<http://www.oregon4biz.com/Oregon-Business/Infrastructure/>

**Regional Solutions Centers (RSC)** represent an innovative, collaborative approach to community and economic development statewide. In partnership with Oregon colleges and universities, 11 Regional Solutions Centers have been established. Each center aims to identify local priorities and “works from the bottom up to solve problems and complete projects.” Five core state agencies – ODOT, DLCD, DEQ, OHCS and OBDD/Business Oregon – have co-located regional staff in these centers to form Regional Solutions Teams (RSTs), with coordination from the Governor’s Office. Since RSC inception in 2011, over \$640 million in public, non-profit and private sector funds have been invested in priority community and economic development projects statewide, so that that projects are finished as quickly and cost-effectively as possible.

For added information, see:

<http://www.oregon.gov/gov/policies/regional-solutions/Pages/default.aspx>

**Oregon Department of Land Conservation & Development (DLCD)** plays a coordinating role for industrial projects of statewide significance. Pursuant to Senate Bill 766, there is opportunity for an applicant for a project deemed to be of statewide significance to bundle the land use permitting with state permit approvals. This removes the land use decision-

making authority from the city or county that would normally review the application and give it to the Economic Recovery Review Council.

Web site information is available at:

[http://www.oregon.gov/LCD/ECODEV/pages/industrial\\_development\\_projects.aspx](http://www.oregon.gov/LCD/ECODEV/pages/industrial_development_projects.aspx)

**Oregon Department of Transportation (ODOT)** provides several technical assistance programs available to local jurisdictions. ODOT provides Statewide Planning and Research (SPR) funds which can be used to pay for a highway refinement plan. Projects are identified and selected by a Region Management Team based on improvement needs to the state highway system.

Web site information is available at:

<http://www.oregon.gov/ODOT/TD/TP/Pages/spr.aspx>

Also available is the ODOT Speed Zoning Program which includes guidelines for changing a speed zone on a state highway including local jurisdiction requests that can be made for an ODOT speed zone review and investigation.

Web site information is available at:

[http://www.oregon.gov/ODOT/HWY/TRAFFIC-ROADWAY/pages/speed\\_zone\\_program.aspx](http://www.oregon.gov/ODOT/HWY/TRAFFIC-ROADWAY/pages/speed_zone_program.aspx)

**Oregon Main Street Program** was formerly operated under the auspices of the Oregon Downtown Development Association and is now part of the Oregon Parks & Recreation Department (OPRD). The Oregon Main Street Network works with 78 communities across the state to assist with implementation of the national 4-point Main Street approach. While primarily focused on downtown areas, the National Main street approaches also been used with neighborhood district and commercial corridor revitalization.

Oregon Main Street information is available at:

<http://www.oregon.gov/oprd/HCD/SHPO/pages/mainstreet.aspx>

**Oregon Transportation and Growth Management Program** is a cooperative initiative of with ODOT and DLCD with competitive grants available to local jurisdictions. TGM funds are now awarded on an annual basis.

TGM resource information site can be found at:

<http://www.oregon.gov/LCD/TGM/Pages/index.aspx>

**Rural Development Initiatives (RDI)** is a non-profit organization created by the Oregon Legislature – initially to address rural forest and natural resource related issues. RDI is now primarily focused on leadership development but also with emphasis on collaborative partnerships for rural economic vitality. RDI conducts economic vitality summits and in 2012 launched a Home Town Competitiveness (HTC) program in the Western Treasure Valley area along the Oregon/Idaho border.

RDI's web site is:  
<http://www.rdiinc.org/>

## **Nationwide Technical Assistance Resources**

While not specifically focused on highway corridor economic development, there are several national organizations that provide services directly or indirectly related to corridor revitalization. Most of these organizations are oriented more to commercial than industrial corridors. Some focus on urban areas; others are involved more often in non-metro and rural communities.

**American Planning Association (APA)** is a professional institute for certified planners including research projects aimed to provide practical, up-to-date information about best practices in urban and regional planning.

The APA Planning Advisory Service publishes a Commercial Corridor Revitalization information packet (available for purchase as PAS Essential Info Packet 29). The packet contains articles and guidebooks showing how communities can use public investments and private development regulations to divide commercial corridors into distinct segments with concentrated nodes of mixed use development. Provided are examples of local plans and development regulations written specifically to encourage redevelopment along aging commercial corridors. APA also conducts research related to form-based and performance zoning (addressed separately with discussion of tool box resources).

Web site link is:  
[https://www.planning.org/store/product/?ProductCode=EIP\\_E\\_IP29](https://www.planning.org/store/product/?ProductCode=EIP_E_IP29)

**Context Sensitive Solutions (CSS)** is self-described as a “collaborative, interdisciplinary, holistic approach to the development of transportation projects” under the auspices of the Federal Highway Administration (FHWA). The CSS web site page for “Fostering Downtown Revitalization” includes links to a great number of case studies across the U.S. Included are links to the 1999 Oregon specific document prepared by ODOT *Main Street ... when a highway runs through it: A Handbook for Oregon Communities* which includes corridor case studies for Heppner, Newberg and Sisters. The CSS site also provides a separate link to a case study for Oregon corridor project through the Taft portion of Lincoln City on the Oregon coast.

Web site link to the full case study listing is:  
<http://contextsensitivesolutions.org/content/topics/rural-livability/fostering-downtown-revitalization/>

**Local Initiatives Service Corporation (LISC)** is a national technical assistance organization working in collaboration with local community development groups nationwide. LISC identifies eight principles required for successful commercial corridor revitalization – that it be driven by the community, comprehensive, collaborative, vision directed, design supported, capital intensive, diverse, market oriented, and sustainable.

The LISC Institute provides a wide range of articles and research documents (at no charge) related to commercial and economic development – including articles specific to commercial corridors (albeit primarily in more urban or small town settings rather than for adjoining unincorporated corridors).

Links to available publications can be found at:

<http://www.instituteccd.org/-How-To-Do-It-/6-3-Retail-Renaissance.html>

**National Main Street Center (NMSC)** assists more than 2,000 older commercial districts across the U.S. including linkages with Oregon Main Street communities, using the 4-point approach that also serves as an organizing method for the implementation agenda with this economic development/planning study.

While NMSC serves commercial corridors as well as neighborhood and downtown centers, there appears to be no specific emphasis on corridor revitalization as distinct from other commercial areas. NMSC has successfully implemented the national 4-point approach of economic development, design, promotion and organization.

A listing of publications available to NMSC members is provided at:

<http://www.preservationnation.org/main-street/resources/sample-documents/publications.html#.VKGxVsAw>

**Urban Land Institute (ULI)** serves as a nonprofit research and education organization oriented to real estate development industry across the U.S.

ULI provides web site access to an extensive list of research reports and articles through its *Commercial Corridor and Neighborhood Revitalization – ULI Resource List*. While oriented to primarily to metro urban and suburban corridors, a wealth of information is available, some of which can provide information useful in smaller community settings as well.

Web site link is:

<http://uli.org/general-posts/commercial-corridor-neighborhood-revitalization-uli-resource-list/>

**U.S. Environmental Protection Agency (EPA)** is a federal agency best known for its regulatory functions but also actively involved with *smart development* initiatives both in urban and smaller rural communities.

EPA maintains a web site page for *Small Growth in Small Towns and Rural Areas*. Included are links to general publication resources and technical assistance reports with case studies for communities across the U.S. –including some smaller communities with in-town and rural corridor related assessments (as for the Highway 33 corridor between Driggs and Victor, Idaho).

Web site link is:

<http://www.epa.gov/smartgrowth/topics/rural.htm>

## C. CAPITAL FUNDING RESOURCES

This listing is organized to cover federal, then state and municipal (city/county) resources, followed tools that may be available to other public agencies, and public-private partnerships. The focus of this discussion is on funding for capital development projects – whether by public agencies or private firms and non-profit organizations. Capital funding programs listing include a mix of place- and business-based resources.

### Federal Funding Resources

**Community Development Block Grant (CDBG)** funds are allocated by the U.S. Department of Housing and Urban Development (HUD) and administered either by larger cities or counties (as entitlement communities) or states (for smaller cities). CDBG funds may be used for infrastructure improvements that emphasize downtown redevelopment and job creation. Funding is limited to projects that can be shown to be of benefit to low and moderate income households.

The federal web site portal for CDBG is:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs)

**Economic Development Administration (EDA)** traditional programs include public works and economic adjustment programs for infrastructure aimed to leverage existing regional assets and support the implementation of local or regional economic development strategies. Planning and local technical assistance programs are also available, especially for established economic development districts. A newer program consists of regional innovation grants aimed to foster, connected, innovation-centric economic sectors supportive of commercialization and entrepreneurship.

Web site link is:

<http://www.eda.gov/funding-opportunities/>

**Environmental Protection Agency (EPA)** provides a number of grant and funding programs for brownfields cleanups. Resources include an area-wide planning program, targeted brownfield assessments and sustainability pilots. Grant funds are available for assessments, revolving loan funds, cleanup, workforce development and job training, multi-purpose pilot project, training, research and technical assistance. Many of these programs can be accessed through or in coordination with Business Oregon.

Web site link is:

[http://www.epa.gov/brownfields/grant\\_info/index.htm](http://www.epa.gov/brownfields/grant_info/index.htm)

**TIGER Funding** through the U.S. Department of Transportation (DOT) could be extremely useful to consider (depending on future funding rounds) for major highway corridor-related development. A competitive application process prioritizes projects that can detail long-term benefits for safety, economic competitiveness, state of good repair, livability and environmental sustainability. Each project also needs to demonstrate a positive benefit to cost

ratio which may prove challenging and requires detailed assessment to be submitted with competitive funding applications.

Since 2009, Congress has dedicated over \$4.1 billion for six rounds of competitive funding awards. A seventh round with \$500 million in nationwide funding is anticipated for 2015.

Web site link is:

<http://www.dot.gov/tiger>

**Other Federal Funding Support** includes federal economic development, transportation and/or stimulus funding programs available for infrastructure improvements that support economic development investment including corridor redevelopment and job creation. Recent examples of stimulus programs have included the American Reinvestment and Recovery Act (ARRA) and the Local Jobs for America Act (LJAA).

These types of *one-shot* programs currently appear less likely now with economic recovery and changing national legislative priorities. However, underinvestment in infrastructure continues to loom as major unaddressed nationally. Economic development experience over the last fifty years also provides repeated examples of programs that can arise on fairly short notice – including special appropriation situations.

## State of Oregon Resources

**Infrastructure Finance** comprises comprising programs administered through Business Oregon by the independent Infrastructure Finance Authority (IFA). IFA was created to ensure that community infrastructure needs – especially for water and wastewater system – are better identified and prioritized. Specific state and federal infrastructure programs that are supported by IFA include community development block grants (CDBG), the marine navigation improvement fund, port revolving fund, port planning and marketing fund, safe drinking water revolving loan fund, special public works fund, special public works emergency projects and water/wastewater system financing.

Web site address is:

<http://www.orinfrastructure.org/>

**Access to Capital Programs of Business Oregon** include a business development fund, capital access program, credit enhancement fund, industrial development bonding, and entrepreneurial development loan fund. Other tools including sources in which Business Oregon is direction involved and others involving referral to other programs include angel funding support, “aggie” bonds, a business expansion program, business retention services program, small business credit initiative, new market tax credits, and brownfields redevelopment assistance.

Web site address is:

<http://www.oregon4biz.com/How-We-Can-Help/Finance-Programs/>

**Enterprise Zones** authorized as of year-end 2014 included 53 rural and 13 urban Oregon communities for property tax abatement as an incentive for eligible business investment, job creation and employee compensation. The program is administered by Business Oregon. Separate but related designations are available for long-term rural enterprise zone facilities, electronic commerce zones for assets that serve e-commerce operations, and reservation zones.

Web site information is available at:

<http://www.oregon4biz.com/Oregon-Business/Tax-Incentives/Enterprise-Zones/>

**Other Tax Incentive Programs of Business Oregon** include: property tax abatement with the strategic investment program (for very large capital investment projections); construction-in-process program, tax credits as with employer-provided dependent care, federal work opportunity, and research tax credits; and other incentives including the Oregon investment advantage, business expansion program, and film/video incentives.

Web site address is:

<http://www.oregon4biz.com/Oregon-Business/Tax-Incentives/>

**Oregon Transportation Infrastructure Bank (OTIB)** is a statewide revolving loan fund administered by ODOT's Financial Services office and designed to promote innovative financing solutions for transportation needs. Eligible projects include highway improvements, transit capital projects, and bikeway or pedestrian access project on highway rights-of-way. Loan repayment can be for a term of up to the 30 years or at the end of the useful life of a project.

Web site information is available at:

<http://www.oregon.gov/ODOT/CS/FS/pages/otib.aspx>

## City / County Resources

Applicability of direct city and/or county funding resources is governed by Oregon statute. This discussion focuses on resources typically available for economic including corridor development purposes. Provisions of Oregon Revised statutes (ORS) are noted as applicable.

**Local Improvement District (LID) and Economic/Business Improvement District (E/BID) Assessments** are widely used around the state for a range of public improvement and related activities. The *LID mechanism* is based on property owner assessments to pay for infrastructure benefitting a specific set of properties (as might be possible with the downtown area, interchange development and/or industrial district).

LID assessment districts may be formed that involve a single to multiple adjoin owners that would benefit from a street, utility or other public improvement. This funding source also provides the ability to spread improvement payments over time, as compared with a single up-front payment by the property owner.

Related tools include an *economic improvement district (EID)* or *business improvement district (BID)* to pay for ongoing operating costs as for business district marketing, management and maintenance. BIDs can also include a fee or surcharge to benefitting business owners.

Statutory LID authority is found at ORS 223 (most specifically 223.387 to 223.401); EID authority at 223.112 to 223.161. Bancroft bonding provisions for financing local improvements are described at ORS 223.205 to 223.295.

**Urban Renewal** provides a funding mechanism by which incremental (or added property taxes) generated from new development can be used to repay for public improvements and related public purposes. Funding is subject to creation of an urban renewal plan within a defined portion of a city or county, subject to specific statutory provisions. A single urban renewal plan and authority may overlap multiple city and/or county jurisdictions, provided that the affected jurisdictions approve and that the urban renewal plan does not conflict with underlying adopted comprehensive plans.

Urban renewal has been recognized as one of the most potent tools for encouraging local economic development in both urban and rural communities of the state. However, this funding mechanism has also been subject to considerable public debate with somewhat diminished use in recent years.

Statutory authority for urban renewal in Oregon is found at ORS 457.

**General Obligation and Revenue Bonding** also may be used for public capital improvements of benefit to economic development and corridor revitalization. *General obligation (GO) bonds* are backed by the full faith and credit including taxing power of the issuing jurisdiction, and must be approved by ballot election.

Assuming adequate capacity for added debt, this resource is typically viewed as most acceptable if the resulting project can be shown to benefit not just a small set of properties, but the entire jurisdiction paying taxes to repay bonded indebtedness. This could occur, for example, if highway corridor improvements could be demonstrated to achieve improved safety, reduced congestion and/or job creation benefitting the entire community.

*Revenue bonds* may be issued by a municipality and repaid by a dedicated funding stream – typically without voter approval and without requiring backing by the full faith and credit or taxing power of the City. Also noted are full faith and credit bonds, which may be issued and backed by the full faith and credit of the city without a specific revenue source being identified other than the City’s general fund. Bonding is issued for capital improvement projects that typically cannot be funded on a one-time annual budget basis.

Statutory provisions governing bonding can be found at ORS 287A, and more specifically or GO use at 287A.050 to 287A.145. Revenue bonding authorization is at ORS 287A.150 and 352.805 to 352.820.

**Other City Incentives** conceivably may range from reductions in Systems Development Charges (SDCs) for locations with in-place infrastructure to regulatory streamlining to consideration of an incentives tool-kit for high priority economic development initiatives as for commercial district improvements or target industry marketing. SDCs may be in place for improvements related to water, wastewater, drainage/flood control, transportation and parks/recreation capital improvements. Funds can be used to pay for approved improvements and may be used as dedicated funding stream to repay revenue bonds.

SDCs are governed by ORS 223.297 to 223.314.

## **Other Public Agencies**

There are other public entities that are authorized to engage in economic (including corridor-related) development in Oregon. Within the Portland metro area (or Multnomah, Washington, and Clackamas Counties), Metro is a regional entity with elected representatives and authority ranging from transportation planning to management of major public event facilities (such as the Oregon Convention Center) and assistance with economic development (particularly with transit oriented development).

More generally applicable throughout many areas of the state are port districts. While most commonly associated with marine transportation and shipping terminals, ports also have authority ranging from airport development and operations and industrial development.

Statutory authority for Oregon ports is provided by ORS 777.

## **Partnership Opportunities**

**Public-Private Partnership** opportunities may be stimulated by private sector initiatives for job-creating investment including consideration of master planning and development agreements that specify local jurisdiction and other public funding support in exchange for negotiated private development and redevelopment commitments. Another form of public-private partnership occurs when a property owner agrees to specified privately funded improvements on-site in exchange for public improvements in the adjoining street right-of-way.

In some cases the partnership may involve a non-profit entity or public corporation that serves as a conduit for public funding participation in a private redevelopment. With the notable exception of urban renewal districts, this mechanism is not as widely used in Oregon as in neighboring Washington which has statutory provision for entities including public development authorities (PDAs) and public facility districts (PDFs) which also have independent taxing authority.

## **D. WORKFORCE RESOURCES**

In recent years, work force education and training programs have come to represent an increasingly important part of the economic development equation – nationally and locally. Employee-based alternatives have become more prominent for reasons ranging from more

evident need for worker retraining with business restructuring in the wake of the Great Recession to retirements of the large *baby boomer* generation now underway.

## Work Source Oregon

In Oregon, a single statewide group serves to coordinate a network of public and private partners that “work together to provide an available supply of trained workers ready for the needs of today’s businesses. Work Source Oregon encompasses participating state agencies including the Oregon Economic and Community Development (Business Oregon), Oregon Employment Department (OED), the Department of Human Services (DHS), community colleges and workforce development, vocational education, the Oregon University System, Oregon Disabilities Commission, Commission for the blind, Working in Oregon, and Oregon Jobs. The network also includes local providers designated as coordinators of training delivery at the county and/or regional level across the state.

Web site information for the statewide system and local providers is found at:

<http://www.worksourceoregon.org/>

## E. OTHER BEST PRACTICE / CASE STUDY RESOURCES

This tool box listing concludes with a sampling of **best practice** examples for industrial-commercial corridor redevelopment both in Oregon and nationally. The listing begins with documents focused on urban commercial corridors, then proceeds to industrial corridors, rural community highway corridors and then Oregon corridor studies. Web site addresses are as of November 2014. Strategies are place-based but often with business-based implementation.

### Urban Commercial Corridors

Several examples of statewide and local jurisdiction case studies are noted. These are indicative of the range of evaluation work for commercial corridors outside the Pacific Northwest.

***New Orleans & Commercial District Revitalization.*** Prepared for a metro focused project, this analysis includes reference to the 4-point Main Street approach and its utility for commercial revitalization. The thesis is titled: *On the Right Track: A Framework for Evaluating Commercial Corridor Revitalization in New Orleans*, December 2012.

The thesis can be found at:

[http://whodata.net/docs/On%20the%20Right%20Track\\_A%20Framework%20for%20Evaluating%20Commercial%20Corridor%20Revitalization%20in%20New%20Orleans.pdf](http://whodata.net/docs/On%20the%20Right%20Track_A%20Framework%20for%20Evaluating%20Commercial%20Corridor%20Revitalization%20in%20New%20Orleans.pdf)

***Minneapolis Great Streets Program.*** The City of Minneapolis has one of the nation’s more extensive and systematic neighborhood business district programs – covering 116 areas including commercial corridors, nodes, transit station areas, and other activity centers. The program is perhaps most distinctive for its use of diverse public investment tools and commitment to measuring results.

Information and links to specific programs and districts assisted can be found at:  
[http://www.minneapolismn.gov/cped/ba/cped\\_great\\_streets\\_home](http://www.minneapolismn.gov/cped/ba/cped_great_streets_home)

## Industrial Corridors

As noted with discussion of national sources, few of the national organizations referenced in this report appears to have given much attention to development of industrial highway corridors. However, there has been action at the local level, primarily in the U.S. rust belt but also increasingly in major metro areas of the West Coast, illustrated by the following examples.

**Utica, New York Central Industrial Corridor.** A draft 2014 *Utica, NY Central Industrial Corridor ReVITALization Plan* covers an approximate 1,100 acre study area along the historic Eric Canal in upstate New York. The study area comprises four sub-areas – each with distinctive character and differentiated strategic recommendations.

The web site link is:

<http://www.cityofutica.com/Assets/Departments/Urban-and-Economic-Development/PDF-Documents/Bagg-Square/BOA-Step-1/BOA%20Step%201.pdf>

**Milwaukee, Wisconsin 30<sup>th</sup> Street Industrial Corridor.** With a 2011 master plan in place, the City of Milwaukee is in the midst of what is described as an “ambitious effort to transform an existing 880-acre industrial corridor into a “major modern employment center and economic hub.” Information is available regarding the economic development master plan, catalytic projects and project news/updates.

Web site for the City of Milwaukee’s 30<sup>th</sup> Street Industrial Corridor project is:

<http://city.milwaukee.gov/Projects/30thStreetIndustrialCorridor.htm#.VFBS3CJ4ocY>

**Long Beach Redevelopment Agency.** To help address the state of California’s budget deficit, local redevelopment (i.e. urban renewal) agencies across California were dissolved effective October 1, 2011. While the functions of the Long Beach Redevelopment Agency have ceased or been merged into the City of Long Beach (but without the prior financial capacity), previous programs of the redevelopment agency are of note due to emphasis on façade improvements for commercial and industrial buildings in several business districts of the City.

For the last (2010) Annual Report of the redevelopment agency, see the web site:

<http://www.longbeachrda.org/civica/filebank/blobdload.asp?BlobID=2902>

**Frederickson Manufacturing / Industrial Center.** Within the Pacific Northwest, one of the more aggressive industrial development initiatives is currently underway south of Tacoma, Washington. Located within unincorporated Pierce County, Fredrickson comprises over 2,650 acres zoned for Employment Center related uses. In addition to the County, public agencies that have played a major role include the Port of Tacoma (with early land acquisition) and the City of Tacoma (re-establishment of rail service). Financial incentives represent an integral key part of the development package available for a wide range of national and regional employers.

A summary 2013 presentation of the Fredrickson Manufacturing/Industrial Center is at:  
<http://www.psrc.org/assets/9465/06b-FredericksonMICPresentation.pdf>

## **Other Statewide & Local Jurisdiction Case Studies**

Links to two other studies are provided for corridor planning projects well removed from the Pacific Northwest.

**Rockford, IL – Kishwaukee Street Corridor Revitalization Plan.** This planning document addresses industrial, commercial and residential *nodes* of development for the central highway artery of Rockford, a suburb in the metro Chicago region.

Web site link is:  
[http://www.rmapil.org/assets/documents/kish\\_full.pdf](http://www.rmapil.org/assets/documents/kish_full.pdf)

**Delaware Valley Regional Planning Commission, Mobility & Industrial Corridor Reuse Study.** This study focuses on industrial mobility and reuse of an aging industrial corridor that serves three communities in the metro area of Philadelphia.

Web site link is:  
<http://www.dvrpc.org/reports/05006.pdf>

# END NOTES

---

- <sup>1</sup> Information for this economic development/planning study has been obtained from sources generally deemed to be reliable. However, accuracy of information obtained from third party sources is not guaranteed and may be subject to change without notice. Observations and findings of this report are those of the authors and should not be construed as representing the opinion of any other party prior to express approval, whether in whole or part.
- <sup>2</sup> Photo is from the EPA funded report prepared by a team lead by ICF Consulting entitled *Taos Smart Growth Implementation Assistance: Concepts for the Paseo del Pueblo Sur Corridor*, 2006.
- <sup>3</sup> From the ICF Consulting report *Growing Our Own Communities: U.S. EPA Smart Growth Implementation Assistance for Victor and Driggs, Idaho*, 2007.
- <sup>4</sup> From Alena A. Anderson, Tulane University Thesis for Masters in Urban and Regional Planning titled *On the Right Track: A Framework for Evaluating Commercial Corridor Revitalization in New Orleans*, December 2012.
- <sup>5</sup> Prior to the 1980s, Portland's South Shore area was considered a potential safety hazard behind dikes along the Columbia River – a reminder of the devastation possible as occurred with the Vanport flood further west in 1948. In 1986, the Portland Development Commission created what is now known as the Airport Way Urban Renewal Area, encompassing over 2,780 acres and now reduced to 1,841 acres extending from just west of 82nd Avenue (in proximity to the airport) to 185th Avenue adjoining Gresham.
- <sup>6</sup> A resource for Portland's Airport Way urban renewal area is available at the PDC web site: <http://www.pdc.us/our-work/urban-renewal-areas/airport-way.aspx>.
- <sup>7</sup> Exclusion of the BLM 155 acres does not substantially affect current valuation of the 395 North corridor study area. If BLM properties are not developed in the future, potential valuation with Scenario A is reduced from \$75 to \$62 million. Valuation potential is reduced from \$113 to \$92 million with Scenario B and from \$251 to \$232 million with Scenario C.
- <sup>8</sup> A good review of zoning techniques and model ordinances (including use-, performance- and form-based zoning) is provided by a *Commercial and Downtown Districts Evaluation* conducted by Siegel Planning Services for the City of Pendleton (as Task 2 Technical Memorandum), dated March 2011. This document can be found on the internet via the following link: [http://www.pendleton.or.us/sites/pendleton.or.us/files/File/community\\_development/downtown\\_plan/Task\\_4.2Memo3-3-11.PDF](http://www.pendleton.or.us/sites/pendleton.or.us/files/File/community_development/downtown_plan/Task_4.2Memo3-3-11.PDF)
- <sup>9</sup> See, for example, definitions per ORS 660-009-0005 for industrial and other employment use, including continuing analytical distinctions made throughout other provisions of the statute as with ORS 660-009-0025 designation of lands for industrial and other employment uses.